

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-27851; 812-13391]

Barclays Global Fund Advisors; Notice of Application

June 6, 2007

Agency: Securities and Exchange Commission (“Commission”).

Action: Temporary order and notice of application for a permanent order under section 9(c) of the Investment Company Act of 1940 (the “Act”).

Summary of Application: Applicant has received a temporary order exempting it from section 9(a) of the Act, with respect to an injunction entered against Barclays Bank PLC (“Barclays”) on June 6, 2007 by the United States District Court for the Southern District of New York (the “District Court”), until the Commission takes final action on an application for a permanent order. Applicant also has applied for a permanent order.

Applicants: Barclays Global Fund Advisors (“BGFA” or the “Applicant”).¹

Filing Date: The application was filed on May 30, 2007. Applicant has agreed to file a final amendment during the notice period, the substance of which is reflected in this notice.

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 Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on July 2, 2007, and should be accompanied by proof of service on Applicant, in the form of an affidavit or, for

¹ Applicant requests that any relief granted pursuant to the application also apply to any other company of which Barclays is or hereafter becomes an affiliated person (together with Applicant, “Covered Persons”).

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. Applicant, c/o Ira P. Shapiro, Esq., Barclays Global Fund Advisors, 45 Fremont Street, San Francisco, CA 94105.

For Further Information Contact: Courtney S. Thornton, Senior Counsel, at (202) 551-6812, or Mary Kay Frech, Branch Chief, at (202) 551-6821 (Division of Investment Management, Office of Investment Company Regulation).

Supplementary Information: The following is a temporary order and 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).

Applicant's Representations:

1. BGFA, a California corporation registered under the Investment Advisers Act of 1940, serves as investment adviser to the series of iShares Trust, iShares, Inc. and Master Investment Portfolio (the "Advised Funds"), each a registered open-end management investment company. BGFA also serves as sub-adviser to certain series of State Farm Variable Product Trust and American Century Capital Portfolios, Inc. (collectively with the Advised Funds, the "Funds"), each a registered open-end management investment company. BGFA is a wholly-owned subsidiary of Barclays Global Investors, N.A. ("BGI"), a limited purpose trust company that provides investment management services for client accounts and certain unregistered investment vehicles and, through its subsidiaries, is one of the world's largest providers of exchange traded funds ("ETFs"). BGI is a majority-owned subsidiary of Barclays Bank PLC

(“Barclays”), which is a major global financial services provider organized under the laws of England and Wales.

2. On June 6, 2007, the District Court entered a final judgment against Barclays in a matter brought by the Commission (the “Final Judgment”).² The Commission alleged in the complaint (“Complaint”) that Barclays had violated section 17(a) of the Securities Act of 1933 (“Securities Act”), section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and rule 10b-5 under the Exchange Act by engaging in the purchase and sale of certain distressed debt securities while aware of material, non-public information concerning such distressed debt issuers.³ Without admitting or denying the allegations in the Complaint, Barclays consented to the entry of the Final Judgment. The Final Judgment permanently enjoins Barclays directly or through its officers, directors, agents and employees from violating section 10(b) of the Exchange Act and rule 10b-5 under the Exchange Act and section 17(a) of the Securities Act (the “Injunction”).⁴ Barclays also consented to the payment of disgorgement plus prejudgment interest in addition to civil penalties in an aggregate amount of approximately \$10.9 million.

Applicant’s Legal Analysis:

1. Section 9(a)(2) of the Act, in relevant part, prohibits a person who has been enjoined from engaging in or continuing any conduct or practice in connection with the purchase or sale of a security from acting, among other things, as an investment adviser or depositor of any registered investment company or a principal underwriter for any registered open-end

² United States Securities and Exchange Commission v. Barclays Bank PLC, et al., Final Judgment as to Barclays Bank PLC, 07-CV-04472 (MGC) (S.D.N.Y., filed June 4, 2007).

³ Steven J. Landzberg, a former director and proprietary trader for Barclays, was also alleged to have been involved in the conduct underlying the Complaint.

⁴ The Final Judgment also enjoins Mr. Landzberg from violating section 10(b) of the Exchange Act and rule 10b-5 under the Exchange Act, and section 17(a) of the Securities Act and imposes civil penalties on Mr. Landzberg. The requested temporary and permanent orders will not apply to Mr. Landzberg or to any company of which Mr. Landzberg is or becomes an affiliated person.

investment company, registered unit investment trust or registered face-amount certificate company. Section 9(a)(3) of the Act makes the prohibition in section 9(a)(2) applicable to a company, any affiliated person of which has been disqualified under the provisions of section 9(a)(2). “Affiliated person” is defined in section 2(a)(3) of the Act to include any person directly or indirectly controlling, controlled by, or under common control with, the other person.

Applicant states that Barclays is an affiliated person of the Applicant within the meaning of section 2(a)(3) of the Act because Barclays controls the Applicant. Applicant states that, as a result of the Injunction, it 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 an exemption from the disqualification provisions of section 9(a) of the Act if it is established that these provisions, as applied to the 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 protection of investors to grant the exemption. Applicant has filed an application pursuant to section 9(c) seeking temporary and permanent orders exempting it from the disqualification provisions of section 9(a) of the Act.

3. Applicant believes it meets the standards for exemption specified in section 9(c). Applicant states that the prohibitions of section 9(a) as applied to it would be unduly and disproportionately severe and that the conduct of Applicant 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. Applicant states that none of its current or former officers, directors or employees participated in any way in the conduct underlying the Injunction. Applicant further states that the conduct underlying the Injunction did not involve any Funds.

5. Applicant states that the inability to continue providing advisory services to the Funds would result in potentially severe hardships for the Funds and their shareholders. Applicant also states that it has distributed, or will distribute as soon as reasonably practicable, 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, regarding the circumstances of the Final Judgment, any impact on the Funds, and the filing of the application. Applicant will provide the Boards with all information concerning the Final Judgment and the application that is necessary for the Funds to fulfill their disclosure and other obligations under the federal securities laws.

6. Applicant also asserts that, if it were barred from providing services to the Funds, the effect on its business and employees would be severe. Applicant states that it has committed substantial resources to establish an expertise in advising the Funds. Applicant has previously sought and received an exemption under section 9(c) of the Act on one occasion.⁵

Applicant’s Condition:

Applicant agrees that any order granting the requested relief shall 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,

⁵ Wells Fargo Bank, N.A., et al., Investment Company Act Release Nos.16311 (Mar. 11, 1988) (notice and temporary order) and 16355 (Apr. 7, 1988) (permanent order).

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 exemption granted under the Act in connection with the application.

Temporary Order:

The Commission has considered the matter and finds that Applicant has made the necessary showing to justify granting a temporary exemption.

Accordingly,

IT IS HEREBY ORDERED, pursuant to section 9(c) of the Act, that the Covered Persons are granted a temporary exemption from the provisions of section 9(a), effective forthwith, 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.

Florence E. Harmon
Deputy Secretary