

UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940  
Release No. 28018 / October 23, 2007

In the Matter of

RYDEX ETF TRUST  
RYDEX DISTRIBUTORS, INC.  
PADCO ADVISORS II, INC.  
9601 Blackwell Road, Suite 500  
Rockville, MD 20850

(812-13390)

ORDER UNDER SECTIONS 6(c) AND 17(b) OF THE INVESTMENT COMPANY ACT OF  
1940

Rydex ETF Trust, Rydex Distributors, Inc. and PADCO Advisors II, Inc. filed an application on May 23, 2007, and amendments to the application on September 21, 2007 and October 15, 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.<sup>1</sup>

The Prior Order permits: (a) certain open-end management investment companies (“Initial Funds”) to issue shares redeemable in large aggregations only (“Shares”); (b) secondary market transactions in Shares to occur at negotiated market prices; (c) dealers to sell Shares to secondary market purchasers 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 Initial Funds to deposit securities into, and receive securities from, the Initial Funds in connection with the purchase and redemption of aggregations of Shares. The amended order permits applicants to offer series that seek to achieve the inverse performance of certain international equity and fixed income securities indices. The amended order also permits applicants to offer future series that seek to achieve a multiple or the inverse of the performance of additional equity and fixed income securities indices. In addition, the amended order deletes a condition related to future relief in the Prior Order.

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<sup>1</sup> Rydex ETF Trust, et al., Investment Company Act Release Nos. 27703 (Feb. 20, 2007) (notice) and 27754 (Mar. 20, 2007) (order) (“Prior Order”).

On September 27, 2007, a notice of the filing of the application was issued (Investment Company Act Release No. 28000). 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 Rydex ETF Trust, et al. (File No. 812-13390),

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 are 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