

these provisions, as applied to Applicants, are unduly or disproportionately severe or that the conduct of the Applicants has been such as not to make it against the public interest or the protection of investors to grant the exemption. 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).⁴

3. Applicants believe that 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 it would not be against the public interest or the protection of investors to grant the requested exemption from section 9(a). The Conduct did not involve any of the Applicants acting in the capacity of investment adviser, subadviser, depositor or principal underwriter for any Fund. Applicants state that with the exception of index Funds, none of the Funds advised by the Adviser Applicants holds any securities issued by AIG.

4. Applicants state that their inability to continue to provide advisory and underwriting services to the Funds and to serve as depositor to Funds would result in potentially severe hardships for the Funds and their shareholders. Applicants also state that they have distributed written materials, including an offer to meet in person to discuss the materials, to the boards of directors of the Funds (the "Boards"), including the directors who are not "interested persons," as defined in section 2(a)(19) of the Act, of such 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 the application. Applicants state that they have provided the Boards with all information concerning the Injunction and the application that is necessary for the Funds to fulfill their disclosure and other obligations under the federal securities laws.

5. Applicants also state 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 to establish an expertise in advising, subadvising, and distributing the Funds, and acting as a depositor to Funds. Applicants further state that prohibiting them from providing advisory and distribution services to the Funds would adversely affect not only the viability of their businesses, but also the livelihoods of their employees. Applicants state that they have previously received one order under section 9(c) of the Act.⁵

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, the Applicants, 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 Applicants are granted a temporary exemption from the provisions of section 9(a), solely with respect to the Injunction, subject to the condition in the application, from August 20, 2007, until the Commission takes final action on their application for a permanent order.

By the Commission.

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 27930]

Investment Company Act of 1940; In the Matter of Healthshares, Inc., Xshares Advisors LLC (Formerly, X-Shares Advisors, LLC), XShares Group LLC (Formerly, Ferghana-Wellspring, LLC) and TDAX Funds, Inc.; 420 Lexington Avenue, Suite 2550, New York, NY 10170 (812-13358)

August 20, 2007.

Order Under Sections 6(C) and 17(B) of the Investment Company Act of 1940

HealthShares, Inc., XShares Advisors LLC (formerly, X-Shares Advisors, LLC), XShares Group LLC (formerly, Ferghana-Wellspring LLC) and TDAX Funds, Inc., filed an application on January 19, 2007 and amendments to the application on June 4, 2007, July 20, 2007 and August 3, 2007, requesting an order to amend a prior order under section 6(c) of the Investment Company Act of 1940 ("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 ("Prior Order").¹

The Prior Order permits: (a) Open-end management investment companies, whose series are based on certain equity securities indices created by an affiliate of the investment adviser, to issue shares redeemable only in large aggregations; (b) secondary market transactions in the shares of the series to occur at negotiated prices; (c) dealers to sell shares to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 ("Securities Act"); and (d) certain 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. The amended order permits the applicants to offer additional series that would hold equity and fixed income securities and provides that certain representations and undertakings contained in the Prior Order shall not apply to a series where an entity that creates, compiles, sponsors, or maintains an underlying index is not an affiliated person, or an affiliated person of an affiliated person, of the series, its investment adviser, distributor, promoter, or any sub-adviser

⁴ Applicants have received orders granting a temporary exemption from section 9(a) of the Act with respect to the Injunction until August 21, 2007. Investment Company Act Release Nos. 27227 (Feb. 21, 2006) (granting a temporary exemption until August 21, 2006); 27446 (Aug. 18, 2006) (extending the temporary exemption to February 16, 2007); 27700 (Feb. 16, 2007) (extending the temporary exemption to August 21, 2007).

⁵ AIG Annuity Life Insurance Company, *et al.*, Investment Company Act Release Nos. 26690 (Dec. 8, 2004) (notice) and 26718 (Jan. 4, 2005) (order).

¹ HealthShares, Inc., *et al.*, Investment Company Act Release Nos. 27553 (November 16, 2006) (notice) and 27594 (December 7, 2006) (order).

to the series. In addition, the amended order deletes a condition relating to future relief in the Prior Order.

On July 27, 2007, a notice of the filing of the application was issued (Investment Company Act Release No. 27916). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, as amended, that granting the requested exemptions is appropriate in the public interest, and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

In addition, it is found that the terms of the proposed transactions, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transactions are consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

Accordingly, in the matter of HealthShares, Inc., *et al.* (File No. 812-13358),

It is ordered, under section 6(c) of the Act, that the requested exemption from sections 2(a)(32), 5(a)(1), 22(d) and 24(d) of the Act and rule 22c-1 under the Act are granted, effective immediately, subject to the conditions contained in the application, as amended.

It is further ordered, under sections 6(c) and 17(b) of the Act, that the requested exemption from sections 17(a)(1) and (a)(2) of the Act is granted, effective immediately, subject to the conditions contained in the application, as amended.

The exemption from section 24(d) of the Act does not affect a purchaser's rights under the civil liability and anti-fraud provisions of the Securities Act. Thus, rights under section 11 and section 12(a)(2) of the Securities Act extend to all purchasers who can trace their securities to a registration statement filed with the Commission, whether or not they were delivered a prospectus in connection with their purchase.

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

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-8836; 34-56293; File No. 265-24]

Discussion Paper for Consideration by the SEC Advisory Committee on Improvements to Financial Reporting

AGENCY: Securities and Exchange Commission.

ACTION: Request for comments.

SUMMARY: The Advisory Committee is soliciting public comment on a discussion paper prepared by the Committee Chairman, Robert Pozen. The discussion paper provides a working outline, including a discussion of issues, views and potential consideration points that the Committee may evaluate.

DATES: Comments should be received on or before September 24, 2007.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/other.shtml>); or
- Send an e-mail message to rule-comments@sec.gov. Please include File Number 265-24 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Federal Advisory Committee Management Officer, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File No. 265-24. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on its Web site (<http://www.sec.gov/rules/other.shtml>). Comments also will be available for public inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; we do not edit personal identifying information from

submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT:

Questions about this release should be referred to James L. Kroeker, Deputy Chief Accountant, or Shelly C. Luisi, Senior Associate Chief Accountant, at (202) 551-5300, Office of the Chief Accountant, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-6561.

SUPPLEMENTARY INFORMATION: At the request of the SEC Advisory Committee on Improvements to Financial Reporting, the Commission is publishing this release soliciting public comments on the issues that the Committee proposes to consider. The Commission announced the establishment of the Advisory Committee on June 27, 2007.

The Committee was officially established on July 17, 2007 with the filing of its Charter with Congress. The Charter provides that the Committee's objective is to examine the U.S. financial reporting system, with a view to providing specific recommendations as to how unnecessary complexity in that system could be reduced and how that system could be made more useful to investors. The Charter directs the Committee to consider the following areas of inquiry:

- The current approach to setting financial accounting and reporting standards, including (a) Principles-based vs. rules-based standards, (b) the inclusion within standards of exceptions, bright lines, and safe harbors, and (c) the processes for providing timely guidance on implementation issues and emerging issues;
- The current process of regulating compliance by registrants and financial professionals with accounting and reporting standards;
- The current systems for delivering financial information to investors and accessing that information;
- Other environmental factors that may drive unnecessary complexity, including the possibility of being second-guessed, the structuring of transactions to achieve an accounting result, and whether there is a hesitance of professionals to exercise judgment in the absence of detailed rules;
- Whether there are current accounting and reporting standards that do not result in useful information to investors, or impose costs that outweigh the resulting benefits (the Committee could use one or two existing accounting standards as a "test case," both to assist in formulating