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March 26, 2018

Via Email and Hand Delivery

Josephine J. Tao, Esq.
Assistant Director
Division of Trading and Markets
Securities and Exchange Commission
100 F. Street, N.E.
Washington, DC 20549

Re: Request of PowerShares Exchange-Traded Fund Trust Regarding Relief from Rule 10b-17 and Regulation M under the Securities Exchange Act of 1934 with Respect to the PowerShares Wilshire Micro-Cap Portfolio.

Dear Ms. Tao:

We are writing on behalf of the PowerShares Exchange-Traded Fund Trust (the "Trust"). The Trust is an open-end management investment company organized as a Massachusetts Business Trust. The Trust and its series operate as exchange traded funds ("ETFs") in reliance on exemptive relief from the Securities Exchange Commission (the "Commission") that was granted by the Division of Investment Management pursuant to delegated authority. The Trust's investment adviser is Invesco PowerShares Capital Management, LLC ("PowerShares"), and its distributor is Invesco Distributors, Inc.

As described more fully below, the Trust would like to obtain no-action relief to permit it to rely on exemptive relief that was previously granted to the Claymore Exchange Traded Fund Trust and its series Wilshire Micro-Cap ETF under Rule 10b-17 and Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934 (the "1934 Act").¹ In the alternative, the Trust would like to obtain exemptive relief identical to this relief that was previously granted to the Claymore Exchange-Traded Fund Trust but with respect to the PowerShares Wilshire Micro-Cap Portfolio, as described below. The need for the relief stems from a planned reorganization in which this series of the Claymore Exchange-Traded Fund Trust will merge into a newly-formed series of the Trust.

¹ Letter from Josephine J. Tao of the SEC's Division of Trading and Markets to Jeremy Senderowicz of Dechert, LLP (Dec. 16, 2011) (granting relief from Rule 10b-17, Rule 14e-5 and Rules 101 and 102 of Regulation M under the 1934 Act pursuant to delegated authority).

I. Background

In late 2017, Invesco Ltd. (the parent of PowerShares) announced the acquisition of the exchange traded fund business of Guggenheim Capital LLC (“Guggenheim”). Guggenheim is the parent of Guggenheim Funds Investment Advisors, LLC the investment adviser to the Claymore Exchange-Traded Fund trust and its series, the Wilshire Micro-Cap ETF.

The Trust and the Claymore Exchange-Traded Fund Trust have agreed to an Agreement and Plan of Reorganization (the “Reorganization Plan”), subject – as pertinent here – to the approval of the shareholders of the Wilshire Micro-Cap ETF (the “Existing Fund”), whereby the Trust is to acquire the Existing Fund. Under the terms of the Reorganization Plan, the Existing Fund will transfer all or substantially all of its assets and all of its stated liabilities included in its financial statements to the PowerShares Wilshire Micro-Cap Portfolio, a newly formed series of the Trust (the “New Fund”) in exchange for shares of the New Fund (and cash with respect to any fractional shares). After that exchange, shares of the New Fund received by the Existing Fund will be distributed pro rata to the Existing Fund’s shareholders in liquidation of the Existing Fund. As a result, immediately after the reorganization, each former shareholder of the Existing Fund will own shares of the New Fund that will be approximately equal to the value of that shareholder’s full shares of such Existing Fund as of the closing date.

The New Fund is designed to be materially identical to the Existing Fund and to operate as such. The New Fund will have an identical investment objective and principal investment strategies and will seek to track the same index as the Existing Fund. In addition, the New Fund may utilize the Existing Fund’s portfolio optimization methodology to reduce the New Fund’s tracking error. Under normal conditions,² the New Fund will invest at least 90% of its total assets³ in the component securities of the Wilshire US Micro-Cap Index (the “Index”).⁴ The

² The term “under normal conditions” as used herein includes, but is not limited to, the absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the securities markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

³ “Total Assets” are comprised of the entirety of the assets of the New Fund prior to subtracting any liabilities of the New Fund. An investment company’s total assets will either equal its net assets (assuming zero liabilities), or (in instances in which there are liabilities) will exceed net assets and will exceed net assets plus any borrowing for investment purposes, if any. Regardless of the representation that the New Fund generally will invest at least 90% of its total assets in securities that comprise the underlying index, the New Fund seeks to have a tracking error of less than five percent measured on a monthly basis over a one-year period.

⁴ The Index represents a float-adjusted, market capitalization-weighted index of the securities ranked below 2500 by market capitalization of the Wilshire 5000 Total Market Index. The New Fund may invest the remaining 10% of its total assets in in certain futures, options and swap contracts, cash and cash equivalents, as well as in securities not included in the Index, which PowerShares believes will help the New Fund track the Index.

Existing Fund will be the accounting survivor, and the New Fund will retain the Existing Fund's investment performance. The reorganization of the Existing Fund is designed to be a tax free reorganization. Upon completion of the reorganization, the shareholders of the New Fund will own shares in what is essentially a carbon-copy of the Existing Fund. The only material difference will be the identity of the trust in which the series resides, the New Fund's investment adviser, and a new distributor.⁵

II. Relief Sought

The Staff has previously granted blanket relief to equity ETFs from certain provisions of Rule 10b-17 and Rules 101 and 102 of Regulation M of the 1934 Act under the 1934 Act.⁶ However, the Existing Fund was unable to rely on that relief because the Existing Fund could not meet some of the terms of this relief. In particular, the Existing Fund's portfolio optimization methodology did not screen index constituents to ensure that at least 50% of the portfolio is comprised of component securities that meet the minimum public float and average daily trading volume thresholds under the "actively-traded securities" definition found in Regulation M for excepted securities during each of the previous two months of trading prior to formation.⁷ The Division of Trading and Markets granted limited, conditional exemptive relief under Rule 10b-17 and Rules 101 and 102 of Regulation M under the 1934 Act to the Existing Fund and the Claymore Exchange-Traded Fund Trust, pursuant to delegated authority (the "Existing Relief").⁸

The staff based the Existing Relief on the representations and facts presented in the request letter dated December 16, 2011 (the "Original Request Letter") that the Claymore Exchange-Traded Fund Trust and the Existing Fund submitted to the staff.⁹ The staff granted

These securities may include securities of other investment companies, money market instruments, including repurchase agreements, or other funds which invest exclusively in money market instruments.

⁵ In the future, the Trust may determine to list Shares on a national securities exchange or national securities association other than the NYSE Arca, Inc., in which case Shares will be listed in accordance with exchange listing standards that are, or will become, effective pursuant to Section 19(b) of the 1934 Act.

⁶ Letter from James A. Brigagliano, Acting Associate Director, Division of Market Regulation, to Stuart M. Strauss, Esq., Clifford Chance US LLP, dated October 24, 2006 (re: ETFs comprised of equity securities and incorporating relief from certain prior letters) ("Equity ETF Class Relief Letter")

⁷ Because the New Fund will continue the business of the Existing Fund and will thus be substantially identical in all material aspects, the New Fund will similarly be unable to rely on the prior class relief available to equity ETFs.

⁸ See footnote 1, supra.

⁹ Letter from Jeremy Senderowicz, Esq., dated Dec. 16, 2011, to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation.

relief under Rule 101 and 102 of Regulation M based on the representations and facts contained in the Original Request Letter, particularly that the Claymore Exchange-Traded Fund Trust was a registered open-end management investment company that would continuously redeem creation units of shares of the Existing Fund at net asset value, and that a close alignment between the market price of shares and the Existing Fund's net asset value was expected. The staff granted relief under Rule 10b-17 based on the representations and facts in the Original Request Letter, noting in particular that the concerns that the Commission raised in adopting Rule 10b-17 generally would not be implicated if exemptive relief, subject to the conditions in its exemptive order, was granted to the Claymore Exchange-Traded Fund Trust because market participants will receive timely notification of the existence and timing of a pending distribution. The relief under Rule 10b-17 was conditioned on the Claymore Exchange-Traded Fund Trust meeting two conditions:

- The Claymore Exchange-Traded Fund Trust would comply with Rule 10b-17 except for Rule 10b-17(b)(1)(v)(a) and (b); and
- The Claymore Exchange-Traded Fund Trust would provide the information required by Rule 10b-17(b)(1)(v)(a) and (b) to its listing exchange as soon as practicable before trading begins on the ex-dividend date, but in no event later than the time when the listing exchange last accepts information relating to distributions on the day before the ex-dividend date.

Although the New Fund will effectively be the continuation of the Existing Fund, and will be substantially identical in all material respects to the Existing Fund, it is not clear that the New Fund can rely on the terms of the Existing Relief because the Trust and the New Fund are legal entities different and distinct from the Claymore Exchange-Traded Fund Trust and the Existing Fund. As a result, the Trust and the New Fund are asking that Existing Relief be extended to the Trust and the New Fund. In support of such relief, the New Fund hereby represent that all of the significant, material factual statements and representations contained in the Original Request Letter, which is attached as an exhibit to this request, are equally applicable to the Trust and the New Fund, and the Trust adopts them as its own.¹⁰

¹⁰ For purposes of this request, the substantive, material factual statements and representations are all of the facts of the Original Request Letter, other than those facts and representations that relate to the substitution of the Trust for the Claymore Exchange-Traded Fund Trust, the change in identity of the investment adviser to the funds (i.e., substituting PowerShares Capital Management, LLC for Guggenheim Funds Investment Advisors), the change in the identity of the distributor (i.e., Invesco Distributors Inc. for Guggenheim Fund Distributors, Inc.), and all information related to these changes of these entities, such as addresses and regulatory history.

III. Request for Relief

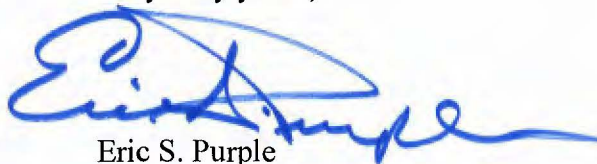
As discussed previously with members of your staff, given that the New Fund will be the continuation of the Existing Fund, and will be structured and will operate in a manner that is substantially identical in all material respects to the Existing Fund and that the form of relief requested by this letter is identical to the Existing Relief, and given that the Trust and the New Fund will comply with the conditions set forth in the Existing Relief, we are requesting that the Existing Relief be extended to cover the Trust and the New Fund by means of submitting this brief request letter, rather than a lengthy request letter restating and amending the Original Request Letter. The staff has permitted this method in analogous circumstances.¹¹

IV. Conclusion

Based on the foregoing, the Trust respectfully requests that the Commission and the Division of Trading and Markets grant the requested no-action relief that would allow the Trust and the New Fund to rely on the Existing Relief, or to grant identical exemptive relief from Rule 10b-17 and Rules 101 and 102 under Regulation M as requested in this letter. The Rule 10b-17 and Regulation M relief requested in this letter is identical to the relief that the Commission and the Division of Trading and Markets granted in the Existing Relief.

Should you have any questions, please call me at (202) 507-5154 or Alan Goldberg at (312) 964-3503.

Very truly yours,



Eric S. Purple

¹¹ See Order Granting Limited Exemptions from Exchange Act Rule 10b-17 and Rules 101 and 102 of Regulation M to Janus Detroit Street Trust et al., SEC Rel. No. 34-78332 (Jul. 14, 2016); letter from W. John McGuire, Esq., dated Sept. 22, 2010 to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation, and the response from Josephine J. Tao, Esq., dated Sept. 22, 2010 to W. John McGuire, Esq., the letter dated Aug. 20, 2009 to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation, and the response from Josephine J. Tao, Esq., dated Aug. 20, 2009; the letter from W. John McGuire, Esq., the letter dated April 24, 2008 to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation, and the response from Josephine J. Tao, Esq., dated April 24, 2008; the letter from Kathleen H. Moriarty, Esq., dated January 19, 2007 to James A. Brigagliano, Esq., Associate Director, Division of Market Regulation, and the response from James A. Brigagliano, Esq., to Kathleen H. Moriarty, dated January 24, 2007.

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Exhibit A: Original Request Letter

JEREMY SENDEROWICZ

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December 16, 2011

Ms. Josephine J. Tao
Assistant Director
Division of Trading and Markets
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Request by Exchange Traded Index Fund for Exemptive, Interpretive or No-Action Relief from Rules 10b-17 and 14e-5, and Rules 101 and 102 of Regulation M, promulgated under the Securities Exchange Act of 1934.

Dear Ms. Tao:

The Claymore Exchange-Traded Fund Trust (the "Trust") is an open-end series management investment company organized on May 24, 2006 as a Delaware statutory trust. The Trust is currently comprised of 29 portfolios, one of which is currently known as the Wilshire Micro-Cap ETF (the "Fund"). The Fund currently tracks an underlying index known as the Wilshire US Micro-Cap IndexSM ("Wilshire Micro-Cap" or "Index").

The Trust on behalf of itself, the Fund, and any national securities exchange or national securities association on or through which the shares subsequently trade (each such market being an "Exchange"), and persons or entities engaging in transactions in shares issued by the Fund ("Shares"), as applicable, requests that the Securities and Exchange Commission (the "Commission" or the "SEC") grant exemptive, interpretive or no-action relief from Rules 10b-17 and 14e-5 under the Securities Exchange Act of 1934 (the "Exchange Act"), and Rules 101 and

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102 of Regulation M, in connection with secondary market transactions in Shares and the creation and redemption of aggregations of Shares (“Creation Units”), as discussed below.

The Trust issues and redeems Shares of the Fund in Creation Units of 100,000 Shares. The Fund’s Shares are currently listed on the NYSE Arca, Inc. (“NYSE Arca”). The Trust is overseen by a board of trustees (the “Board”) that will maintain the composition requirements of Section 10 of the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund has adopted fundamental policies consistent with the 1940 Act. The Fund intends to maintain the required level of diversification, and otherwise conduct its operations, so as to meet the regulated investment company (“RIC”) diversification requirements of the Internal Revenue Code of 1986, as amended (the “Code”)

The SEC staff (“Staff”) has previously issued relief substantially similar to that requested herein to index-based exchange-traded funds (“ETFs”) listed and traded on a national securities exchange, most notably in a letter referred to as the “Equity ETF Class Relief Letter.”¹ ETFs listed and traded on a national securities exchange may rely upon the relief granted in the Equity

¹ Letter from James A. Brigagliano to Power-Shares Exchange-Traded Fund Trust regarding Class Relief for Exchange Traded Index Funds dated October 24, 2006. *See also* Letter from James A. Brigagliano to Benjamin J. Haskin regarding Fixed Income Exchange-Traded Index Funds dated April 9, 2007; Letter from Catherine McGuire, Esq., Chief Counsel Division of Market Regulation to the Securities Industry Association Derivative Products Committee, dated November 21, 2005; Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation to Claire P. McGrath, Vice President and Special Counsel, American Stock Exchange LLC, dated August 17, 2001; Letter from Josephine Tao regarding Combination Exchange-Traded Funds, dated June 27, 2007.

ETF Class Relief Letter if such ETFs meet certain conditions, including the following: at least 70% of the ETF must be comprised of component securities that meet the minimum public float and minimum average daily trading volume thresholds under the “actively-traded securities” definition found in Regulation M for excepted securities during each of the previous two months of trading prior to formation of the relevant ETF; provided, however, that if the ETF has 200 or more component securities, then 50% of the ETF’s component securities must meet the actively-traded securities thresholds.² Under the applicable definition in Regulation M, “actively-traded securities” are securities that have an average daily trading volume value of at least \$1 million and are issued by an issuer whose common equity securities have a public float value of at least \$150 million; provided, however, that such securities are not issued by the distribution participant or an affiliate of the distribution participant.³

When the Fund originally commenced operations, it was known as the Claymore/Sabrient Stealth ETF, and tracked an underlying index known as the Sabrient Stealth Index (the “Prior Index”). On August 20, 2010, the Fund changed its name to the Wilshire Micro-Cap ETF and changed its benchmark to the Index. When the Fund tracked the Prior Index, the Fund met all of the requirements of the Equity ETF Class Relief Letter. Following the change in benchmark, the Fund changed its investment strategy from full replication of the Prior Index to representative

² The Fund has more than 200 component securities.

³ See Rule 101(c)(1) of Regulation M.

sampling of the Index, whereby the Fund holds a selection of the stocks contained in the Index selected via the Adviser's portfolio optimization methodology. Since that time, the Fund has complied with the requirements of the Equity ETF Class Relief Letter. However, for the reasons set forth below, the Adviser believes that it would be in the best interests of the Fund's shareholders for the Adviser to adjust its portfolio optimization methodology with respect to the Fund such that the methodology would no longer "screen" Index constituents for compliance with the minimum average daily trading volume criteria or the minimum public float requirements of the Equity ETF Class Relief Letter set forth above. The Adviser expects that after adjusting its portfolio optimization methodology with respect to the Fund and adjusting the Fund's portfolio accordingly, the Fund may not have 50% of its component securities meet the minimum average daily trading volume criteria or the minimum public float requirements of the Equity ETF Class Relief Letter set forth above, and thus may not be eligible to continue relying on the relief granted in such letter. The Trust therefore requests relief with respect to the Fund from the aforementioned Exchange Act provisions and rules.⁴

The Adviser anticipates that after adjusting the Fund's portfolio to incorporate the revisions to the Adviser's portfolio optimization methodology with respect to the Fund, the

⁴ Except for the minimum average daily trading volume criteria and the minimum public float requirements of the Equity ETF Class Relief Letter set forth above, the Fund will continue to meet all conditions of the Equity ETF Class Relief Letter after the Fund changes its portfolio in the manner contemplated in this letter to better track the Index.

Fund's portfolio would differ (by weight) from its portfolio as of August 20, 2010, by approximately 37%. If the Fund's portfolio had been so adjusted as of August 20, 2010, approximately 20% of the Fund's portfolio (by weight) would have met the minimum average daily trading volume and minimum public float requirements of the Equity ETF Class Relief Letter as of such date.

As set forth in the table below, the Adviser believes that adjusting the Adviser's portfolio optimization methodology with respect to the Fund and adjusting the Fund's portfolio accordingly would reduce the Fund's tracking error and thus be in the best interests of the Fund's shareholders. Between August 31, 2010 and September 30, 2011, the Fund traded on the NYSE Arca for a total of 275 days. Set forth below is a table showing the Fund's actual tracking error over that time period and what the Adviser estimates the Fund's hypothetical tracking error would have been over such time period if it had held the portfolio securities ("Fund Securities") that it intends to hold as a result of the adjusted portfolio optimization methodology:

Fund portfolio	Tracking error
Actual Fund portfolio	2.63% Annualized
Hypothetical Fund portfolio	2.10% Annualized Projected

The Adviser believes that if the requested relief is granted, the Fund's Fund Securities will not suffer a material decrease in their liquidity, notwithstanding the fact that the Fund may not meet the minimum average daily trading volume and minimum public float requirements of the Equity ETF Class Relief Letter. Even if the requested relief is granted, the Fund will only

invest in liquid securities. To assure sufficient liquidity of the securities to be added to the Fund's portfolio, the Adviser's optimization process utilizes multiple criteria, including (a) availability of pricing, (b) average daily trading volume and (c) market capitalization. While the optimization process does not have official minimum thresholds for those criteria, the process is designed to only include those securities that the Adviser deems to provide adequate liquidity and pricing transparency so that the arbitrage process may function effectively with respect to the Fund. Based on information as of September 30, 2011, if the optimization process had been in place with respect to the Fund, the Fund would have been holding a portfolio of 1,000 securities, all of which are priced by a third-party pricing service (and would have been continuously priced during the period such securities would have been held by the Fund). Moreover, such hypothetical optimized portfolio would have resulted in the Fund's position in each security representing less than 20% of the median daily dollar value trading volume over the previous 20 trading days for each such security.⁵

The Fund and Its Investment Objective

Guggenheim Funds Investment Advisors, LLC ("Investment Adviser") (formerly known as Claymore Advisors, LLC) serves as investment adviser to the Fund. The Fund's investment

⁵ It should also be noted that securities that generally do not consistently have readily-available prices are not eligible for inclusion in the Index: thus, by including only those securities that are Index constituents, the Fund is assured a high level of pricing availability for its portfolio holdings.

objective is to seek investment results that correspond generally to the performance, before the Fund's fees and expenses, of the Wilshire Micro-Cap. The Wilshire Micro-Cap is a rules-based index comprised of, as of September 30, 2011, approximately 1,421 securities of micro-capitalization companies, as defined by Wilshire Associates Incorporated ("Wilshire" or the "Index Provider"). The Wilshire Micro-Cap is designed to represent micro-sized companies and is a subset of the Wilshire 5000 Total Market IndexSM (the "Wilshire 5000"). The Wilshire Micro-Cap represents a float-adjusted, market capitalization-weighted index of the issues ranked below 2500 by market capitalization of the Wilshire 5000. Please see Appendix A for more information about the Wilshire Micro-Cap.

Sales of ETF Shares

Guggenheim Funds Distributors, Inc. (formerly known as Claymore Securities, Inc.), a registered broker-dealer under the Exchange Act and member of the Financial Industry Regulatory Authority ("Distributor"), acts on an agency basis as the Fund's principal underwriter, as defined in the 1940 Act. The Fund sells Shares to investors only in Creation Units through the Distributor on a continuous basis at the NAV per share next determined after an order in proper form is received. Shares generally are purchased in Creation Units in exchange for the in-kind deposit of a designated portfolio of equity securities — the "Deposit Securities" — per each Creation Unit Aggregation constituting a substantial replication of the stocks held by the Fund ("Fund Securities") and an amount of cash — the "Cash Component" — computed as described

below.⁶ Together, the Deposit Securities and the Cash Component constitute the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for a Creation Unit Aggregation of the Fund. The Fund issues and sells Shares on any Business Day. The NAV is normally determined as of the close of the regular trading session on the New York Stock Exchange (ordinarily 4:00 p.m. Eastern time) on each Business Day.

The Cash Component is an amount equal to the difference between the NAV of the Shares (per Creation Unit Aggregation) and the “Deposit Amount” — an amount equal to the market value of the Deposit Securities. If the Cash Component is a positive number (*i.e.*, the NAV per Creation Unit Aggregation exceeds the Deposit Amount), the creator will deliver the Cash Component. If the Cash Component is a negative number (*i.e.*, the NAV per Creation Unit Aggregation is less than the Deposit Amount), the creator will receive the Cash Component.

In order to defray the transaction expenses, including brokerage costs, that will be incurred by the Fund when investors purchase or redeem Creation Units, it imposes purchase or redemption transaction fees (“Transaction Fees”) to be borne only by such purchasers or redeemers. Where the Fund permits an in-kind purchaser to substitute cash-in-lieu of depositing a portion of the Deposit Securities, the purchaser may be assessed a higher Transaction Fee to cover the cost of purchasing those securities. The Transaction Fee is designed to protect the

⁶ The Trust reserves the right to offer a “cash” option for creations and redemptions of Shares.

continuing shareholders of the Fund against the dilutive costs associated with the transfer or purchase of Fund Securities in connection with the purchase of Creation Units and with the transfer or sale of Fund Securities in connection with the redemption of Creation Units. The Transaction Fees and the method of calculating these Transaction Fees are disclosed in the statement of additional information ("SAI"). Transaction Fees will be limited to amounts that have been determined by the Investment Adviser to be appropriate and will take into account transaction costs associated with the relevant Deposit Securities. In all cases, such Transaction Fees will be limited in accordance with requirements of the Commission applicable to management investment companies offering redeemable securities.

Bank of New York Mellon ("Custodian" or "Transfer Agent") is the Fund's custodian and transfer agent and the Custodian, in consultation with the Investment Adviser, makes available on each Business Day, immediately prior to the opening of trading on the Exchange, a list of the names and the required number of shares of each Deposit Security that would be included in the current Fund Deposit (based on information at the end of the previous Business Day) for the Fund. Such Fund Deposit will be applicable, subject to any adjustments as described below, in order to effect purchases of Creation Units until such time as the next-announced Fund Deposit composition is made available. In the same manner, the Custodian also makes available the previous day's Cash Component as well as the estimated Cash Component for the current day.

Creation Units may be purchased through orders placed to the Distributor through an “Authorized Participant” which is either (1) a “Participating Party,” i.e., a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation (“NSCC”), a clearing agency that is registered with the Commission, or (2) a DTC Participant, which in either case has executed an agreement with the Distributor, with respect to creations and redemptions of Creation Units (“Participant Agreement”). An investor does not have to be an Authorized Participant, but must place an order through, and make appropriate arrangements with, an Authorized Participant. The Distributor is responsible for transmitting orders to the Trust. Authorized Participants making payment for Creation Units placed through the Distributor must either (1) initiate instructions through the Continuous Net Settlement System of the NSCC as such processes have been enhanced to effect purchases and redemptions of Creation Units (the “Clearing Process”) or (2) deposit the Fund Deposit with the Trust “outside” the Clearing Process through the facilities of DTC as described in the SAI.⁷

⁷ An entity purchasing Creation Units “outside” the Clearing Process will be using a manual line-by-line position movement of each Deposit Security and hence will be required to pay a higher Transaction Fee than would have been charged had the creation been effected through the Shares Clearing Process. The higher Transaction Fee will be disclosed in the SAI and calculated in the manner disclosed in the SAI. Upon the deposit of the requisite Fund Deposits in payment for Creation Units placed through the Distributor, such Creation Units will be delivered to the purchasers thereof.

Once the Trust has accepted an order, upon the next determination of the NAV per Share, the Trust will confirm the issuance, against receipt of payment, of a Creation Unit at such NAV per Share. The Distributor will then transmit a confirmation of acceptance to the Authorized Participant that placed the order.

Distributor

The Distributor distributes Shares on an agency basis exclusively in Creation Units, and it will not maintain a secondary market in the Shares. The Exchange has designated one or more member firms to act as a market maker and maintain a market for Shares traded on that Exchange. No secondary sales will be made to brokers or dealers at a concession by the Distributor or by a Fund. The Distributor may enter into selected dealer agreements with other broker-dealers or other qualified financial institutions for the sale of Creation Units of Shares (“Soliciting Dealers”). Such Soliciting Dealers may also be a participant in DTC.

Redemption of Shares

Beneficial owners of Shares must accumulate enough Shares to constitute a Creation Unit in order to redeem through an Authorized Participant. Creation Units will be redeemable at the NAV next determined after receipt of a request for redemption by the Fund. Shares generally will be redeemed in Creation Units in exchange for Fund Securities.^{8,9} The Trust redeems Shares

⁸ The Fund reserves the right to redeem Creation Units for cash or a combination of cash and securities.

of the Fund on any Business Day. Consistent with the provisions of Section 22(e) of the 1940 Act and Rule 22e-2 under the 1940 Act, the right to redeem will not be suspended, nor payment upon redemption delayed, except as provided by Section 22(e) of the 1940 Act. Redemption requests must be received by the Closing Time on a given Business Day to be redeemed that day, and custom redemptions¹⁰ must be received at least one hour prior to the Closing Time. The Custodian will make available immediately prior to the opening of business on the Exchange on each Business Day, the list of Deposit Securities (the "Creation List") which will be applicable to a purchase and the list of Fund Securities (the "Redemption List") that will be applicable to redemption requests received in proper form on that day.

The Fund has the right to make a redemption payment in cash, in-kind or a combination of each, provided the value of the payment equals the NAV of the Creation Unit being redeemed. At the discretion of the Fund, a beneficial owner might also receive the cash equivalent of a Fund Security upon request because, for instance, it was restrained by regulation or policy from

(continued...)

⁹ The Fund will comply with the federal securities laws in accepting Deposit Securities and satisfying redemptions with Fund Securities, including that the Deposit Securities and Fund Securities are sold in transactions that would be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act").

¹⁰ Custom redemption orders may be placed by an Authorized Participant in the event that the Trust permits or requires the substitution of an amount of cash, for example to replace any Fund Securities which may not be eligible for trading by such Authorized Participant or the investor for which the Authorized Participant is effecting the transaction.

transacting in the securities. The redemption proceeds for a Creation Unit generally¹¹ will consist of Fund Securities plus or minus a “Cash Redemption Amount” as the case may be (collectively, an “ETF Redemption”). The Cash Redemption Amount is cash in an amount equal to the difference between the NAV of the Creation Unit being redeemed and the market value of the Fund Securities. A redeeming investor will pay Transaction Fees calculated in the same manner as Transaction Fees payable in connection with the purchase of a Creation Unit. To the extent that any amounts payable to a Fund by the redeeming investor exceed the amount of the Cash Redemption Amount, the investor will be required to deliver payment to the Fund.

Creation Units may be redeemed through the Clearing Process. Procedures for such redemptions are analogous (in reverse) to those for purchases through the Clearing Process, except that redemption requests are made directly to the Fund through the Trust’s Transfer Agent, and are not made through the Distributor. Creation Units may also be redeemed outside the Clearing Process; however, a higher Transaction Fee may be charged.¹² As discussed above, a

¹¹ The Fund reserves the right to redeem Creation Units for cash or a combination of cash and securities.

¹² To the extent contemplated by the Participant Agreement, in the event the Authorized Participant has submitted a redemption request in proper form but is unable to transfer all or part of the Creation Unit to be redeemed to the Transfer Agent, on behalf of the Fund, the Transfer Agent will nonetheless accept the redemption request in reliance on the undertaking by the Authorized Participant to deliver the missing Shares as soon as possible, which undertaking shall be secured by the Authorized Participant’s delivery and maintenance of collateral having a value (marked to market daily) at least equal to 115% of the value of the missing Shares. The current procedures for (continued...)

redeemer will pay a Transaction Fee to offset the Fund's trading costs, operation processing costs, brokerage commissions and other similar costs incurred in transferring the Fund Securities from its account to the account of the redeeming investor. A redeemer receiving cash in lieu of one or more Fund Securities may also be assessed a higher Transaction Fee on the cash-in-lieu portion to cover the costs of selling such securities, including all the costs listed above plus all or part of the spread between the expected bid and offer side of the market relating to such Fund Securities. This higher Transaction Fee will be assessed in the same manner as the Transaction Fee incurred in purchasing Creation Units on a cash basis as described above and will be calculated in the manner as disclosed in the Fund's SAI.

Depository Trust Corporation

DTC serves as securities depository for the Shares. The Shares may be held only in book-entry form. DTC, or its nominee, is the record or registered owner of all outstanding Shares. Beneficial ownership of Shares will be shown on the records of DTC or its participants ("DTC Participants") (i.e., securities brokers and dealers, banks, trust companies, clearing corporations

(continued...)

collateralization of missing Shares require, among other things, that any collateral shall be in the form of U.S. dollars in immediately-available funds and shall be held by the Transfer Agent and marked to market daily, and that the fees of the Transfer Agent in respect of the delivery, maintenance and redelivery of the collateral shall be payable by the Authorized Participant. The Authorized Participant's Participant Agreement will permit the Trust, on behalf of the Fund, to purchase the missing Shares at any time and will subject the Authorized Participant to liability for any shortfall between the cost to the Trust of purchasing such Shares and the value of the collateral.

and certain other organizations), some of whom (and/or their representatives) own DTC. Beneficial owners of Shares are not entitled to have Shares registered in their names, and will not receive or be entitled to receive physical delivery of certificates.

Accordingly, to exercise any rights as a holder of Shares, each beneficial owner must rely on the procedures of: (i) DTC; (ii) DTC Participants; and (iii) brokers, dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly, through which such beneficial owner holds its interests.

Calculation of Intra Day NAV

The NYSE Arca or other market information provider disseminates every 15 seconds throughout the trading day through the facilities of the Consolidated Tape Association an amount representing on a per Share basis, the sum of the current value of the Deposit Securities and the estimated Cash Component (the "IIV"). The Trust is not involved in or responsible for the calculation or dissemination of any such amount and makes no warranty as to its accuracy.

The Trading Market

The Shares are listed and traded on the NYSE Arca. Shares are freely tradable on the Exchange throughout the trading session. The price of Shares trading on the NYSE Arca is based on a current bid/offer market. The trading market on the NYSE Arca affords investors the opportunity to assume and liquidate positions in Shares at their discretion, permitting them to take advantage of prices at any time during the trading day. This combination of intraday liquidity with the Creation Unit purchase and redemption features creates potential arbitrage opportunities

that, in turn, should and historically have proven to mitigate pricing inefficiencies. Indeed, the high degree of historical and expected correlation between ETFs' NAVs and their share prices contrasts with the case of shares of closed-end funds, which, not having the ability to create and redeem at the fund level, typically trade at a material discount (or premium) to their underlying NAVs.

Basis for Relief

We believe that, like the funds in the Equity ETF Class Relief Letter, the Fund will not present any new issues with respect to the exemptions which allow for current index-based ETFs to redeem their shares only in Creation Units. Specifically, despite the fact the Fund's optimized portfolio may not meet the specific requirements regarding market capitalization and trading volume in the Equity ETF Class Relief Letter, the Fund's portfolio will be optimized to ensure liquidity and enable the arbitrage process to function via in-kind creations and redemptions, as set forth above. The Trust further represents that the Fund's arbitrage mechanism will be facilitated by the availability of the IIV (which, as described above, will be disseminated every 15 seconds), the liquidity of the Fund's Fund Securities (as described above), and the ability to access such Fund Securities, as well as arbitrageurs' ability to create workable hedges and the transparency of the Fund's portfolio. Pursuant to the Fund's portfolio optimization, the Fund will invest in Fund Securities with liquidity levels that will facilitate an effective and efficient arbitrage mechanism and the ability to create workable hedges. For these reasons, we expect arbitrageurs to continue to be able to take advantage of price variations between the Fund's market price and NAV. Thus,

the Trust expects a close alignment between the market price of Fund shares and the NAV of the Fund to continue. Therefore, we do not believe the liquidity of the Fund's Fund Securities or the effectiveness of the arbitrage process will be materially affected even if the Fund does not necessarily meet the specific requirements regarding market capitalization and trading volume in the Equity ETF Class Relief Letter pursuant to the relief requested in this letter.

We also note that the Commission has published new positions on its website¹³ that obviate the need for most actively-managed ETFs to obtain no-action relief under Regulation M. The Commission's new positions with respect to actively-managed ETFs do not require any minimum average daily trading volume or minimum public float requirements on the part of such actively-managed ETFs. Based on the Commission's newly published positions and subsequent conversations with members of the Staff, it appears that actively-managed ETFs are not in fact subject to such requirements, even if such ETFs still need to obtain relief from other rules under the Exchange Act (such as Rules 14e-5 or 10b-17). Accordingly, while the Commission's new positions have not yet been extended to index-based ETFs such as the Fund, it is apparent that the minimum average daily trading volume and minimum public float requirements set forth in the Equity ETF Class Relief Letter are not necessarily indispensable requirements for ETFs to obtain relief similar to what the Trust is requesting on behalf of the Fund.

¹³ See "Exchange-Traded Funds" at <http://www.sec.gov/interp/leg/mrslb9.htm>.

Rule 101 of Regulation M

Subject to certain enumerated exceptions, Rule 101 of Regulation M prohibits a “distribution participant,” in connection with a distribution of securities, from bidding for or purchasing, or from attempting to induce any person to bid for or purchase, a “covered security” during the applicable restricted period. “Distribution participant” is defined in Rule 100(b) to include an underwriter or prospective underwriter in a particular distribution of securities, or any broker, dealer or other person who has agreed to participate or is participating in such distribution. We note that Rule 100(b) of Regulation M defines “distribution” for purposes of such Rule as an offering of securities, whether or not subject to registration under the Securities Act, that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods.

We understand that while broker-dealers that tender Deposit Securities to the Trust through the Distributor in return for Creation Unit(s) of Shares generally will not be part of a syndicate or selling group, and no broker-dealer will receive fees, commissions or other remuneration from the Trust or the Distributor for the sale of Creation Units, under certain circumstances they could be deemed to be an “underwriter” or “distribution participant” as those terms are defined in Rule 100(b).

The Trust respectfully requests that the Commission or Staff grant exemptive, interpretive or no-action relief from Rule 101, as discussed below, to permit persons participating

in a distribution of Shares to bid for or purchase, or engage in other secondary market transactions in, such Shares during their participation in such distribution.

Paragraph (c)(4) of Rule 101 exempts from its application, inter alia, redeemable securities issued by an open-end management investment company (as such terms are used in the 1940 Act). The Trust is registered as an open-end management investment company under the 1940 Act. However, the individual Shares are not redeemable except in Creation Units. Due to the redeemability of the Shares in Creation Units, there typically is little disparity between the Shares' market price and their NAV per Share. Accordingly, the rationale for exempting redeemable securities of open-end management investment companies from the application of Rule 101 is equally applicable to the Shares. Although redemption is subject to the minimum condition of tendering a Creation Unit number of Shares, the Fund is intended to function like any other open-end fund continuously offering its shares. It is in recognition of the special nature of such offerings that open-end management investment company and unit investment company securities are exempted under paragraph (c)(4). Without such an exemption, they could not operate as intended. In view of the foregoing, the Trust requests that the Staff confirm that as a result of registration of the Trust as an open-end management investment company and the redeemable nature of the Shares in Creation Units, transactions in the Shares would be exempted from Rule 101 on the basis of the exception contained in paragraph (c)(4) of such Rule.

The purpose of Rule 101 is to prevent persons from conditioning the market to facilitate a distribution. Creation Units of Shares may be purchased for cash, in-kind or a combination

thereof, and Shares in Creation Units may be redeemed, in-kind for cash or a combination thereof, at NAV, on any Business Day. Holders of Shares also have the benefit of intra-day secondary market liquidity by virtue of the Exchange listing. Thus, the secondary market price of Shares typically does not vary substantially from the NAV of Shares. Because of the redeemability of Shares in Creation Units, coupled with the open-ended nature of the Fund, any significant disparity between the market price of the Shares and NAV should be eliminated by arbitrage activity. Because their NAV is largely determined based on the market value of the Fund's Fund Securities, neither the creation nor redemption of Shares, nor purchases or sales of Shares in the secondary market, will impact the NAV, and such transactions should not have a significant impact on the market value of Shares.

The Trust also respectfully requests relief from the provisions of Rule 101 to the extent necessary to permit persons or entities that may be deemed to be participating in the distribution of the Shares or a Portfolio Security of the Fund to tender Shares for redemption in Creation Units and to receive as part of redemption proceeds the Fund Securities of the Fund.

The Trust requests, in this regard, that the Staff confirm that the tender of the Shares to the Trust for redemption and the receipt of Fund Securities upon redemption does not constitute a bid for, or purchase of, any of such securities for the purposes of Rule 101, or alternatively, that the Commission or Staff grant exemptive or no-action relief to the extent necessary to permit redemptions of Shares for Fund Securities as described above. Redemption entails no separate bid

for any of the Fund Securities. Absent unusual circumstances, the Trust will not purchase Fund Securities in the secondary market to fulfill a redemption request. Therefore, redemptions of Shares cannot be expected to affect the market price of the Fund Securities. The Trust believes that the purchase of Fund Securities, while engaged in a distribution with respect to such stock, for the purpose of acquiring a Creation Unit aggregation of Shares should be exempted from Rule 101. The purpose of Rule 101 is to prevent persons from conditioning the market to facilitate a distribution. Application of Rule 101 in this context would not further the anti-manipulative purposes underlying the Rule.

In view of the lack of any special financial incentive to create Creation Units, combined with a predictable lack of any meaningful potential for the issuance and the secondary market trading of the Shares to significantly affect Share pricing, application of Rule 101 to a broker-dealer or other person who may be participating in a distribution or broker-dealers or other persons in their creation and redemption activities, in their day-to-day ordinary business of buying and selling securities and the Shares, may undermine the potential beneficial market effect of Share trading.

Rule 102 of Regulation M

The Trust also requests that the Commission confirm that as a result of registration of the Trust as an open-end management investment company and the redeemable nature of the Shares in Creation Units and, for the reasons previously stated under our request with respect to the

exemption under Rule 101(c)(4), transactions in the Shares would be exempted from Rule 102 on the basis of the exception contained in paragraph (d)(4) of Rule 102.

Alternatively, the Trust respectfully requests that the Commission grant an exemption under paragraph (e) of Rule 102 to such effect. Application of Rule 102 in this context would not further the anti-manipulative purposes underlying the Rule.

The purpose of Rule 102 is to prevent persons from manipulating the price of a security during a distribution and to protect the integrity of the offering process by prohibiting activities that could artificially influence the market for that particular security. For the reasons described in connection with the requested Rule 101 relief, redemption transactions and secondary market transactions in the Shares are not viable means to manipulate the price of a security in the Fund's portfolio during a distribution of such security. The Trust will redeem the Creation Units of Shares at the NAV of the Shares. Although the Shares will be traded on the secondary market, the Shares may only be redeemed in Creation Units. Thus, the Trust believes that the redemption by the Trust of the Shares at NAV in consideration principally for Fund Securities does not involve the abuses that Rule 102 was intended to prevent.

Rule 10b-17

Rule 10b-17 requires an issuer of a class of publicly-traded securities to give notice of certain specified actions (*e.g.*, dividends, stock splits, rights offerings) relating to such class of securities in accordance with Rule 10b-17(b). Specifically, Rule 10b-17(b)(1)(v)(a-b) require

such advance notice to specify (a) for cash distributions, the amount of cash to be paid or distributed per share¹⁴, and (b) for in-kind distributions, the amount of the security outstanding immediately prior to and immediately following the dividend or distribution and the rate of such dividend or distribution. Paragraph (c) of the Rule, however, states that the Rule shall not apply to redeemable securities issued by open-end investment companies and unit investment trusts registered under the 1940 Act. Except for the fact that redemption is subject to the minimum condition of tendering a Creation Unit Aggregation of Shares, the Trust is intended to function like any other open-end fund continuously offering its shares. It is in recognition of the foregoing that the Division of Investment Management issued an order permitting the Trust to issue shares with limited redeemability while still treating the Trust like any other open-end investment company.

In addition, compliance with Rule 10b-17(b)(1)(v)(a-b) would be impractical in light of the nature of the Fund. This is because it is not possible for the Trust to accurately project ten days in advance what dividend, if any, would be paid on a particular record date. Because of this inability to project the amount of any dividend ten days in advance of a record date, applying the

¹⁴ The rule permits a reasonable approximation of the per share distribution to be provided if exact amounts cannot be given because of existing conversion rights which may be exercised during the notice period and may affect the per share cash distribution, as long as the actual per share distribution is subsequently provided on the record date.

timing requirements of 10b-17(b)(1)(v)(a-b) to the Trust would increase the chances that the Trust would mis-estimate the amount of any such dividend.¹⁵

The Trust represents that it will comply with the other requirements of Rule 10b-17. The Trust further represents that, as soon as practicable following the end of trading on the Exchange on the day prior to the ex-date (but not later than the last time at which the Exchange accepts such information on such date) with respect to any distribution made by a Fund, the Trust will provide notice to the Exchange containing the information required in Rule 10b-17(b)(1)(v)(a-b).

In the proposing release for Rule 10b-17 (the "Proposing Release")¹⁶, the Commission stated:

¹⁵ As an investment company, the Trust is required by the Internal Revenue Code to distribute at least 98% of its ordinary income and 98.2% of its net capital gains during the calendar year. If the Trust declares too small a dividend, it will be charged an excise tax. If it declares too large a dividend, the excess could be considered a return of capital to investors. To avoid an over- or under-distribution of ordinary income, registered investment companies, including the Trust, must estimate: (i) the amount of ordinary income to be earned during the period from the date the dividend is declared to December 31; and (ii) the number of shares that will be outstanding as of the record date. Requiring the Trust to declare the amount of a dividend ten days in advance of the record date would increase the period for estimating ordinary income and the number of outstanding shares, and thus increase the risk of an over- or under-distribution. Requiring the Trust to declare the amount of a dividend ten days in advance of the record date also would increase the chance that the Trust would over- or under-distribute capital gains. Further, unlike ordinary income, the Trust does not have the problem of estimating the aggregate amount of capital gains it will earn between declaration date and year-end, but as noted above, requiring the Trust to declare the amount of a dividend ten days in advance of the record date would increase the chance that the Trust would mis-estimate the number of outstanding shares. This, in turn, (continued...)

It has been the experience of the Commission and the securities industry that the failure of a publicly held company to provide a timely announcement of the record date with respect to these types of rights has had a misleading and deceptive effect on both the broker-dealer community and the investing public. As a direct result of such failure, purchasers and their brokers may have entered into and settled securities transactions without knowledge of the accrual of such rights and were thus unable to take necessary steps to protect their interests. Further, sellers who have received the benefits of such rights as recordholders on the specified record date after having disposed of their securities, have also disposed of the cash or stock dividends or other rights received as such recordholders without knowledge of possible claims of purchasers of the underlying security to those rights....In many instances, innocent buyers and sellers have suffered losses. In addition, some issuers have made belated declarations of stock splits or dividends with the apparent knowledge that this action would have a manipulative effect on the market for their securities.

We respectfully submit that none of these concerns raised by the Commission in the Proposing Release¹⁷ will be implicated if the requested relief is granted. As set forth above, the Trust will comply with the requirements of Rule 10b-17 except for the timing requirements for notification of the actual amounts of the distributions under Rule 10b-17(b)(1)(v)(a-b). Accordingly, market participants will receive timely notification of the existence and timing of a pending distribution, and will be able to plan their transactions in Fund shares accordingly. As a result, there should be no confusion or opportunity for manipulation regarding parties' rights to

(continued...)

would increase the chance that the Trust would mis-estimate the per share amount of capital gains it must distribute.

¹⁶ Exchange Act Release No. 9076 (February 17, 1971).

¹⁷ The foregoing concerns were largely reiterated by the Commission in the release adopting Rule 10b-17. See Exchange Act Release No. 9192 (June 7, 1971) (the "Adopting Release").

receive distributions, which concerns inspired the Commission to propose and adopt Rule 10b-17. Therefore, the requested relief concerning the timing requirements of Rule 10b-17(b)(1)(v)(a-b) is consistent with the purposes underlying the adoption of Rule 10b-17 as outlined in the Proposing Release and Adopting Release. The exemption under paragraph (c) of Rule 10b-17, which covers open-end investment companies with fully redeemable shares, thus should be applicable to the Trust with respect to the timing requirements of Rule 10b-17(b)(1)(v)(a-b).

Rule 14e-5

Rule 14e-5 prohibits a person who makes a cash tender offer or exchange offer for any equity security from directly or indirectly purchasing such security (or a security immediately convertible into or exchangeable for such security) otherwise than pursuant to such tender offer or exchange offer. The Rule also applies to the dealer-manager of a tender or exchange offer, its affiliates and to advisers thereto ("Covered Persons").

The Trust respectfully requests that the Commission grant an exemption from Rule 14e-5 to permit any Covered Person (including a member or member organization of the Exchange or other market), during the existence of such offer, to: (i) redeem Shares in Creation Unit Aggregations for Fund Securities that may include a security subject to the tender or exchange offer; and (ii) engage in secondary market transactions in Shares during such offer.

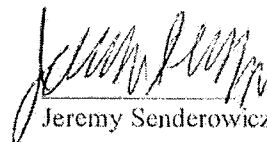
The acquisition of individual Fund Securities by means of redemptions of Shares would be impractical and extremely inefficient in view of the requirement that a minimum number of Shares be redeemed. In addition, application of the Rule's prohibition would impede the valid and useful market and arbitrage activity which would assist secondary market trading and improve Share pricing efficiency. In no case would redemptions of Shares or secondary market transactions by Covered Persons be effected for the purpose of facilitating a tender offer. Accordingly, purchases and redemptions of Shares in the circumstances described would not appear to result in the abuses at which Rule 14e-5 is directed.

In addition, the Trust respectfully requests that the Staff take a no-action position under Rule 14e-5 if a broker-dealer (including a member or member organization of the Exchange) acting as a dealer-manager of a tender offer for a Fund Security purchases such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations, if made in conformance with the following: (i) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a tender offer, or any reference security, does not comprise more than 5% of the value of the basket purchased; or (ii) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the Fund's portfolio; and (iii) such bids or purchases are not effected for the purpose of facilitating such tender offer.

Conclusion

Based on the foregoing, we respectfully request that the Commission and the Staff grant the relief requested herein. Should you have any questions please call me at (212) 641-5669.

Very truly yours,



Jeremy Senderowicz

APPENDIX A

Additional Information about the Wilshire Micro-Cap

Index Construction.

1. To be included in the Wilshire Micro-Cap, an issue must:

- Be the primary equity issue: a common stock or REIT;
- Have its primary market listing in the United States;
- Not be a bulletin-board issue, defined as a traded security that is not listed on NASDAQ or other national security exchange. These issues are not included because they generally do not consistently have readily-available prices;
- For initial inclusion in the Wilshire Micro-Cap, be below the 2,500 issue by market capitalization in the Wilshire 5000 on March and September of each year.
- For ongoing inclusion:
 - constituents of the Wilshire Micro-Cap ranked among the largest 2,000 issues by market capitalization within the Wilshire 5000 on March and September of each year replace the lowest ranked constituents of the Wilshire US Small-Cap Index; and
 - a component security cannot be a constituent of the Wilshire US Small-Cap Index.

2. The company's primary issue for index valuation is determined based on the following criteria:

- Market capitalization;

- Trading volume;
- Institutional holdings; and;
- Conversion rules (for companies with multiple share classes).

3. Changes to the composition of the Index and updates of component shares and shares readily available for trading in the marketplace (commonly referred to as “float factors”) are based on the following rules:

- Composition Changes:
 - The composition of the Index is reviewed monthly. Additions and deletions are made after the close of trading on the third Friday of the month and are pre-announced by the second day prior to the implementation date;
 - Additions include any new non-component company — an IPO or new exchange listing — that meets the Index’s inclusion standards as of the close of trading on the second Friday of the month;
 - Deletions include any issue that ceases being traded on an exchange and starts trading over-the-counter, generally referred to as “pink sheet listed,” or otherwise stops trading for ten consecutive days. The issue is removed at its latest quoted value or at \$0.01 if no recent quoted value is available. Until the monthly review, the issue remains in the Index at its last exchange traded price;

- Once a quarter, current component stocks with more than 20 non-trading days that have not been suspended are deleted. Suspended stocks are evaluated separately for removal;
- In addition to the scheduled composition reviews, any issue that at any time fails to meet one or more of the Index membership requirements is removed from the Index as soon as prudently possible;
- The Wilshire Index Oversight Committee may, at its discretion and if it has determined a company to be in extreme financial distress, remove the company from the Index if the committee deems the removal necessary to protect the integrity of the Index and interests of investors in products linked to the Index .
- Share and Float Factor Updates
 - Component shares and float factors are updated quarterly after the close of trading on the third Friday of March, June, September and December. The changes become effective at the opening of trading on the next business day;
 - In addition to the scheduled shares and float factor reviews, if the cumulative impact of corporate actions during the period between scheduled updates changes a company's float-adjusted shares outstanding by ten percent (10%) or more, the company's shares and float factor are updated as soon as prudently possible. Share and float changes based on corporate actions are implemented using standard Index procedures;

- Shares and float factors of bulletin-board and pink-sheet stocks are not adjusted until they are returned to exchange listings, except to account for stock splits and reverse splits. Companies that are re-listed as of the close of trading on the second Friday of each month will have their shares and float adjustments made at the same time as the monthly Index additions and deletions, after the close of trading on the third Friday of each month.

4. Share Treatment and Float Adjustment: The following rules describe the treatment of shares and the application of float factors:

- Shares outstanding for multiple classes of stock are combined into the primary issue's shares outstanding to reflect the company's total market capitalization;
- Float adjustments are based on block ownership of each class of stock, and then are combined to determine total float for a company's combined shares;
- Float-adjustment factors will be implemented only if the blocked shares are greater than five percent (5%) of the company's total shares outstanding.

5. The Index is weighted by float-adjusted market capitalization.