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December 30, 2008

Douglas Scheidt, Esq.
Office of Chief Counsel
Division of Investment Management
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: **Auction Rate Securities – Investment Management Supplement to Global Relief Request**

Dear Mr. Scheidt:

I. Background

We refer to our letter to the Commission dated September 22, 2008, requesting relief from, among other things, certain provisions of the Securities Exchange Act of 1934 in connection with offers by Participating Firms to purchase auction rate securities under certain circumstances (the "**Global Relief Request**"). Capitalized terms not defined in this letter have the respective meanings ascribed to such terms in the Global Relief Request.

The offers to purchase required by the Settlements and the purchase and ownership of Subject Securities by the Participating Firms in connection with the Settlements as described in the Global Relief Request present a number of issues under Sections 2(a)(3) and 2(a)(9) and other provisions of the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and Section 206(3) of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), and the rules and regulations promulgated thereunder by the Commission. We and the other law firms below represent one or more Participating Firms and hereby request on behalf of all Participating Firms that the Commission grant the relief more particularly specified below, to facilitate implementation of the Settlements and to promote and protect the interests of investors in enabling the prompt achievement of the objectives of the Settlements,

as well as the provision of liquidity by Non-Settling Firms to Non-Settling Firm Eligible Customers.[1]

We refer you to the "Background" section of the Global Relief Request for information as to the circumstances leading up to the Settlements and the objectives of the Settlements and provision of liquidity by Non-Settling Firms to Non-Settling Firm Eligible Customers.

Furthermore, we refer you to the section of the Global Relief Request entitled "Offer Protocol." The offers to purchase and the purchases by Participating Firms of Subject Securities will be made in accordance with the Offer Protocol as described in the Global Relief Request. Moreover, as a condition to any Non-Settling Firm relying on the relief requested herein or in the Global Relief Request, a Non-Settling Firm would be required to comply with the Non-Settling Firm Conditions.

In addition to the background described in the Global Relief Request, we note here that Subject Securities may be held in advisory accounts of Eligible Customers for which a Participating Firm has discretionary authority ("**Discretionary Clients**"). In certain circumstances, a Participating Firm may wish to exercise its investment discretion to tender Subject Securities on behalf of a Discretionary Client (or otherwise to cause the sale of the Discretionary Client's Subject Securities to the Participating Firm).

II. Analysis

The offers to purchase required by the Settlements and the purchase and ownership of Subject Securities by the Participating Firms present a number of issues under the Investment Company Act and the Advisers Act. We summarize our analysis of these issues below:

A. Investment Company Act

Section 2(a)(3) (definition of "affiliated person") and Section 2(a)(9) (definition of "control") may raise questions as to whether, as a result of a Participating Firm's purchase of Subject Securities that include all or a portion of the preferred stock issued by a closed-end investment company (a "**Fund**"), the Participating Firm would be deemed to be an affiliated person (or an affiliated person of an affiliated person) of the Fund solely because of the Participating Firm's ownership of Subject Securities.

We believe that the Staff should not recommend enforcement action under any of the Affiliate Restrictions[2] if a Participating Firm or a Fund does not

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[1] We note that the Staff provided us the relief requested in this letter orally on September 22, 2008, and we are submitting this letter to request written confirmation of the oral relief.

[2] "**Affiliate Restrictions**" means the provisions of the Investment Company Act and the rules thereunder applicable to a Fund, an "affiliated person" (as defined in Section 2(a)(3) of the

comply with the Affiliate Restrictions with respect to a Fund and a Participating Firm, where the Participating Firm is an affiliated person (or an affiliated person of an affiliated person) of the Fund solely because of the Participating Firm's ownership of Subject Securities acquired pursuant to the Offer Protocol (even if the Participating Firm acquires all of the preferred stock issued by such Fund (and consequently gains the right to elect two of the Fund's directors in accordance with Section 18(a)(2)(C) of the Investment Company Act)); *provided* that the Participating Firm that is the beneficial owner of such securities (the "**Holder**") implements the Voting Protocol (as defined below) with respect to such Fund.

Under the "**Voting Protocol**," the Holder must adopt and implement a policy that if the Holder holds more than 25%[3] of the outstanding shares of the class of preferred stock of a Fund,[4] then the Holder will vote its shares of such preferred stock as directed by an independent third party (such as the trustee of a voting trust or a proxy adviser) when voting on (1) the election of directors to be elected by the holders of such preferred stock, voting as a class, pursuant to Section 18(a)(2)(C) and (2) matters requiring approval by the vote of a majority of such preferred stock, voting as a class, pursuant to Section 18(a)(2)(D) of the Investment Company Act (items (1) and (2) collectively, the "**Preferred Stock**

Investment Company Act, including but not limited to paragraph (C) of Section 2(a)(3)) of a Fund or an "affiliated person" of an "affiliated person" of a Fund that would be triggered solely by a Participating Firm's acquisition pursuant to the Offers of Subject Securities issued by the Fund.

[3] We note that, per our discussions with you, ownership of 25% of the outstanding shares of a Fund's preferred stock would not by itself cause a Participating Firm to be an affiliated person of the Fund. In the context of the facts of this letter, however, you have requested that we use a 25% threshold for purposes of implementing the Voting Protocol.

[4] We note that a Fund may have issued more than one series of preferred stock. We understand that multiple series of a Fund's preferred stock would be considered to compose one class of preferred stock for these purposes.

We also note that certain Participating Firms may act as a "Liquidity Provider" or in a similar role with respect to one or more series of preferred stock of a Fund, such as in the manner contemplated in Eaton Vance Management, SEC No-Action Letter (June 13, 2008). For purposes of determining whether it held more than 25% of the outstanding shares of preferred stock of a Fund, the Holder would include all such preferred stock held by a person controlling, controlled by or under common control with it, including a Liquidity Provider. If such aggregate amount were greater than 25%, then the Voting Protocol restrictions would apply to all such shares held by the Holder and persons controlling, controlled by and under common control with it, except that (a) shares of such preferred stock held by a Liquidity Provider in such capacity may be voted in a manner consistent with any Commission or Staff position under Sections 2(a)(3) and 2(a)(9) of the Investment Company Act applicable to the Liquidity Provider; (b) shares of such preferred stock held by an investment company may be voted in a manner consistent with the best interests of the investment company in accordance with the Advisers Act and the rules thereunder and the fiduciary duties of the adviser to the investment company; and (c) shares of such preferred stock held by a Participating Firm on behalf of a Discretionary Client may be voted in a manner consistent with the best interests of the Discretionary Client in accordance with the Advisers Act and the rules thereunder and the fiduciary duties of the Participating Firm to the Discretionary Client.

Matters").[5] As an alternative Voting Protocol, the Holder may adopt and implement a policy always to follow the direction of an independent third party in voting on the Preferred Stock Matters (without regard to its percentage ownership of a Fund's preferred stock).

We believe that it would be appropriate for the Staff not to recommend enforcement action in this regard because the Offers by the Settling Firms are being made to give effect to the Settlements and the Offers by Non-Settling Firms would likewise be made to provide liquidity to their Eligible Customers. Participating Firms are not purchasing Subject Securities to become an affiliated person of or to exercise control over, a Fund. Moreover, the Voting Protocol will ensure that a Participating Firm that acquires more than 25% of the outstanding shares of preferred stock of a Fund will not be able to exercise control over such Fund because, on matters on which a Fund's preferred stock has the right to vote as a class, it will vote its shares of such preferred stock as directed by an independent third party.

B. Advisers Act

Section 206(3) of the Advisers Act might apply to the purchase, pursuant to an Offer or otherwise, by a Participating Firm of Subject Securities from a Discretionary Client.

We believe that the Staff should not recommend enforcement action under Section 206(3) of the Advisers Act if a Participating Firm tendered on behalf of a Discretionary Client the client's Subject Securities in an Offer (or otherwise caused the sale in conformity with the Offer Protocol of the Discretionary Client's Subject Securities to the Participating Firm or an affiliate) without first obtaining the Discretionary Client's affirmative consent; *provided* that such tender (or other sale) is effected in compliance with the Discretionary Client Protocol (as defined below).

Pursuant to the "**Discretionary Client Protocol**":

- The Offer Document will provide disclosure to the effect that (a) the Participating Firm (i) will be acting in the capacity of principal for the transaction, (ii) will not charge a commission for the transaction and (iii) does not expect to make a profit upon a later resale (if any) of Subject Securities purchased in the Offer, because the Subject Securities are generally bought and sold at prices not greater than par plus accrued but unpaid interest or dividends, although the Participating Firm does expect to receive interest or dividends on such Subject Securities (which may in the future be paid in an amount greater than today and greater than that

[5] We note that, because the Voting Protocol voting requirement only arises at the time certain shareholder votes are required, a Participating Firm would not have to monitor continually the size of its holdings of a Fund's preferred stock in order to comply with the Voting Protocol.

paid on comparable securities) and the Participating Firm may earn customary fees in the future in connection with arranging the refinancing, resecuritization or other restructuring of the Subject Securities and/or other auction rate securities held by the Participating Firm or by its clients; (b) a tender of Subject Securities by an Eligible Customer will constitute such Eligible Customer's consent to the transaction (to the extent required); and (c) if it is the case, with respect to advisory accounts of Discretionary Clients, (i) if any such Discretionary Client has not informed its adviser orally or in writing that it has elected not to tender its Subject Securities, the Participating Firm may, but not before the earlier of (A) 45 calendar days after the commencement of the distribution of the Offer Document or (B) 15 business days prior to the expiration of the Offer, tender such Subject Securities on behalf of the Discretionary Client (or otherwise cause the sale in conformity with the Offer Protocol of the Discretionary Client's Subject Securities to the Participating Firm or an affiliate) without first obtaining the Discretionary Client's consent to the transaction; and (ii) a Participating Firm may decide that it will not so exercise its discretionary authority to determine whether to tender Subject Securities on behalf of a Discretionary Client (or otherwise to cause the sale in conformity with the Offer Protocol of the Discretionary Client's Subject Securities to the Participating Firm).

- Following the mailing of the Offer Document, a Participating Firm will use reasonable efforts over a reasonable period of time to contact Discretionary Clients to obtain their express direction or consent as to whether to tender their Subject Securities.

- If any Discretionary Client has not informed its adviser orally or in writing that it has elected not to tender its Subject Securities, the Participating Firm may, but not before the earlier of (i) 45 calendar days after the commencement of the distribution of the Offer Document or (ii) 15 business days prior to the expiration of the Offer, tender such Subject Securities on behalf of the Discretionary Client (or otherwise cause the sale in conformity with the Offer Protocol of the Discretionary Client's Subject Securities to the Participating Firm or an affiliate) without first obtaining the Discretionary Client's affirmative consent to the transaction.

We believe that it would be appropriate for the Staff not to recommend enforcement action under Section 206(3) in this regard, because the Discretionary Client Protocol will ensure that the substance of Section 206(3) is satisfied. The Discretionary Client Protocol ensures that extensive disclosure (including the disclosure required by Section 206(3)) is made to Discretionary Clients pursuant to the Offer Document and that Discretionary Clients have the ability to elect not to tender their Subject Securities. Furthermore, prior to exercising its discretionary authority to tender (or otherwise to sell in conformity with the Offer Protocol) Subject Securities on behalf of the Discretionary Client, a Participating Firm will make reasonable efforts over a reasonable period of time to contact the

Discretionary Client. Finally, a Participating Firm will not tender Subject Securities on behalf of a Discretionary Client before the earlier of (i) 45 calendar days after the commencement of the distribution of the Offer Document or (ii) 15 business days prior to the expiration of the Offer, thereby giving the Discretionary Client substantial time to consider whether to tender Subject Securities in the Offer and to communicate his or her election.

Furthermore, we note that the Offers by the Settling Firms are being made to give effect to the Settlements, and the Offers by Non-Settling Firms would likewise be made to provide liquidity to their Eligible Customers. If a Participating Firm were not allowed to exercise its discretionary authority pursuant to the Discretionary Client Protocol, Section 206(3) might frustrate the purpose of the Settlements to provide liquidity to Eligible Customers.

III. Relief Requested

To facilitate implementation of the Settlements and to promote and protect the interests of investors in enabling the prompt achievement of the objectives of the Settlements, as well as the provision of liquidity by Non-Settling Firms to Non-Settling Firm Eligible Customers, we request that the Commission grant the following relief.

First, we request that the Staff confirm that it would not recommend enforcement action under any of the Affiliate Restrictions if a Participating Firm or a Fund does not comply with the Affiliate Restrictions with respect to a Fund and a Participating Firm, where the Participating Firm is an affiliated person (or an affiliated person of an affiliated person) of the Fund solely because of the Participating Firm's ownership of Subject Securities acquired pursuant to the Offer Protocol (even if the Participating Firm acquires all of the preferred stock issued by such Fund (and consequently gains the right to elect two of the Fund's directors in accordance with Section 18(a)(2)(C) of the Investment Company Act)); *provided* that the Holder with respect to such securities implements the Voting Protocol with respect to such Fund.

Second, we request that the Staff confirm that it would not recommend enforcement action under Section 206(3) of the Advisers Act if a Participating Firm tendered on behalf of a Discretionary Client the client's Subject Securities in an Offer (or otherwise caused the sale in conformity with the Offer Protocol of the Discretionary Client's Subject Securities to the Participating Firm or an affiliate) without first obtaining the Discretionary Client's affirmative consent; *provided* that such tender (or other sale) is effected in compliance with the Discretionary Client Protocol.

IV. Conclusion

We would like to specifically acknowledge the very substantial contribution of the other firms subscribing to this letter in discussions with the Staff that led to, and in the preparation of, this request and who join in this request:

Covington & Burling LLP – Bruce C. Bennett and David B. H. Martin

Milbank, Tweed, Hadley & McCloy LLP – Thomas C. Janson and Paul E. Denaro

Morgan, Lewis & Bockius LLP – John V. Ayanian and David A. Sirignano

O'Melveny & Myers LLP – Marty Dunn, David Lavan and Bill Satchell

Paul, Weiss, Rifkind, Wharton & Garrison LLP – Mark S. Bergman and David S. Huntington

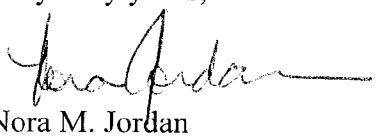
Simpson Thacher & Bartlett LLP – John D. Lobrano and Sarah E. Cogan

Wilmer Cutler Pickering Hale and Dorr LLP – James E. Anderson and Robert G. Bagnall

We are very grateful for the time and attention that the Staff of the Division of Investment Management has devoted to consideration of the issues presented in this request.

If the Staff or the Commission require any additional information or explanation, please do not hesitate to contact me, or Greg Rowland or Sophia Hudson of this office.

Very truly yours,



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