



Northern Trust

Notice to Interested Persons

You are hereby notified that The Northern Trust Company and its current and future affiliates (collectively, “Northern”) have submitted an application to the U.S. Department of Labor (the “Department”) seeking authorization, pursuant to Prohibited Transaction Class Exemption 96-62 (“EXPRO”), 61 FR 39988 (July 31, 1996), as amended, 67 FR 44622 (July 3, 2002), for an exemption from the prohibitions of sections 406(a)(1)(D) and 406(b) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the sanctions resulting from the application of section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), by reason of sections 4975(c)(1)(D) through (F) of the Code for the proposed transactions described below.

The proposed transactions have met the requirements for tentative authorization by the Department under EXPRO. The Department is now considering whether to provide final authorization for the proposed transactions pursuant to EXPRO. The terms of the tentative authorization are described in more detail in Exhibit A.

Description of Proposed Transactions

Northern makes investment options available to employee benefit plans and individual retirement accounts as defined in ERISA and the Code (“Client Plans”) for which it acts as a fiduciary. The investment options include shares of open-end investment companies (including exchange-traded funds) registered under the Investment Company Act of 1940, as amended, for which Northern serves as investment adviser (collectively, the “Funds”). However, Client Plans’ investment in the Funds would constitute “prohibited transactions” under ERISA and the Code, and as a result, Northern may not engage in such transactions without the receipt of an “exemption” under ERISA.

Nevertheless, Prohibited Transaction Class Exemption 77-4 (“PTE 77-4”) permits the purchase and sale by employee benefit plans of shares of a registered, open-end investment company when the investment adviser for the investment company is also a fiduciary (or an affiliate of such fiduciary) with respect to the employee benefit plan, provided that the conditions of PTE 77-4 are satisfied.

One condition of PTE 77-4 is that a second fiduciary with respect to the employee benefit plan, who is independent of and unrelated to the fiduciary/investment adviser or any affiliate thereof (“Second Fiduciary”), receives a current prospectus from the investment company, as well as written disclosure of the investment advisory and other fees charged to or paid by the plan and the investment company. The Second Fiduciary is typically the employee benefit plan’s sponsor, trustee or other named fiduciary. In the case of an individual retirement account (“IRA”), the Second Fiduciary is generally the owner of the IRA. Based on the disclosures provided, the Second Fiduciary must approve the investment advisory and other fees paid by the investment company as they relate to the fees paid by the plan. Pursuant to PTE 77-4, the approval must be

obtained in advance of the investment in shares of the investment company. In addition to the initial written authorization, the Second Fiduciary must also approve any change in any of the rates of fees paid by the investment company as they relate to the fees paid by the plan before such fee increases are implemented.

Request for Authorization

Northern has requested that the Department provide authorization under EXPRO for exemptive relief similar to PTE 77-4 but allowing for a “negative consent” procedure for obtaining the approval from a Second Fiduciary when there are changes (*i.e.*, increases) in fees payable to Northern by Funds in which the Client Plan invests.

Under the negative consent procedure (described in Exhibit A) Northern will provide the disclosures required by PTE 77-4 to Second Fiduciaries at least 30 days prior to increasing the rates of fees payable to Northern by the Funds. The disclosures will be provided to the Second Fiduciary by regular mail, personal delivery or, to the extent the Second Fiduciary has affirmatively consented to electronic deliveries, electronic mail. Accompanying the disclosures will be a form expressly providing the Second Fiduciary with an option to terminate, without penalty to the Client Plan, the authorization to invest in the Funds (the “Termination Form”).

If the Second Fiduciary does not return the Termination Form by the end of the 30-day period, the Second Fiduciary shall be deemed to have consented to the increase in fees payable to Northern by the applicable Fund, and the Client Plan’s investment in such Fund will continue. The Second Fiduciary may also return the Termination Form to Northern at any time to cancel the Client Plan’s consent to remain invested in the Fund. If the Second Fiduciary returns the Termination Form to Northern, the Client Plan’s shares in the Fund will be sold.

Conditions of the Proposed Transactions

1. All authorizations made by a Second Fiduciary regarding investments in Funds and the fees paid to Northern for investment advisory services or secondary services with respect to such investments will be terminable by the Second Fiduciary, acting on behalf of such Client Plan, without penalty to the Client Plan upon receipt by Northern of a Termination Form. The Termination Form will expressly provide the Second Fiduciary the ability to terminate the authorizations. Instructions on the use of the form must be provided to the Second Fiduciary at least annually, in written or electronic form.
2. The instructions for the Termination Form must include the following information:
 - (a) The authorizations made by the Second Fiduciary are terminable at will by the Second Fiduciary acting on behalf of a Client Plan (without penalty to the Client Plan) upon receipt by Northern of written notice from the Second Fiduciary, and
 - (b) Failure by the Second Fiduciary to return the Termination Form will be deemed to be an approval by the Second Fiduciary and will result in the

continued authorization of Northern to engage in the transactions described in this tentative authorization.

3. For a Client Plan currently invested in one or more Funds, in the event of a proposed change in the rate of any fee¹ paid by a Fund to Northern which previously had been authorized by the Second Fiduciary for a Client Plan, Northern, at least thirty (30) days in advance of the implementation of such change in fees, provides a notice, in written or electronic form (which may take the form of a proxy statement, letter, or similar communication that is separate from the prospectus of such Fund and which explains the nature and amount of such change in fee), to the Second Fiduciary of each Client Plan affected by such change. The notice must be accompanied by a Termination Form, with instructions on the use of the Termination Form, as described above.
4. On an annual basis, Northern provides the Second Fiduciary of the Client Plan invested in a Fund, in written or electronic form:
 - (a) A copy of the current prospectus for the Fund in which the Client Plan invests;
 - (b) Upon the request of the Second Fiduciary, a copy of the Statement of Additional Information for the Fund which contains a description of all fees paid by the Fund to Northern; and
 - (c) A copy of the annual financial disclosure report (within sixty (60) days of the preparation of the report) which includes information about Fund portfolios.

Substantially Similar Exemptions

EXPRO requires that the applicant identify at least two (2) substantially similar individual administrative exemptions granted by the Department, which provide relief from the same restrictions, within the past 60 months, or one such individual administrative exemption granted by the Department within the past 120 months and at least one transaction that received final authorization within the past 60 months. The following are the citations for the prior exemptions which are substantially similar to the proposed transactions:

Prohibited Transaction Exemption 2010-26, 75 Fed. Reg. 56564 (Sept. 16, 2010) as corrected 75 Fed. Reg. 71151 (Nov. 22, 2010) for PNC Financial Services Group, Inc. Under PTE 77-4, PNC was required to receive affirmative consent from a client plan before fee increases went into effect for the open-end investment companies to which PNC provided investment advisory/management services and in which PNC's

¹ Changes in any of the rates of fees previously authorized by a Second Fiduciary include, but are not limited to: (i) any change by Northern in a rate of fee, (ii) any increase in any fee that results from the addition of a service for which a fee is charged, (iii) any change in fee that results from a decrease in the number of services, (iv) any increase in any fee that results from a decrease in the kind of services provided by Northern for such fee over an existing rate of fee for each such service previously authorized by a Second Fiduciary and (v) any change in fee that results from Northern changing from one fee method to another.

client plans invested. PTE 2010-26 allows PNC to utilize a negative consent procedure in place of the affirmative consent procedure when PNC increases fees charged to the open-end investment companies. This exemption also allows PNC to use the negative consent process when it changes the method used to offset fees charged to client plans, which is beyond the scope of relief requested by Northern.

Prohibited Transaction Exemption 2008-01, 73 Fed. Reg. 3274 (Jan. 17, 2008) for Barclays Global Investors, N.A., (BGI) and its Investment Advisory Affiliates, including Barclays Global Fund Advisors. Under PTE 77-4, Barclays was required to receive affirmative consent from a client plan before fee increases went into effect for the open-end investment companies to which Barclays provided investment advisory/management services and in which Barclays' client plans invested. PTE 2008-01 allows Barclays to utilize a negative consent procedure when Barclays increases fees charged to the open-end investment companies. This exemption also provides Barclays with additional relief for certain other transactions which are beyond the scope of relief requested by Northern.

The two granted exemptions above are substantially similar to the authorization requested by Northern because they all involve registered, open-end investment companies. In each case, the applicable bank (or bank affiliate) is a fiduciary with respect to the open-end investment company. Additionally, both of the exemptions above cover similar types of plans as those involved in Northern's request (*i.e.*, plans defined in ERISA and the Code – including individual retirement accounts). In the exemptions above, as well as the authorization requested by Northern, a Second Fiduciary (acting on behalf of a Client Plan) is required to authorize (in writing) the initial investment of a plan's assets in shares of each particular investment company and the fees received by the fiduciary/investment adviser in connection with services provided to the investment company. Finally, both of the exemptions above utilized a negative consent procedure in place of an affirmative consent procedure when fees charged to the open-end investment company by the investment adviser were increased. Northern is seeking this authorization under EXPRO so that it can use the same negative consent process used by PNC and Barclays.

The two granted exemptions above are different from Northern's requested authorization in that PNC and Barclays asked for additional relief beyond the use of a negative consent process for fee increases. Additionally, PNC's exemption does not include a condition specifically allowing electronic delivery to the Second Fiduciary in connection with the negative consent process, whereas Barclays' exemption does. Northern has requested that electronic delivery be included in its authorization provided the Second Fiduciary has consented to such delivery.

Reasons in Support of the Tentative Authorization

The proposed transactions are in the interest of Client Plans because they will allow Northern to manage the Client Plans' assets more efficiently and in a timely manner. Failure to receive an affirmative written approval from a Client Plan's Second Fiduciary for a change in fees could require Northern to transfer the Client Plan's assets out of one or more Funds, even though the Second Fiduciary may not intend such outcome.

The proposed transactions are protective of the rights of Client Plans because any changes (*i.e.*, increases) in fees payable to Northern by Funds in which the Client Plans invest will be on terms monitored by Second Fiduciaries. The Second Fiduciaries will be prompted by the Termination Form with a means to avoid the effect of such changes and withdraw consent at any time. In addition, Northern will comply with the other conditions of PTE 77-4, including: (i) the initial investment in the Funds must be authorized in writing by a Second Fiduciary of the Client Plan after receipt of detailed written disclosures, and (ii) annual disclosures must be provided, including a copy of the current prospectus for the Fund and a copy of the annual financial disclosure report for the Fund.

The proposed transactions pose little, if any, risk of abuse or loss to Client Plans since the Termination Form sent to the Second Fiduciary will serve as a reminder that the Second Fiduciary has the right to terminate the Client Plan's continued investment in the affected Funds.

Right to Comment

The proposed transactions will only take place upon final authorization by the Department which is expected to occur on or after May 3, 2013.

As a person who may be affected by the proposed transactions, you have the right to submit comments to the Department with respect to the proposed transactions. Written comments should be mailed to the following address:

Office of Exemption Determinations
U.S. Department of Labor
200 Constitution Ave., N.W.
Room N-5700
Washington, DC 20210

Attention: Submission No. E-00718

Comments may also be submitted by fax or by email to the attention of Mr. Erin Hesse: Fax: (202)219-0204; Email: hesse.erin@dol.gov. Furthermore, if you have any questions regarding the contents of this notice, you may contact Mr. Hesse by phone at 202-693-8546 (this is not a toll-free number) or at the email address listed above.

Any comments must be received by the Department on or before April 28, 2013.

Exhibit A – Terms of the Tentative Authorization

Section I—Proposed Transactions

The restrictions of sections 406(a)(1)(D) and 406(b) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the sanctions resulting from the application of section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), by reason of sections 4975(c)(1)(D) through (F) of the Code, shall not apply to the receipt of fees by The Northern Trust Company, and its current and future affiliates and subsidiaries (collectively, “Northern”), from any registered, open-end investment company, including exchange-traded funds, with respect to which Northern serves as investment adviser (collectively, “Funds”) in connection with the investment by certain employee benefit plans, including individual retirement accounts and other plans as defined in ERISA and the Code, for which Northern serves as a fiduciary and is a party in interest (collectively, “Client Plans”) in shares of such Funds, provided that the following conditions are satisfied:

Section II—General Conditions

- a. The Client Plan does not pay a sales commission in connection with the purchase or sale of the shares in the Fund.
- b. The Client Plan does not pay a redemption fee or similar fee to Northern in connection with the sale by the Client Plan to the Fund of such shares unless (1) the redemption fee is paid only to the Fund, and (2) the existence of the redemption fee is disclosed (in writing or electronically) in the Fund’s prospectus (or similar document) that is in effect at the time of the purchase and sale of the shares.
- c. The Client Plan does not pay an investment management, investment advisory or similar fee with respect to the Client Plan’s assets invested in shares of the Fund for the entire period of the investment. This condition does not preclude the payment of investment advisory fees by the Fund under the terms of its investment advisory agreement adopted in accordance with section 15 of the Investment Company Act of 1940, as amended (the “1940 Act”). This condition also does not preclude payment of an investment advisory fee by the Client Plan based on total Client Plan assets from which a credit has been subtracted representing the Client Plan’s pro rata share of investment advisory fees paid by the Fund. If, during any fee period for which the Client Plan has prepaid its investment management, investment advisory or similar fee, the Client Plan purchases shares of the Fund, the requirement of this Section II.c. shall be deemed met with respect to such prepaid fee if, by a method reasonably designed to accomplish the same, the amount of the prepaid fee that constitutes the fee with

respect to the Client Plan assets invested in the Fund shares: (1) is anticipated and subtracted from the prepaid fee at the time of payment of such fee, (2) is returned to the Client Plan no later than during the immediately following fee period or (3) is offset against the prepaid fee for the immediately following fee period or for the fee period immediately following thereafter. For purposes of this paragraph, a fee shall be deemed to be prepaid for any fee period if the amount of such fee is calculated as of a date not later than the first day of such period.

- d. The combined total of all fees received by Northern for the provision of services by Northern to Client Plans, and to Funds in which a Client Plan invests, is not in excess of “reasonable compensation” within the meaning of section 408(b)(2) of ERISA.
- e. Northern does not receive any fees payable pursuant to Rule 12b-1 under the 1940 Act in connection with the transactions covered by this authorization.
- f. In advance of the proposed investment in a Fund, a Second Fiduciary with respect to the Client Plan receives (in written or electronic form) a current prospectus (or similar document) issued by the Fund. The Second Fiduciary must also receive full and detailed written disclosure of the investment advisory and other fees charged to or paid by the Client Plan and the Fund, including:
 - (1) The nature and extent of any differential between the rates of such fees;
 - (2) The reasons why Northern may consider such purchases to be appropriate for the Client Plan;
 - (3) Whether there are any limitations on Northern with respect to which Client Plan assets may be invested in shares of the Fund and, if so, the nature of those limitations; and
 - (4) A copy of the Notice to Interested Persons and this authorization, and any other reasonably available information regarding the transactions described in this authorization that the Second Fiduciary requests.
- g. On the basis of the prospectus and disclosure referred to in Section II.f., the Second Fiduciary authorizes the purchases and sales consistent with the responsibilities, obligations, and duties imposed on fiduciaries by Part 4 of Title I of ERISA. The approval may be limited solely to the investment advisory and other fees paid by the Fund in relation to the fees paid by the Client Plan and need not relate to any other aspects of such investments. In addition, the approval must be either (1) set forth in the Client Plan documents or in a written agreement between the Client Plan and Northern, (2) indicated in writing prior to each purchase or sale, or (3) indicated in writing prior to the commencement of a specified purchase or sale program in the shares of such Fund.

- h. The authorization (described above in Section II.g.) is terminable at will by the Second Fiduciary acting on behalf of a Client Plan (without penalty to the Client Plan) upon Northern's receipt of written notice from the Second Fiduciary. A form expressly providing an election to terminate the authorizations (a "Termination Form") with instructions on the use of such Termination Form must be provided to such Second Fiduciary at least annually, in written or electronic form. However, if a Termination Form has been provided to the Second Fiduciary (pursuant to Section II.j. below), then a Termination Form need not be provided again unless at least six (6) months but no more than twelve (12) months have elapsed.
- i. The instructions for the Termination Form must include the following information:
 - (1) The authorizations made by the Second Fiduciary are terminable at will by the Second Fiduciary acting on behalf of a Client Plan (without penalty to the Client Plan) upon Northern's receipt of written notice from the Second Fiduciary; and
 - (2) Failure by the Second Fiduciary to return the Termination Form will be considered an approval by the Second Fiduciary and will result in the continued authorization for Northern to engage in the transactions described in this authorization.
- j. For a Client Plan currently investing in one or more Funds, in the event of a proposed change in the rate of any fee² paid by the Fund to Northern which previously had been authorized by the Second Fiduciary for the Client Plan, Northern provides a notice to the Second Fiduciary of each Client Plan affected by such change. This notice (which may take the form of a proxy statement, letter, or similar communication that is separate from the prospectus of the Fund and which explains the nature and amount of the change in fee) must be provided to the Second Fiduciary at least thirty (30) days in advance of the implementation of the change in fees, in written or electronic form. The notice must be accompanied by a Termination Form with instructions on the use of the Termination Form (as described above in Section II.i.).
- k. On an annual basis, Northern provides the Second Fiduciary of a Client Plan invested in a Fund, in written or in electronic form:
 - (1) A copy of the current prospectus for the Fund in which the Client Plan invests;

² Changes in any of the rates of fees previously authorized by a Second Fiduciary include, but are not limited to: (i) any change by Northern in a rate of fee, (ii) any increase in any fee that results from the addition of a service for which a fee is charged, (iii) any change in fee that results from a decrease in the number of services, (iv) any increase in any fee that results from a decrease in the kind of services provided by Northern for such fee over an existing rate of fee for each such service previously authorized by a Second Fiduciary and (v) any change in fee that results from Northern changing from one fee method to another.

- (2) Upon the request of the Second Fiduciary, a copy of the Statement of Additional Information for the Fund which contains a description of all fees paid by the Fund to Northern; and
 - (3) A copy of the annual financial disclosure report (within sixty (60) days of the preparation of such report) which includes information about Fund portfolios.
- l. All dealings between a Client Plan and a Fund are on a basis no less favorable to the Client Plan than dealings between the Fund and other shareholders invested in the Fund.
- m. Northern maintains for a period of six (6) years the records necessary to enable the persons described in Section II.n. to determine whether the conditions of this authorization have been met, except that:
 - (1) A prohibited transaction will not be considered to have occurred, if solely because of circumstances beyond the control of Northern, the records are lost or destroyed prior to the end of the six-year period, and
 - (2) No party in interest other than Northern shall be subject to the civil penalty that may be assessed under section 502(i) of ERISA or to the taxes imposed by section 4975(a) and (b) of the Code if the records are not maintained or are not available for examination as required by Section II.n.
- n. Except as provided in this Section II.n., and notwithstanding any provisions of section 504(a)(2) of ERISA, the records referred to in Section II.m. are unconditionally available at their customary location for examination during normal business hours by:
 - (1) Any duly authorized employee or representative of the Department of Labor or the Internal Revenue Service;
 - (2) Any fiduciary of a Client Plan who has authority to acquire or dispose of shares of a Fund owned by the Client Plan, or any duly authorized employee or representative of such fiduciary; and
 - (3) Any participant or beneficiary of a Client Plan or duly authorized employee or representative of a participant or beneficiary.

None of the persons described in Section II.n.(2) or (3) are authorized to examine trade secrets of Northern, or commercial or financial information which is privileged or confidential.
- o. In all instances in which Northern provides electronic distribution of information to a Second Fiduciary:

- (1) Northern must obtain prior written consent from the Second Fiduciary before using electronic disclosures, and such consent will describe the specific disclosure(s) that the Second Fiduciary is agreeing to receive electronically, including any consent to receive notice of changes in fees and the Termination Form delivered pursuant to Section II.j.;
- (2) Northern must receive a valid email address from the Second Fiduciary; and
- (3) Northern provides the electronic disclosures in a manner consistent with the relevant provisions of 29 C.F.R. Section 2520.104b-1(c) (generally substituting the word “Northern” for the word “administrator” and substituting the term “Second Fiduciary” for the phrase “participant, beneficiary or other individual” as the context requires).

Section III—Definitions

For purposes of this authorization:

- a. The term “affiliate” means:
 - (1) Any person who directly or indirectly controls, is controlled by, or is under common control with Northern through one or more intermediaries;
 - (2) Any of Northern’s officers, directors, employees, relatives (as defined in section 3(15) of ERISA or a member of the family as that term is defined in section 4975(e)(6) of the Code, or a brother, sister, or spouse of a brother or a sister) or partners; and
 - (3) Any corporation or partnership of which Northern is an officer, director, partner, or employee.
- b. The term “control” means the power to exercise a controlling influence over the management or policies of a person other than an individual.
- c. The term “Second Fiduciary” means a fiduciary of a Client Plan who is independent of and unrelated to Northern. The Second Fiduciary will not be considered independent of and unrelated to Northern if:
 - (1) The fiduciary directly or indirectly controls, is controlled by, or is under common control with Northern through one or more intermediaries;
 - (2) The fiduciary (or any officer, director, partner, employee or relative of the fiduciary) is Northern’s officer, director, partner, or employee (or is a relative of such persons); or

- (3) The fiduciary directly or indirectly receives any compensation or other consideration for his or her personal account in connection with any transaction described in this authorization.

Section III.c.(2) will not apply if:

- (1) Northern's officer, director, partner, or employee is a director of the Second Fiduciary; and
- (2) That person abstains from participation in:
 - (i) The Client Plan's choice of investment adviser;
 - (ii) The approval of the acquisition, sale, holding, and/or exchange of Fund shares by the Client Plan; and
 - (iii) The approval of changes in fees charged to or paid by the Client Plan in connection with any of the transactions described in this authorization.