



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

September 28, 2006

Mr. Christian J. Mixer
Morgan, Lewis & Bockius, LLP
1111 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: **Certain Directed Brokerage Programs– (File No. HO-10061)**
Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act

Dear Mr. Mixer:

This is in response to your letter dated June 23, 2006, written on behalf of Deutsche Investment Management Americas, Inc., Deutsche Asset Management, Inc., and DWS Scudder Distributors, Inc. (collectively "Companies"), and constituting an application for relief from the Companies being considered "ineligible issuers" under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act). The Companies each request relief from being considered an "ineligible issuer" under Rule 405(1)(vi), due to the entry on September 28, 2006, of a Commission order (Order) pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Sections 9(b) and 9(f) of the Investment Company Act of 1940, and Section 15(b) of the Securities Exchange Act of 1934, naming the Companies as respondents.

Based on the facts and representations in your letter, and assuming the Companies comply with the Order, the Commission, pursuant to delegated authority, has determined that the Companies have made a showing of good cause under Rule 405(2) and that the Companies will not be considered ineligible issuers by reason of the entry of the Order. Specifically, we determined under these facts and representations that the Companies have shown that the terms of the Order were agreed to in a settlement prior to December 1, 2005. Accordingly, the relief described above from the Companies being ineligible issuers under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or non-compliance with the Order might require us to reach a different conclusion.

Sincerely,

A handwritten signature in black ink that reads "Mary Kosterlitz".

Mary Kosterlitz
Chief, Office of Enforcement Liaison
Division of Corporation Finance

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June 23, 2006

VIA HAND DELIVERY

Mary J. Kosterlitz, Esq.
Chief of the Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-0310

Re: Certain Directed Brokerage Programs (File No. HO-10061)

Dear Ms. Kosterlitz:

On behalf of our clients Deutsche Investment Management Americas, Inc., Deutsche Asset Management, Inc., and DWS Scudder Distributors, Inc. (collectively "Deutsche"), we hereby respectfully request a waiver of any "ineligible issuer"¹ status that may arise pursuant to Rule 405 ("Rule 405") promulgated under the Securities Act of 1933 ("Securities Act") with respect to Deutsche as a result of a proposed settlement between Deutsche and the Securities Exchange Commission ("Commission"). The proposed settlement would result in the issuance of an Order that is described below. We respectfully request that this waiver be granted effective upon the entry of the Commission's Order. It is our understanding that the Division of Enforcement in Washington D.C. does not object to the grant of the requested waiver.

BACKGROUND

The Staff of the Division of Enforcement has engaged in settlement discussions with Deutsche in connection with the investigation described above. Deutsche submitted an executed Offer of Settlement, solely for the purpose of proceedings by or on behalf of the Commission, which consented to the entry of a Commission Order (the "Order").

¹ See Securities Offering Reform, 70 Fed. Reg 44, 772; 44,810-811 (Aug. 3, 2005) (codified at 17 C.F.R., pt. 230.405).

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Under the Order, brought pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(e) of the Advisers Act of 1940 (“Advisers Act”), the Commission alleged that Deutsche violated Section 206(2) of the Advisers Act and Section 34(b) and Rule 17d-1 under Section 17(d) of the Investment Company Act of 1940, by engaging in the practices described in the Order. The Commission made findings, without admission or denial by Deutsche, that for the time period January 2001 to October 2003 Deutsche and its predecessor entities satisfied, in whole or in part, its revenue sharing agreements by requesting that fund brokerage commissions—a fund asset—be directed to broker-dealers who also sold fund shares, subject to best execution. The Commission also found that Deutsche’s and its predecessor entities’ shareholder and board disclosure did not adequately disclose the conflict of interest created by the use of fund assets to reduce revenue sharing obligations. Additionally, the Order requires that Deutsche cease and desist from aiding, abetting, committing or causing any violations or future violations of the referenced provisions, pay disgorgement, penalty, and interest totaling \$19,329,729 to the mutual funds that paid the directed brokerage, and comply with the undertakings specified in the Order.

DISCUSSION

Securities Act rules, which were adopted and amended effective December 1, 2005, provide substantial benefits to issuers classified as a “well-known seasoned issuer” (“WKSI”), including the use of a streamlined automatic shelf registration process and exemption from “quiet period” restrictions prohibiting communication during the 30-day period prior to the filing of a registration statement.² The new rules also permit most other issuers to use a “free writing prospectus” after a registration statement is filed to communicate information about a registered offering of securities.³ However, these benefits are unavailable to issuers who are excluded from the WKSI definition, and therefore such issuers may not use automatic shelf registrations or make communications within 30 days prior to filing a registration statement.⁴ Similarly, the rules prohibit ineligible issuers from using post-filing free writing prospectuses.⁵

An issuer is an ineligible issuer for the purposes of Rule 405 if, among other things,

² See Rule 405 (definition of “well-known seasoned issuer”); *id.* (definition of “Automatic shelf registration statement”); Securities Offering Reform, 70 Fed. Reg. 44, 772; 44,805-806 (Aug. 3, 2005) (codified at 17 C.F.R. pt. 230.163 & 163A) (“Rule 163”).

³ Securities Offering Reform, 70 Fed. Reg. 44,772; 44,806-807 (Aug. 3, 2005) (codified at 17 C.F.R. pt. 230.164) (“Rule 164”). The new rules permit WSIs to use a free writing prospectus *before* a registration statement is filed as well. Rule 163.

⁴ See Rule 405 (definition of “Well-known seasoned issuer,” para. (iii)).

⁵ See Rule 164.

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[w]ithin the past three years . . . the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree order arising out of a governmental action that: (A) Prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws; (B) Requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws.⁶

Ineligible issuer status may be waived if “the Commission determines, upon a showing of good cause that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.”⁷ The Commission has delegated to the Division of Corporation Finance the authority to grant or deny applications requesting that an issuer not be considered an ineligible issuer as defined in Rule 405.⁸

Accordingly, Deutsche hereby requests a waiver, effective upon entry of the Order, of any ineligible issuer status that may arise under Rule 405 as a result of the entry of the Order.⁹ For the following reasons, we do not believe that the protection of investors or the public interest would be served by denying Deutsche the benefits afforded by the Securities Act to issuers that are not classified as ineligible issuers.

Deutsche and the Staff had agreed in principle to the settlement described prior to December 1, 2005 (the effective date of Rule 405). We understand that the Division of Enforcement concurs. Further, the conduct described in the Order last occurred on October 16, 2003. Although the Order itself will be entered by the Secretary after December 1, 2005, Deutsche should be treated as if it were the subject of an order agreed to in a settlement prior to December 1, 2005. Accordingly, Deutsche should be determined not to be an “ineligible issuer” within the meaning of Rule 405.

In light of the grounds for relief discussed above, we believe that Deutsche has shown good cause that relief should be granted. Accordingly, we respectfully urge the Division of

⁶ Rule 405 (definition of “Ineligible issuer,” para (1)(vi)).

⁷ *Id.* (definition of “Ineligible issuer,” para (2)).

⁸ Securities Offering Reform, 70 Fed. Reg. 44,772; 44,798-799 (Aug. 3, 2005) (codified at 17 C.F.R. pt. 200.30-1(a)(10)).

⁹ Deutsche reserves all rights to claim that this disqualification provision is inapplicable.

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Corporation Finance to grant a waiver, effective upon the entry of the Order, of any ineligible issuer status with regard to Deutsche that may arise pursuant to Rule 405.¹⁰

If you have any questions regarding this request, please contact the undersigned at 202.739.5575.

Very truly yours,



Christian J. Mixer

c: A. Thomas Smith, Esq., Deutsche Bank

¹⁰ We note that the Division of Corporation Finance has granted relief under Rule 405(1)(vi) of the Securities Act for similar reasons. See Letter from Mary Kosterlitz, Chief, Office of Enforcement Liaison, Division of Corporate Finance to Steven W. Hansen, February 21, 2006, regarding MetLife, Inc.'s waiver request of ineligible issuer status under Rule 405 of the Securities Act.