

UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940  
Release No. 27654 / January 3, 2007

In the Matter of

THE MEXICO EQUITY AND INCOME  
FUND, INC.

c/o US Bancorp Fund Services, LLC  
615 East Michigan Street, 2<sup>nd</sup> Floor  
Milwaukee, WI 53202

(812-13294)

ORDER UNDER SECTIONS 6(c) AND 17(b) OF THE INVESTMENT COMPANY ACT OF  
1940 GRANTING AN EXEMPTION FROM SECTION 17(a) OF THE ACT

The Mexico Equity and Income Fund, Inc. (the "Fund") filed an application on May 16, 2006 and an amendment to the application on November 17, 2006, requesting an order under sections 6(c) and 17(b) of the Act exempting applicant from section 17(a) of the Act. The order would permit in-kind repurchases of preferred shares of the Fund held by certain affiliated persons of the Fund.

On December 7, 2006, a notice of the filing of the application was issued (Investment Company Act Release No. 27592). The notice gave interested persons an opportunity to request a hearing and stated that an order granting the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, as amended, that the terms of the proposed transactions, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transactions are consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

It is further found that granting the requested exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Accordingly, in the matter of The Mexico Equity and Income Fund (File No. 812-13294),

IT IS ORDERED, under sections 6(c) and 17(b) of the Act, that the requested exemption from section 17(a) of the Act is granted, effective immediately, subject to the conditions contained in the application, as amended.

For the Commission, by the Division of Investment Management, under delegated authority.

Nancy M. Morris  
Secretary