



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

DIVISION OF
MARKET REGULATION

October 24, 2006

Stuart M. Strauss, Esq.
Clifford Chance US LLP
31 West 52nd Street
New York, NY 10019

Re: Class Relief for Exchange Traded Index Funds
File No. TP 07-07

Dear Mr. Strauss:

In your letter dated October 23, 2006, as supplemented by conversations with the staff of the Division of Market Regulation ("Staff"), the PowerShares Exchange-Traded Fund Trust (the "Trust") on behalf of itself, the PowerShares Listed Private Equity Portfolio, the PowerShares Financial Preferred Portfolio (collectively the "Funds" and each a "Fund"), the American Stock Exchange and any other national securities exchange or national securities association on or through which shares of the Funds ("Shares") may subsequently trade, and persons or entities engaging in transactions in Shares, requests no-action advice, interpretive, or exemptive relief with respect to specified rules. Specifically, the Trust requests exemptions from, or no-action or interpretive advice regarding, Rules 10a-1, 10b-17, and 14e-5 under the Securities Exchange Act of 1934 ("Exchange Act"), Rules 101 and 102 of Regulation M, and Rule 200(g) of Regulation SHO in connection with secondary market transactions in Shares and the creation and redemption of Shares.

As you note in your letter, the Securities and Exchange Commission ("Commission") or the Staff has granted relief similar to that requested by the Trust with respect to secondary market transactions in Shares and the creation and redemption of Shares in connection with other exchange-traded funds ("ETFs")¹ on numerous occasions, including prior class relief for ETF products that meet certain criteria.²

¹ ETFs are investment companies registered under the Investment Company Act of 1940 (the "Investment Company Act") either as unit investment trusts or as open-end investment companies. Shares of ETFs are traded by both institutional and retail investors on securities exchanges and in the over-the-counter markets at negotiated prices. ETFs are designed to replicate the holdings or correspond to the performance and yield of a reference securities index or a highly correlated subset of the securities underlying the index.

² See Letter from James A. Brigagliano, Esq., Assistant Director, Division of Market Regulation, to Claire P. McGrath, Esq., Vice President and Special Counsel, The American Stock Exchange, dated August 17, 2001 (re: Exemptive Relief for Exchange Traded Index Funds) ("2001 Class Letter"). See also Letter from James A. Brigagliano, Esq., Assistant Director, Division of Market Regulation, to Ira Hammerman, Senior Vice President and General Counsel, Securities Industry Association, dated January 3, 2005 (re: No-action Relief From Rule 200(g) of Regulation SHO).

