



Information Circular 08-002

Date: March 7, 2008
To: ETP Holders
From: James C. Yong
Chief Regulatory Officer
Re: SLV TO BEGIN TRADING ON NSX

Pursuant to Regulatory Circular 08-005, we are issuing this Information Circular to advise you that the following security has been approved for trading on the National Stock Exchange, Inc. ("NSX" or the "Exchange") as a UTP Derivative Securities pursuant to Exchange Rule 15.9:

Security:
iShares Silver Trust (the "Shares")

Symbol:
SLV

Commencement of Trading: March 10, 2008

General Description of Underlying Instrument or Index¹: Silver bullion

Issuer: iShares Silver Trust

Issuer Website: <http://www.iShares.com>

Primary Listing Exchange: AMEX

Primary Exchange Circular: ETF 06-0378 (April 25, 2006)

Issuer Registration Statement: Nos. 333-125920 and 333-137621

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Shares. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange (which as of the date hereof is set forth above as the "Primary Exchange Circular"). The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the "Issuer Disclosure Materials."

¹ As stated *supra*, for a more complete description, please see the "Issuer Disclosure Materials," as defined below.

The Primary Exchange Circular cited above contains the following information:

BACKGROUND

As described more fully in the prospectus and the registration statement for the Trust, the Trust intends to issue additional iShares on a continuous basis. The Trust will issue and redeem iShares only in blocks of 50,000 or integral multiples thereof. A block of 50,000 iShares is called a "Basket." These transactions will be in exchange for silver. The basket amount of silver, as measured in troy ounces, exchangeable for a Basket of iShares (the "Basket Silver Amount") will be determined on each business day by the Trustee. Initially, the Basket Silver Amount will be 500,000 ounces of silver. The Basket Silver Amount will decrease over the life of the Trust due to the payment or accrual of fees and other expenses payable by the Trust. Only registered broker-dealers that become authorized participants ("Authorized Participants") by entering into a contract with the Sponsor and the Trustee may purchase or redeem Baskets. iShares will be offered to the public from time to time at prices that will reflect, among other things, the price of silver and the trading price of the iShares on the Exchange at the time of the offer. Market prices for the iShares may be different from the net asset value per iShare. Except when aggregated in Baskets, iShares are not redeemable securities.

Other Information

The net asset value of the Trust is obtained by subtracting the trust's expenses and liabilities on any day from the value of the silver owned by the Trust on that day. The net asset value per iShare ("NAV"), is obtained by dividing the net asset value of the Trust on a given day by the number of iShares outstanding on that date. On each day on which the Exchange is open for regular trading, as promptly as practicable after 4:00 p.m. Eastern time ("ET"), the Trustee will determine the NAV. The Trustee will value the trust's silver on the basis of that day's announced London silver fix price. At or about 4:00 p.m. ET each business day, the Trustee will determine the Basket Silver Amount for orders placed by Authorized Participants received before 4:00 p.m. ET that day. The Trustee will also at the same time determine an "Indicative Basket Silver Amount" that Authorized Participants can use as an indicative amount of silver to be deposited for issuance of the Silver Shares on the next business day. The Basket Silver Amount, the Indicative Basket Silver Amount, and the NAV are communicated by the Trustee to all Authorized Participants via facsimile or electronic mail message and will be available on the Trust's website at www.ishares.com.

The Trust's expense ratio, in the absence of any extraordinary expenses and liabilities, is established at 0.50% of the net assets of the Trust. As a result, in the absence of any extraordinary expenses and liabilities, the amount of silver by which the Basket Silver Amount will decrease each day will be predictable (i.e. 1/365th of the net asset value of the Trust multiplied by 0.50%).

The Depository Trust Company ("DTC") serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding shares of the Trust.

Indicative Trust Value

In order to provide updated information relating to the Trust for use by investors, professionals and persons wishing to create or redeem Shares, the primary listing exchange (in this case, the American Stock Exchange or "Amex") will disseminate through the facilities of CTA an updated Indicative Trust Value (the "Indicative Trust Value"). The Indicative Trust Value will be disseminated on a per Share basis every 15 seconds during regular Amex trading hours of 9:30 a.m. to 4:15 p.m. ET under the index symbol "SLV." The Indicative Trust Value will be calculated based on the amount of silver required for creations and redemptions and a price of silver derived from the midpoint of updated bids and offers indicative of the dealer price of silver. It should be noted, however, that the performance of the Trust may not track the performance of silver exactly. Thus, at any given time or from time to time, the Indicative Trust Value may differ from the Trust's NAV. In addition, the Indicative Trust Value on a per Silver Share basis disseminated during Amex trading hours should not be viewed as a real time update of the NAV, which is calculated only once a day by the Trustee.

Continuous Offering

The method by which Basket aggregations of shares are created and traded may raise certain issues under applicable securities laws. Because new shares may be issued by the Trust on an ongoing basis, at any point a distribution may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus-delivery requirement and liability provisions of the Securities Act of 1933 ("Securities Act").

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it purchases Basket aggregations, breaks them down into constituent shares, and sells such shares directly to customers, or if it chooses to couple the creation of a supply of new shares with an active selling effort involving solicitation of secondary market demand for shares. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a categorization as an underwriter.

Dealers who are not "underwriters," but are participating in a distribution (as opposed to engaging in ordinary secondary-market transactions), and thus dealing with Trust shares as part of an "unsold allotment" within the meaning of Section 4(3)(C) of the Securities Act, will be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act. Firms that incur a prospectus-delivery obligation with respect to shares are reminded that, under Securities Act Rule 153, a prospectus delivery obligation under Section 5(b)(2) of the Securities Act owed to an exchange member in connection with a sale on Exchange is satisfied by the fact that the prospectus is available at the Exchange upon request. The prospectus delivery mechanism provided in Rule 153 is only available with respect to transactions on an exchange.

Please consult your professional advisors with respect to the information above.

Creation and Redemption of Shares

The Trust will issue and redeem iShares on a continuous basis only in Baskets of 50,000 shares or multiples thereof, by or through participants that have entered into participant agreements (each, an Authorized Participant) with the Sponsor and the Trustee. Basket aggregations will be issued in exchange for the corresponding Basket Silver Amount that will be determined on each business day by the Trustee. The Basket Silver Amount necessary for the creation of a Basket will change from day to day. The initial Basket Silver Amount is 500,000 ounces of silver. On each day that the primary exchange (in this case, Amex) is open for regular trading, the Trustee will adjust the quantity of silver constituting the Basket Silver Amount as appropriate to reflect sales of silver, any loss of silver that may occur, and accrued expenses. These items are described in the Trust's prospectus and registration statement.

Authorized Participants that wish to purchase a Basket must transfer the Basket Silver Amount to the Trust in exchange for a Basket. Authorized Participants that wish to redeem a Basket will receive the Basket Silver Amount in exchange for each Basket surrendered. Silver deposited with the Custodian must meet the specifications for weight, dimensions, fineness (or purity), identifying marks and appearance of silver bars as set forth in "The Good Delivery Rules for Silver and Silver Bars" published by the London Bullion Market Association. No iShares will be issued unless and until the Custodian has informed the Trustee that it has allocated to the Trust's account (except that any amounts of less than 430 ounces may be held in the trust account on an unallocated basis). Unless otherwise agreed to by the Custodian, silver will be delivered to the redeeming Authorized Participants in the form of physical bars only.

Given the predictability of the daily decline in the Basket Silver Amount, the Trustee will provide an Indicative Basket Silver Amount for the next business day. Authorized Participants may use the Indicative Basket Silver Amount as guidance regarding the amount of silver expected to deposit with the Custodian. Before 4:00 p.m., the Authorized Participants may use the Indicative Basket Silver Amount as guidance in respect of the amount of silver that they may expect to be required to deposit in connection with the issuance of iShares on such next business day. But if the Indicative Basket Silver Amount published by Barclays and Trustee turns out to be incorrect, the amount actually determined by Trustee will control.

The Trust's prospectus and registration statement describe additional procedures and requirements that apply to creation and redemptions of Shares. ETP Holder interested in becoming an Authorized Participant, or obtaining a list of Authorized Participants, can contact the Sponsor at (415) 402-4622, (415) 402-4619, or (415) 402-4649 for more information.

Information About Underlying Silver

There is a considerable amount of silver price and silver market information available on public websites and through professional and subscription services. In most instances, real-time information is only available for a fee, and information available free of charge is subject to delay (typically 20 minutes). Investors may obtain, on a 24-hour basis, silver pricing information based on the spot price for a troy ounce of silver from various financial information service providers, such as Reuters and Bloomberg. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on silver prices directly from market

participants. In addition, an organization named EBS provides an electronic trading platform to institutions such as bullion banks and dealers for the trading of spot silver, as well as a feed of live streaming prices to Reuters and Moneyline Telerate subscribers.

Complete real-time data for silver futures and options prices traded on the COMEX is available by subscription from Reuters and Bloomberg. The closing price and settlement prices of the COMEX silver futures contracts are publicly available from the NYMEX at <http://www.nymex.com>, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. The NYMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its website.

Investment Risks

Members and member organizations are referred to the Trust's prospectus for a description of risks associated with an investment in shares of the Trust. Because the iShares are created to reflect the price of the silver held by the Trust, these risks include the risk that market price of iShares will be subject to fluctuations similar to those affecting silver prices. The amount of silver represented by the iShares will decrease over the life of the trust due to the sales necessary to pay the sponsor's fee and trust expenses. To retain the iShare's original price, the price of silver will have to increase. Without that increase, the lower amount of silver represented by the iShare will have a correspondingly lower price. The value of the iShares will be adversely affected if silver owned by the trust is lost or damaged in circumstances in which the trust is not in a position to recover the corresponding loss. Owners of Shares will not have the protections normally associated with ownership of shares in an investment company registered under the Investment Company Act of 1940, or the protections afforded by the Commodity Exchange Act of 1936. The Trust will have limited duration. If certain events occur, at any time, the Trustee will be requested to terminate the Trust, otherwise the Trust will terminate automatically after forty years. In addition, as noted in the prospectus, iShares trade at market prices that may differ from NAV. The NAV of iShares will fluctuate with changes in the market value of the trust's assets. The trading prices of iShares will fluctuate in accordance with changes in their NAVs as well as market supply and demand. The amount of the discount or premium in the trading price relative to the NAV per iShare may be influenced by non-concurrent trading hours between the major silver markets and the markets trading the iShares. While the iShares will trade on the Exchange until 4:15 P.M. ET, liquidity in the market for silver will be reduced after the close of the major world silver markets, including London, Zurich and COMEX (which usually closes at 1:30 P.M. ET). The OTC market for Silver trades on a 24-hour continuous basis and accounts for the substantial portion of global silver trading. The OTC market has no formal structure and no open-outcry meeting place. There is no direct regulation of the global OTC market in silver and no Securities and Exchange Commission ("SEC") jurisdiction over trading of silver as a physical commodity.

Delivery of Prospectus

Pursuant to federal securities laws, investors purchasing shares of the Trust must receive a Trust prospectus prior to or concurrently with the confirmation of a transaction in iShares. Prospectuses may be obtained through the Sponsor at 1-800-ISHARES or on the Trust's website at www.ishares.com. The prospectus does not contain all of the information set

forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Trust or the iShares, please refer to the registration statement.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. The Shares are also a UTP Derivative Securities as specified in Exchange Rule 15.9, and as such are subject to the additional provisions specific to that Rule. In particular, ETP Holders are reminded of their obligations under the following NSX Rules:

1. Trading Hours: This product will trade during the regular trading hours of the Exchange (between 9:30 a.m. to 4:00 p.m. ET), during pre-market hours (8:00 a.m. to 9:29:59 a.m. ET) and during post-market hours (4:00:01 p.m. to 6:30 p.m. ET). Please note that trading in the Funds Shares during the Exchange's pre-market and post-market hours may result in additional trading risks which include: (1) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (2) higher volatility in the Opening or Late Trading Sessions may impact pricing, (3) wider spreads may occur in the Opening or Late Trading Sessions. The minimum trading increment is \$.01.

2. Recommendations To Customers: Rule 3.7 provides that the ETP Holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an investment in the Shares is suitable for the customer.

3. Trading Halts: Rule 15.9B(4) provides that, in addition to the Exchange's authority to suspend or halt trading under Rules 11.20 (Trading Halts Due To Extraordinary Market Volatility), 12.11 (Trading Suspensions) and 15.7 (Suspension and/or Delisting By Exchange), if a temporary interruption occurs in the calculation or wide dissemination of the intraday indicative value (or similar value) or the value of the underlying index or instrument and the listing market halts trading in the product, the Exchange, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in that product on the Exchange. The Shares will be traded following a trading halt in accordance with Interpretations and Policy .03 of NSX Rule 11.20.

In addition, for a UTP Derivative Securities product where a net asset value is disseminated, if the primary listing exchange notifies the Exchange that the net asset value is not being disseminated to all market participants at the same time, the Exchange will immediately halt trading in such security. The Exchange may resume trading in the UTP Derivative Security only when the net asset value is disseminated to all market participants at the same time or trading in the UTP Derivative Security resumes on the listing market.

THIS INFORMATION CIRCULAR IS NOT A STATUTORY PROSPECTUS. ETP HOLDERS SHOULD CONSULT THE ISSUER DISCLOSURE MATERIALS (AS DEFINED ABOVE) FOR ALL RELEVANT INFORMATION RESPECTING THE SHARES.

Inquiries regarding this Information Circular should be directed to James C. Yong, Chief Regulatory Officer, at (312) 786-8893.