Subadviser Group with respect to a Non-Affiliated Underlying Fund for which the Subadviser or a person controlling, controlled by, or under common control with the Subadviser, acts as the investment adviser within the meaning section 2(a)(20)(A) of the Act (in the case of a Non-Affiliated Investment Company) or as the sponsor (in the case of a Non-Affiliated Trust).

2. No Fund of Funds or Fund Affiliate will cause any existing or potential investment by the Fund of Funds in a Non-Affiliated Underlying Fund to influence the terms of any services or transactions between the Fund of Funds or a Fund Affiliate and the Non-Affiliated Underlying Fund or a Non-Affiliated Fund Affiliate.

3. The Board of the Fund of Funds, including a majority of the Independent Trustees, will adopt procedures reasonably designed to assure that the Adviser and any Subadviser are conducting the investment program of the Fund of Funds without taking into account any consideration received by the Fund of Funds or a Fund Affiliate from a Non-Affiliated Underlying Fund or a Non-Affiliated Fund Affiliate in connection with any services or transactions.

4. Once an investment by a Fund of Funds in the securities of a Non-Affiliated Investment Company exceeds the limit in section 12(d)(1)(A)(i) of the Act, the board of directors or trustees of the Non-Affiliated Investment Company, including a majority of the independent directors or trustees, will determine that any consideration paid by the Non-Affiliated Investment Company to the Fund of Funds or a Fund Affiliate Service Provider in connection with any services or transactions: (a) Is fair and reasonable in relation to the nature and quality of the services and benefits received by the Non-Affiliated Investment Company; (b) is within the range of consideration that the Non-Affiliated Investment Company would be required to pay to another unaffiliated entity in connection with the same services or transactions; and (c) does not involve overreaching on the part of any person concerned. This condition does not apply with respect to any services or transactions between a Non-Affiliated Investment Company and its investment adviser(s), or any person controlling, controlled by, or under common control with such investment adviser(s).

5. No Non-Affiliated Underlying Fund will purchase a security in any Affiliated Underwriting.

6. Before investing in a Non-Affiliated Investment Company in excess of the limit in section 12(d)(1)(A)(i) of the Act, the Fund of Funds and the Non-Affiliated Investment Company will execute a Participation Agreement stating, without limitation, that their boards of directors or trustees and their investment advisers understand the terms and conditions of the order and agree to fulfill their responsibilities under the order. At the time of its investment in shares of a Non-Affiliated Investment Company in excess of the limit in section 12(d)(1)(A)(i), the Fund of Funds will notify the Non-Affiliated Investment Company of the investment. At such time, the Fund of Funds will also transmit to the Non-Affiliated Investment Company a list of the names of each Fund Affiliate Service Provider. The Fund of Funds will notify the Non-Affiliated Investment Company of any changes to the list of names as soon as reasonably practicable after a change occurs. The Non-Affiliated Investment Company and the Fund of Funds will maintain and preserve a copy of the order, the Participation Agreement, and the list with any updated information for the duration of the investment and for a period of not less than six years thereafter, the first two years in an easily accessible place.

7. Before approving any advisory contract under section 15 of the Act, the Board of the Fund of Funds, including a majority of the Independent Trustees, will find that the advisory fees charged under the advisory contract will be based on services provided that will be in addition to, rather than duplicative of, services provided under the advisory contract(s) of any Underlying Fund in which the Fund of Funds may invest. These findings and the basis upon which they are made will be recorded fully in the minute books of the appropriate Fund of Funds.

8. The Adviser or Distributor will waive fees otherwise payable to it by a Fund of Funds in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by a Non-Affiliated Investment Company under rule 12b–1 under the Act) received from a Non-Affiliated Underlying Fund by the Adviser, or an affiliated person of the Adviser, other than any advisory fees paid to the Adviser or its affiliated person by the Non-Affiliated Investment Company, in connection with the investment by the Fund of Funds in the Non-Affiliated Underlying Fund. Any Subadviser will waive fees otherwise payable to the Subadviser, directly or indirectly, by the Fund of Funds in an amount at least equal to any compensation received from a Non-Affiliated Underlying Fund by the Subadviser, or an affiliated person of the Subadviser, other than any advisory fees paid to the Subadviser or its affiliated person by the Non-Affiliated Investment Company, in connection with the investment by the Fund of Funds in the Non-Affiliated Underlying Fund made at the direction of the Subadviser. In the event that the Subadviser waives fees, the benefit of the waiver will be passed through to the Fund of Funds.

9. Any sales charges and/or service fees (as defined in NASD Conduct Rule 2830) charged with respect to shares of a Fund of Funds will not exceed the limits applicable to a fund of funds set forth in NASD Conduct Rule 2830.

10. No Underlying Fund will acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act, except to the extent that such Underlying Fund: (a) Receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading section 12(d)(1) of the Act); or (b) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the Commission permitting such Underlying Fund to (i) Acquire securities of one or more affiliated investment companies for short-term cash management purposes, or (ii) engage in interfund borrowing and lending transactions.

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

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7–19631 Filed 10–3–07; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–28007; 812–13426]

Van Eck Associates Corporation, et al.; Notice of Application

September 28, 2007.

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

ACTION: Notice of application 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), 22(e) and 24(d) of the Act and rule 22c–1 under the Act, under section 12(d)(1)(J) of the Act for an exemption from sections 12(d)(1)(A) and (B) of 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 to amend a prior order that permits: (a) Open-end management investment companies, whose series are based on equity securities indices (''Equity Funds''), to issue shares of limited redeemability (''Shares''); (b) secondary market transactions in the Shares of the Equity Funds to occur at negotiated prices; (c) dealers to sell Shares of Equity Funds to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 (''Securities Act''); (d) certain affiliated persons of the Equity Funds to deposit securities into, and receive securities from, the Equity Funds in connection with the purchase and redemption of aggregations of Shares; (e) certain registered management investment companies and unit investment trusts outside of the same group of investment companies as the Equity Funds to acquire Shares; and (f) under certain circumstances, the Equity Funds that track certain foreign equity securities indices to pay redemption proceeds more than seven days after the tender of Shares (the ''Prior Order'').[1] Applicants seek to amend the Prior Order in order to offer additional series based on fixed income securities indices (the ''New Funds'' and together with the Equity Funds, the ''Funds'').

APPLICANTS: Van Eck Associates Corporation (''Adviser''), Market Vectors ETF Trust (''Trust''), and Van Eck Securities Corporation (''Distributor'').

FILING DATES: The application was filed on September 25, 2007, and amended on September 28, 2007.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief 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 October 23, 2007, 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, 99 Park Avenue, 8th Floor, New York, NY 10016.

FOR FURTHER INFORMATION CONTACT: Julia Kim Gilmer, Branch Chief, or Michael W. Mundt, 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 at the Commission's Public Reference Branch, 100 F Street, NE., Washington, DC 20549–0102 (tel. 202–551–5850).

Applicants' Representations

1. The Trust is an open-end management investment company registered under the Act and organized as a Delaware statutory trust. The Trust is organized as a series fund with multiple series. The Adviser, an investment adviser registered under the Investment Advisers Act of 1940 (''Advisers Act''), will serve as investment adviser to the New Funds. The Adviser may retain sub-advisers (''Sub-Advisers'') to manage the assets of a New Fund. Any Sub-Adviser will be registered under the Advisers Act. The Distributor, a broker-dealer registered under the Securities Exchange Act of 1934 (the ''Exchange Act''), will serve as the principal underwriter and distributor of each New Fund's Shares.

2. The Trust is currently permitted to offer Funds based on equity securities indices in reliance on the Prior Order. Applicants seek to amend the Prior Order to permit the Trust to offer the New Funds that, except as described in the application, would operate in a manner identical to the Equity Funds that are subject to the Prior Order.

3. Each New Fund will invest in fixed-income securities (''Portfolio Securities'') selected to correspond generally to the price and yield performance of a fixed income securities index (''Underlying Index'').[2] 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, the Distributor, or a promoter of a New Fund.

4. The investment objective of each New Fund will be to provide investment results that correspond, before expenses, generally to the price and yield performance of the relevant Underlying Index. The Adviser may fully replicate a New Fund's relevant Underlying Index or use a representative sampling strategy where the New Fund will seek to hold a representative sample of the component securities of the Underlying Index.

5. Under the Prior Order, applicants stated that each Equity Fund would invest at least 95% of its total assets in the component securities of its underlying index and may invest up to 5% of its assets in money market instruments, money market funds, futures contracts, options, options on futures contracts, swap contracts, cash and cash equivalents as well as in stocks not included in its underlying index but which the Adviser believes will help the Equity Fund track its underlying index. Applicants seek to amend the Prior Order to provide that each Fund generally will invest at least 80% or 90% of its total assets, as disclosed in the relevant prospectus, in the securities that comprise the relevant Underlying Index, and at times may invest up to 20% of its total assets in certain futures, options, and swap contracts, cash and cash equivalents, as well as securities not included in its Underlying Index which the Adviser believes will help the Fund track its Underlying Index. At all times, a New Fund will hold, in the aggregate, at least 80% of its total assets in component securities and investments that have economic characteristics that are substantially identical to the economic characteristics of the component securities of its Underlying Index. Applicants expect that each New Fund will have a tracking error relative to the performance of its respective Underlying Index of less than 5 percent.

6. Applicants state that the New Funds will comply with the federal securities laws in accepting a deposit of a portfolio of securities designated by the Adviser to correspond generally to the price and yield of the New Fund's Underlying Index (''Deposit

[1] Van Eck Associates Corporation, et al., Investment Company Act Release Nos. 27283 (Apr. 7, 2006) (notice) and 27311 (May 2, 2006) (order), subsequently amended by Van Eck Associates Corporation, et al., Investment Company Act Release Nos. 27694 (Jan. 31, 2007) (notice) and 27742 (Feb. 27, 2007) (order).

[2] The New Funds identified in the application would have as their Underlying Indexes: the Lehman Brothers Short Managed Money Municipal Index, Lehman Brothers Intermediate Managed Money Municipal Index, Lehman Brothers Long Managed Money Municipal Index, Lehman Brothers Non-Investment Grade Municipal Index, Lehman Brothers Managed Money Municipal California Index, and the Lehman Brothers Managed Money Municipal New York Index.

Securities'') [3] and satisfying redemptions with portfolio securities of the New Fund (''Fund Securities''), including that the Deposit Securities and Fund Securities are sold in transactions that would be exempt from registration under the Securities Act.[4] The specified Deposit Securities and Fund Securities generally will correspond pro rata, to the extent practicable, to the Portfolio Securities of a New Fund.

7. Applicants state that the New Funds will operate in a manner identical to the operation of the existing Funds in the Prior Order, except as specifically noted by applicants (and summarized in this notice). The New Funds will comply with the terms and provisions of the Prior Order except as modified by this application. Applicants agree that any amended order granting the requested relief will be subject to the same conditions as those imposed by the Prior Order. Applicants believe that the requested relief continues to meet the necessary exemptive standards.

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

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7–19630 Filed 10–3–07; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 28009; 812–13412]

Vanguard STAR Funds, et al.; Notice of Application

September 28, 2007.

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 rule 12d1–2(a) under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit funds of funds relying on rule 12d1–2 under the Act to invest in certain financial instruments.

APPLICANTS: Vanguard STAR funds, Vanguard Chester Funds, Vanguard Trustees' Equity Fund, Vanguard Variable Insurance Funds (collectively, the ''Trusts''), The Vanguard Group, Inc. (''VGI'') and Vanguard Marketing Corporation (''VMC'').

FILING DATES: The application was filed on August 10, 2007, and amended on September 24 and 28, 2007.

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 October 23, 2007, 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 20549–1090; Applicants, c/o Nathan M. Will, The Vanguard Group, Inc., P.O. Box 2600, Valley Forge, PA 19482.

FOR FURTHER INFORMATION CONTACT: Donna Tumminio, Law Clerk, at (202) 551–6826, or Michael W. Mundt, 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 at the Commission's Public Reference Branch, 100 F Street, NE., Washington, DC 20549–0104 (telephone (202) 551–8090).

Applicants' Representations

1. The Trusts are Delaware statutory trusts and are registered under the Act as open-end management investment companies. The Trusts offer separate series (''Funds'') that may invest in other registered investment companies in reliance on section 12(d)(1)(G) of the Act and rule 12d1–2 under the Act (''Underlying Funds''). Applicants propose that the Funds be permitted to invest in futures contracts, options on futures contracts, swap agreements, derivatives, and other financial instruments that may not be securities within the meaning of section 2(a)(36) of the Act (''Other Investments''), in addition to Underlying Funds.[1]

2. VGI is a Pennsylvania corporation that is wholly and jointly owned by certain registered investment companies. VGI is registered as an investment adviser under the Investment Advisers Act of 1940 and as a transfer agent under the Securities Exchange Act of 1934 (''Exchange Act''). VGI provides each of the Funds with corporate management, administrative, transfer agency, and, in some cases, investment advisory services. VMC is a registered broker-dealer under the Exchange Act and is a wholly owned subsidiary of VGI. VMC provides all distribution and marketing services for the Funds.

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company (''acquiring company'') may acquire securities of another investment company (''acquired company'') if such securities represent more than 3% of the acquired company's outstanding voting stock or more than 5% of the acquiring company's total assets, or if such securities, together with the securities of other investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(G) of the Act provides that section 12(d)(1) will not apply to securities of an acquired company purchased by an acquiring company if: (i) The acquiring company and acquired company are part of the

[3] Applicants state that a cash-in-lieu amount will replace any ''to-be-announced'' (''TBA'') transaction that is listed as a Deposit Security or Fund Security of any New Fund. A TBA transaction is a method of trading mortgage-backed securities where the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount and price. The actual pools delivered generally are determined two days prior to the settlement date. The amount of substituted cash in the case of TBA transactions will be equivalent to the value of the TBA transaction listed as a Deposit Security or Fund Security.

[4] In accepting Deposit Securities and satisfying redemptions with Fund Securities that are restricted securities eligible for resale pursuant to rule 144A under the Securities Act, the New Funds will comply with the conditions of rule 144A, including in satisfying redemptions with such rule 144A eligible restricted Fund Securities. The prospectus for a New Fund will also state that an authorized participant that is not a ''Qualified Institutional Buyer'' as defined in rule 144A under the Securities Act, will not be able to receive, as part of a redemption, restricted securities eligible for resale under rule 144A.

[1] Other Investments do not include shares of any registered investment companies that are not part of the ''same group of investment companies,'' as defined in section 12(d)(1)(G)(ii) of the Act, as the Trusts. Applicants request that the relief also apply to any future Fund, whether organized as an investment company or as a series thereof, which is advised by VGI or any entity controlling, controlled by or under common control with VGI and which is part of the same group of investment companies as the Funds.