

UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940  
Release No. 27981 / September 25, 2007

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In the Matter of :  
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RYDEX ETF TRUST :  
PADCO ADVISORS II, INC. :  
RYDEX DISTRIBUTORS, INC. :  
9601 Blackwell Road :  
Suite 500 :  
Rockville, MD 20850 :  
:   
(812-13387) :  
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ORDER UNDER SECTIONS 6(c) AND 17(b) OF THE INVESTMENT COMPANY  
ACT OF 1940

Rydex ETF Trust, Padco Advisors II, Inc. and Rydex Distributors, Inc. filed an application on May 23, 2007, and an amendment to the application on August 6, 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) an open-end management investment company comprised of multiple series based on domestic equity securities indexes to issue shares (“Shares”) that can be redeemed only in large aggregations (“Creation Units”); (b) secondary market transactions in Shares 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”); and (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 Creation Units. The amended order permits applicants to offer two new series and future series based on foreign equity securities indices. The amended order also permits series that track foreign equity indices to pay redemption proceeds more than seven days after the tender of Shares, under

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<sup>1</sup> Rydex ETF Trust, et al., Investment Company Act Release Nos. 25948 (Feb 27, 2003) (notice) and 25970 (Mar. 25, 2003) (order) (“Prior Order”).

certain circumstances. In addition, the amended order deletes a condition related to future relief in the Prior Order.

On August 28, 2007, a notice of the filing of the application was issued (Investment Company Act Release No. 27958). 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. 812-13387),

IT IS ORDERED, under section 6(c) of the Act, that the requested 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 is 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 is 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.

Nancy M. Morris  
Secretary