

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-27982; 812-13396]

Claymore Exchange-Traded Fund Trust, et al.; Notice of Application

September 26, 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 sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (a)(2) of the Act, and under section 12(d)(1)(J) for an exemption from sections 12(d)(1)(A) and (B) 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 certain equity securities indices, to issue shares of limited redeemability; (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”); (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; (e) under certain circumstances, certain series to pay redemption proceeds more than seven days after the tender of shares; and (f) certain registered management investment companies and unit investment trusts outside of the same group of investment companies as the series to acquire shares of the series (the “Prior Order”).¹

¹ Claymore Exchange-Traded Fund Trust, et al., Investment Company Act Release Nos. 27469 (Aug. 28, 2006) (notice) and 27483 (Sept.18, 2006) (order).

Applicants seek to amend the Prior Order in order to offer additional series based on certain fixed income securities indices (the "New Funds"). In addition, the order would delete a condition related to future relief in the Prior Order.

Applicants: Claymore Advisors, LLC ("Adviser"), Claymore Securities, Inc. ("Distributor"), Claymore Exchange-Traded Fund Trust and Claymore Exchange-Traded Fund Trust 2 (each, a "Trust" and together, the "Trusts").

Filing Dates: The application was filed on May 30, 2007, and amended on August 9, 2007.

Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

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 22, 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, 2455 Corporate West Drive, Lisle, IL 60532.

For Further Information Contact: Christine Y. Greenlees, Senior Counsel, at (202) 551-6879, 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 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. Each Trust is an open-end management investment company registered under the Act and organized as a Delaware statutory trust. The Trusts are organized as series funds with multiple series. The Adviser, an investment adviser registered under the Investment Advisers Act of 1940 (the “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 (“Exchange Act”), will serve as the principal underwriter of the New Funds’ shares.

2. Each Trust is currently permitted to offer series based on equity securities indices (the “Equity Funds,” and together with the New Funds and the Future Funds (defined below), the “Funds”) in reliance on the Prior Order. Applicants seek to amend the Prior Order to permit the Trusts to offer the New Funds that, except as described in the application, would operate in a manner identical to the existing 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, before fees and expenses, of a specified securities index (an “Index”).² No entity that creates, compiles, sponsors, or maintains an Index is or will be an affiliated person, as defined in section 2(a)(3) of the Act, or

² The Indexes for the New Funds are: CPMKTS – The Capital Markets Index, CPMKTB – The Capital Markets Bond Index, and CPMKTL – The Capital Markets Liquidity Index.

an affiliated person of an affiliated person, of the Trusts, the Adviser, the Distributor or any Sub-Adviser, or promoter to a New Fund.

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

5. Under the Prior Order, applicants stated that each Equity Fund would invest at least 90% of its total assets in common stocks that comprise the relevant Index, and may invest up to 10% of its total assets in securities, options and futures not included in its Index which the Adviser believes would help the Equity Fund track the 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 in the securities that comprise the relevant Index, but at times may invest up to 20% of its total assets in certain futures, options, and swap contracts, cash and cash equivalents, including money market funds, as well as securities not included in its Index which the Adviser believes will help the Fund track its Index. At all times, a 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 Index. Applicants expect that each New Fund will have a tracking error relative to the performance of its respective Index of less than 5 percent.

6. Applicants state that a New Fund 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 Index ("Deposit 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 Equity Funds in the Prior Order, except as specifically noted by applicants (and summarized in this notice), and will comply with all of the terms, provisions and conditions of the Prior Order, as amended by the present application. Applicants believe that the requested relief continues to meet the necessary exemptive standards.

Future Relief:

8. Applicants also seek to amend the Prior Order to modify the terms under which the Trusts may offer additional series in the future based on other securities indices ("Future Funds"). The Prior Order is currently subject to a condition that does not permit applicants to register the shares of any Future Fund by means of filing a post-effective amendment to a Trust's

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 Fund 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

registration statement or by any other means, unless applicants have requested and received with respect to such Future Fund, either exemptive relief from the Commission or a no-action letter from the Division of Investment Management of the Commission, or if the Future Fund could be listed on a national securities exchange ("Exchange") without the need for a filing pursuant to rule 19b-4 under the Exchange Act.

9. The order would amend the Prior Order to delete this condition. Any Future Funds will: (a) be advised by the Adviser or an entity controlled by or under common control with the Adviser; (b) track Indexes that are created, compiled, sponsored or maintained by an entity that is not an affiliated person, as defined in section 2(a)(3) of the Act, or an affiliated person of an affiliated person, of the Adviser, the Distributor, the Trusts or any Sub-Adviser or promoter of a Future Fund; and (c) comply with the respective terms and conditions of the Prior Order, as amended by the present application.

10. Applicants believe that the modification of the future relief available under the Prior Order would be consistent with sections 6(c) and 17(b) of the Act and that granting the requested relief will facilitate the timely creation of Future Funds and the commencement of secondary market trading of such Future Funds by removing the need to seek additional exemptive relief. Applicants submit that the terms and conditions of the Prior Order have been appropriate for the existing series of the Trusts and would remain appropriate for Future Funds. Applicants also submit that tying exemptive relief under the Act to the ability of a Future Fund to be listed on an Exchange without the need for a rule 19b-4 filing under the Exchange Act is not necessary to meet the standards under sections 6(c) and 17(b) of the Act.

for resale under rule 144A.

Applicants' Condition:

Applicants agree that any amended order granting the requested relief will be subject to the same conditions as those imposed by the Prior Order, except for condition 1 to the Prior Order, which will be deleted.

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

Florence E. Harmon
Deputy Secretary