

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 62217 / June 3, 2010

ADMINISTRATIVE PROCEEDING

File No. 3-12628

In the Matter of

ZURICH CAPITAL MARKETS INC.,

Respondent.

**ORDER APPROVING PLAN,
APPOINTING A FUND
ADMINISTRATOR, AND
WAIVING BOND**

On May 7, 2007, the Commission entered an Order instituting settled administrative and cease-and-desist proceedings against Zurich Capital Markets Inc. (“ZCM” or “Respondent”) in this matter (“Order”). *In the Matter of Zurich Capital Markets Inc.*, Admin. Proc. File No. 3-12628, Securities Exchange Act of 1934 Release No. 55711 (May 7, 2007). In the Order, the Commission authorized the establishment of a Fair Fund, comprised of \$16,809,354.42 in disgorgement, prejudgment interest, and penalties paid by Respondent, for distribution to mutual funds affected by certain hedge funds’ market timing trading for which ZCM provided leverage financing. The Order provided that the Fair Fund was to be distributed pursuant to a distribution plan developed by Respondent. The Respondent developed a proposed distribution plan (the “Distribution Plan”) in consultation with the Division of Enforcement.

On April 15, 2010, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”) pursuant to Rule 1103 of the Commission’s Rules of Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103 (Exchange Act Release No. 61918). The Notice advised all interested parties that they may print a copy of the Distribution Plan from the Commission’s public website, <http://www.sec.gov>, or by submitting a written request to George S. Canellos, Regional Director, United States Securities and Exchange Commission, 3 World Financial Center, Room 400, New York, NY 10281.

The Notice also advised all persons desiring to comment on the Distribution Plan that they may submit their comments, in writing, no later than 30 days from the date of the Notice by sending a letter to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-1090; by using the Commission’s Internet comment form (<http://www.sec.gov/litigation.admin.shtml>); or by sending an e-mail to

rule-comments@sec.gov. The Commission received no comments on the Distribution Plan and no modification has been made to the Distribution Plan since its publication.

The Distribution Plan provides for distribution of the Fair Fund to affected mutual funds identified in the plan that were harmed by the actions of certain hedge funds that engaged in deceptive market timing from 1999 through 2003. Respondent aided and abetted the hedge funds' deceptive market timing by providing leverage financing to the hedge funds. If the Distribution Plan is approved, the affected mutual funds will receive proportionate shares of the Fair Fund as calculated by the Respondent. The shares will be calculated from information in Respondent's records, and records obtained from third-parties. The affected mutual funds will not need to go through a claims process.

The Distribution Plan also proposes Vincent A. Warther as the Fund Administrator and sets forth, among other things, procedures for distributing funds from the Fair Fund to affected mutual funds; procedures for the administration of the Fair Fund, including provisions for filing tax returns; and a proposed timeframe for the termination of the Distribution Plan.

Mr. Warther has not posted the bond generally required of third parties under Rule 1105(c) of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1105(c). Pursuant to Rule 1105, the bond requirement may be waived for good cause shown. The Fair Fund will be held at the U.S. Department of treasury and will be distributed by Treasury. All distributions in this matter will be made by the Treasury's Financial Management Service ("FMS") directly to the eligible mutual funds, with no handling of money by the Fund Administrator or any non-governmental entity. The payees, and the relative amounts to be paid by FMS to each, will have been reviewed and approved by the Commission prior to the distributions.

The staff requests that the Commission approve the Distribution Plan, appoint Mr. Warther as the Fund Administrator, and waive the bond requirement of the Fund Administrator for the good cause shown in the Plan.

Accordingly, pursuant to Fair Fund Rule 1104, it is hereby ORDERED that the Distribution Plan is approved.

It is hereby further ORDERED, pursuant to Fair Fund Rules 1105(a) and (c), that Mr. Warther is appointed as the Fund Administrator in accordance with the terms of the Distribution Plan and that the bond requirement is waived for good cause shown.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary