

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.<sup>4</sup> 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.<sup>5</sup> Applicants also applied for an exemption for conduct relating to certain research analysts' conflicts of interest.<sup>6</sup> 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.<sup>7</sup>

#### 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.

<sup>5</sup> 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).

<sup>6</sup> 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).

<sup>7</sup> 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.

[FR Doc. E6-7646 Filed 5-18-06; 8:45 am]

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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

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

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: Fund and RSMC, 1100 North Market Street, Wilmington, Delaware 19890-0001; Roxbury, 100 Wilshire Boulevard, Suite 1000, Santa Monica, California 90401.

**FOR FURTHER INFORMATION CONTACT:** Laura J. Riegel, Senior Counsel, at (202) 551-6873, or Nadya B. Roytblat, Assistant Director, 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 from the Commission's Public Reference Branch, 100 F Street NE., Washington DC 20549-0102 (telephone (202) 551-5850).

### Applicants' Representations

1. The Fund, a Delaware statutory trust, is registered under the Act as an open-end management investment company. The Fund currently offers multiple series (each a "Portfolio," and collectively, the "Portfolios"), each of which has its own investment objectives, policies and restrictions.<sup>1</sup>

2. RSMC and Roxbury are registered as investment advisers under the Investment Advisers Act of 1940 ("Advisers Act"). Either RSMC or Roxbury currently serves as the investment adviser to the Portfolios (the "RSMC Portfolios" and the "Roxbury Portfolios," respectively). RSMC, a Delaware corporation, is a wholly-owned subsidiary of Wilmington Trust Corporation, a publicly held, financial services holding company.

3. The Fund has entered into separate investment management agreements with RSMC and Roxbury (each, an "Advisory Agreement" and together, the "Advisory Agreements"), respectively, that were approved by the Fund's board

of trustees (the "Board"), including a majority of the trustees who are not "interested persons," as defined in section 2(a)(19) of the Act ("Independent Trustees"), and the shareholders of each Portfolio. Under the terms of the respective Advisory Agreement, the Adviser provides each Portfolio with investment research, advice and supervision, and furnishes an investment program for each Portfolio consistent with its investment objectives and policies. For its services, each Adviser receives a management fee at an annual rate based on a percentage of the applicable Portfolio's average net assets.

4. Under the respective Advisory Agreement, the Adviser may delegate to one or more sub-advisers ("Sub-Advisers") its responsibility for providing investment advice and making investment decisions for all or a portion of a particular Portfolio's assets pursuant to a separate sub-advisory agreement (the "Sub-Advisory Agreement"). Each RSMC Portfolio has one or more Sub-Advisers. None of the Roxbury Portfolios currently has a Sub-Adviser. Each current Sub-Adviser to a RSMC Portfolio is, and any future Sub-Adviser to a Portfolio will be, an investment adviser registered under the Advisers Act. A Portfolio that has a Sub-Adviser or would have a Sub-Adviser, respectively, pays or would pay the Sub-Adviser directly for its investment management services.

5. Applicants request relief to permit each Adviser, subject to Board approval, to enter into and materially amend Sub-Advisory Agreements without shareholder approval. The requested relief will not extend to a Sub-Adviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Fund or the respective Adviser, other than by reason of serving as a Sub-Adviser to one or more of the Portfolios (an "Affiliated Sub-Adviser").<sup>2</sup>

### Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by the vote of a majority of the company's outstanding voting securities. Rule 18f-2 under the Act provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

<sup>2</sup> Currently, the RSMC Portfolios have three Affiliated Sub-Advisers.

2. Section 6(c) 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 the Act, or from any rule thereunder, 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 policies and provisions of the Act. Applicants believe that their requested relief meets this standard for the reasons discussed below.

3. Applicants state that the Portfolios' shareholders will rely on the respective Adviser, subject to oversight by the Board, to select the Sub-Advisers best suited to achieve a Portfolio's investment objectives. Applicants assert that, from the perspective of the investor, the role of the Sub-Advisers is comparable to that of individual portfolio managers employed by traditional investment advisory firms. Applicants contend that requiring shareholder approval of Sub-Advisory Agreements would impose costs and unnecessary delays on the Portfolios and may preclude the respective Adviser from acting promptly in a manner considered advisable by the Board. Applicants also note that the Advisory Agreements will remain subject to the shareholder approval requirements in section 15(a) of the Act and rule 18f-2 under the Act.

### Applicants' Conditions

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

1. Before a Portfolio may rely on the order requested in the application, the operation of the Portfolio in the manner described in the application will be approved by a majority of the outstanding voting securities of the Portfolio, as defined in the Act, or, in the case of a Portfolio whose public shareholders purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the initial shareholder(s) before shares of the Portfolio are offered to the public.

2. Each Portfolio will disclose in its prospectus the existence, substance and effect of any order granted pursuant to the application. In addition, each Portfolio will hold itself out to the public as employing the management structure described in the application. Such Portfolio's prospectus will prominently disclose that the Adviser has ultimate responsibility, subject to oversight by the Board, to oversee the

<sup>1</sup> Applicants also request relief with respect to future Portfolios of the Fund and any other existing or future registered open-end management investment company or series thereof that: (a) Is advised by either Adviser or a person controlling, controlled by or under common control with either Adviser; (b) uses the management structure described in the application; and (c) complies with the terms and conditions of the application (included in the term "Portfolios"). The Fund is the only existing registered open-end management investment company that currently intends to rely on the requested order. If the name of any Portfolio contains the name of a Sub-Adviser (as defined below), the name of the Adviser or the name of the entity controlling, controlled by, or under common control with the Adviser that serves as the primary adviser to the Portfolio will precede the name of the Sub-Adviser.

Sub-Advisers and recommend their hiring, termination, and replacement.

3. At all times, at least a majority of the Board will be Independent Trustees, and the nomination of new or additional Independent Trustees will be placed within the discretion of the then-existing Independent Trustees. The Board also will satisfy the fund governance standards defined in rule 0-1(a)(7) under the Act.

4. The respective Adviser will not enter into a Sub-Advisory Agreement with any Affiliated Sub-Adviser without that agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Portfolio.

5. When a Sub-Adviser change is proposed for a Portfolio with an Affiliated Sub-Adviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the Board minutes, that the change is in the best interests of the Portfolio and its shareholders, and does not involve a conflict of interest from which the respective Adviser or Affiliated Sub-Adviser derives an inappropriate advantage.

6. Within 90 days of the hiring of a new Sub-Adviser, the respective Adviser will furnish shareholders of the applicable Portfolio with all information about the new Sub-Adviser that would be included in a proxy statement. The respective Adviser will meet this condition by providing shareholders of the applicable Portfolio with an information statement meeting the requirements of Regulation 14C, Schedule 14C and Item 22 of Schedule 14A under the Securities Exchange Act of 1934.

7. The respective Adviser will provide general investment management services to each Portfolio, including overall supervisory responsibility for the general management and investment of the Portfolio's assets, and, subject to review and approval by the Board, will (i) Set each Portfolio's overall investment strategies; (ii) evaluate, select and recommend Sub-Advisers to manage all or a part of a Portfolio's assets; (iii) allocate and, when appropriate, reallocate a Portfolio's assets among multiple Sub-Advisers; (iv) monitor and evaluate the performance of Sub-Advisers; and (v) ensure that the Sub-Advisers comply with the Portfolio's investment objectives, policies and restrictions by, among other things, implementing procedures reasonably designed to ensure compliance.

8. No trustee or officer of the Fund, or director or officer of the respective Adviser will own directly or indirectly

(other than through a pooled investment vehicle that is not controlled by such person) any interest in a Sub-Adviser except for (i) ownership of interests in the respective Adviser or any entity that controls, is controlled by, or is under common control with the respective Adviser; or (ii) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly-traded company that is either a Sub-Adviser or an entity that controls, is controlled by or is under common control with a Sub-Adviser.

9. The requested order will expire on the effective date of rule 15a-5 under the Act, if adopted.

10. Shareholders of a Portfolio will approve any change to a Sub-Advisory Agreement if such change would result in an increase in the overall management and advisory fees payable by the Portfolio that have been approved by the shareholders of the Portfolio.

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. 34-53797; File No. SR-Amex-2005-112]

### Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval to Proposed Rule Change and Amendment No. 1 Relating to the Prohibition of Trade Shredding by Members

May 12, 2006.

#### I. Introduction

On November 1, 2005, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change relating to the prohibition of trade shredding. On March 27, 2006, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as amended, was published for comment in the **Federal Register** on April 12, 2006.<sup>3</sup> The Commission received no comments on the proposal.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240. 19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 53597 (April 4, 2006), 71 FR 18789.

This order approves the proposed rule change, as amended.

#### II. Description of the Proposal

The Exchange proposed to amend Amex Rule 3 ("General Prohibitions and Duty to Report") by adding a new paragraph (i) to prohibit a member or member organization from splitting trading interest into multiple orders for any purpose other than seeking the best execution of the entire order.

#### III. Discussion and Commission Findings

The Commission has reviewed carefully the proposed rule change, as amended, and finds that it is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange,<sup>4</sup> particularly Section 6(b)(5) of the Act which, among other things, requires that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating securities transactions, to remove impediments to and to perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.<sup>5</sup> The Commission believes that the proposed rule change, as amended, should help eliminate the distortive practice of trade shredding, and, therefore, promote just and equitable principles of trade.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change, as amended, (File No. SR-Amex-2005-112), be and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(12).