



## Information Circular 08-038

Date: December 11, 2008  
To: ETP Holders  
From: James C. Yong  
Chief Regulatory Officer  
Re: SCZ, IGF, TOK TO BEGIN TRADING ON NSX

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

<b>Security</b> (the "Shares" or "Funds")	<b>Symbol</b>	<b>General Description Of Underlying Instrument Or Index<sup>1</sup></b>
iShares MSCI EAFE Small Cap Index Fund	<b>SCZ</b>	MSCI EAFE Small Cap Index
iShares S&P Global Infrastructure Index Fund	<b>IGF</b>	S&P Global Infrastructure Index
iShares MSCI Kokusai Index Fund	<b>TOK</b>	MSCI Kokusai Index

**Commencement of Trading:** December 12, 2008

**Issuer:** iShares Trust (the "Trust")

**Issuer Website:** [www.iShares.com](http://www.iShares.com)

**Primary Listing Exchange:** NYSE Arca

**Issuer Registration Statement:** Nos. 811-09729 and 333-92935

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in these new products 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. The Issuer Website, the Prospectus and the Issuer

---

<sup>1</sup> For a more complete description, please see the "Issuer Disclosure Materials", as defined below.

Registration Statement are hereafter collectively referred to as the “Issuer Disclosure Materials.”

### **Background Information on the Funds**

As more fully explained in the Registration Statement (Nos. 811-09729 and 333-92935) for iShares Trust, the Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”), and currently consists of over 120 separate investment portfolios, including the Funds.

The iShares MSCI EAFE Small Cap Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI EAFE Small Cap Index. The MSCI EAFE Small Cap Index targets 40% of the eligible small cap universe in each industry group of each country represented by the MSCI EAFE Index. The MSCI EAFE Index consisted of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

The iShares S&P Global Infrastructure Index Fund seeks results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Global Infrastructure Index. The S&P Global Infrastructure Index is designed to track performance of the stocks of large infrastructure companies around the world. The Underlying Index includes companies involved in utilities, energy and transportation infrastructure, such as the management or ownership of oil and gas storage and transportation; airport services; highways and rail tracks; marine ports and services; and electric, gas and water utilities.

The iShares MSCI Kokusai Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Kokusai Index. The MSCI Kokusai Index is designed to measure equity market performance in those countries that MSCI has classified as having developed economies, excluding Japan. The MSCI Kokusai Index consisted of securities of issuers in the following 22 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Barclays Global Fund Advisors (“BGFA”) is the investment adviser to the Funds. SEI Investments Distribution Co. is the distributor for the Funds. State Street Bank and Trust Company is the custodian, administrator, and transfer agent for the Funds.

As described more fully in the Trust’s prospectus (“Prospectus”) and Statement of Additional Information’s (“SAI”), the Funds will issue and redeem shares on a continuous basis, at their net asset value (“NAV”), only in large blocks ranging from 100,000 to 200,000 Shares (each, a “Creation Unit”). Creation Units will be issued and redeemed principally in-kind for securities which constitutes a substantial replication, or a portfolio sampling representation, of the securities involved in the Index. Except when aggregated in Creation Units, the Shares are not redeemable securities of the Fund.

Dividends from net investment income, if any, will be declared and paid at least annually. Net realized capital gains, if any, will be distributed to investors annually. Dividends

may be declared and paid more frequently.

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

The NAV of the Funds will be determined once daily at the close of trading (normally, 4:00 p.m. Eastern Standard Time (“ET”)) on each day that the New York Stock Exchange is open for business (a “Business Day”). NAV is calculated by dividing the current market value of the net assets of the Fund (i.e., the total value of its assets less all liabilities) by the total number of Shares outstanding, generally rounded to the nearest cent. NAV will be available from the Distributor and will also be available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

The Trust’s registration statement describes the various fees and expenses for the Fund’s shares. For a more complete description of the Fund and the Index, visit [www.iShares.com](http://www.iShares.com).

### **Purchases and Redemptions in Creation Unit Size**

Procedures for purchases and redemptions of Shares in Creation Units are described in the Trust’s Prospectus and Statement of Additional Information. Shares are not individually redeemable but are redeemable only in Creation Unit aggregations or multiples thereof.

### **Principal Risks**

Interested persons are referred to the Prospectuses for a description of risks associated with an investment in the Shares. These risks include the risk that a Fund’s return may not match the return of the Index for a number of reasons including the incursion by the Fund of operating expenses and costs not applicable to the Index. In addition, as noted in the Prospectus, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of a Fund’s holdings. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

### **Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations**

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the “Act”) regarding trading in the above mentioned exchange-traded funds.

**AS WHAT FOLLOWS IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN THE NO-ACTION LETTERS REFERENCED ABOVE, THE EXCHANGE ADVISES INTERESTED PARTIES TO CONSULT THE NO-ACTION LETTERS FOR MORE COMPLETE INFORMATION REGARDING THE MATTERS COVERED THEREIN AND THE APPLICABILITY OF THE RELIEF GRANTED IN RESPECT OF TRADING IN THESE SECURITIES. INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS.**

## **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Funds to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of shares of the above-mentioned Funds (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and to (ii) tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Funds for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of shares.

## **Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)**

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing Creation Unit Aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- (1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- (2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- (3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

### **SEC Rule 14e-5**

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Funds to (1) redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase Fund shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- (1) 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 distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- (2) 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 underlying index; and
- (3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

### **Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2**

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not "Authorized Participants" (and, therefore, do not create Creation Unit Aggregations) that engage in both proprietary and customer transactions in Shares of the Funds in the secondary market, and for broker-dealer Authorized Participants that engage in creations of Creation Unit Aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Shares of the ETF to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.) The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Shares of the Funds, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

### **SEC Rule 15c1-5 and 15c1-6**

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund Shares and secondary market transactions therein. (See letter from

Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

### **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 am to 4:00 pm Eastern Time ("ET")), during pre-market hours (8:00 am to 9:29:59 am ET) and during post-market hours (4:00:01 pm to 6:30 pm ET). Please note that trading in the 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. Product Description: Rule 15.9B(3)(c) requires that ETP Holders shall provide all purchasers of a series of exchange traded funds ("ETFs") a written description of the terms and characteristics of those securities, in a form approved by the Exchange or prepared by the open-ended management company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, the ETP Holders shall include a written description with any sales material relating to a series of ETFs that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to the series of ETFs as an investment vehicle must include a statement substantially in the following form:

"A circular describing the terms and characteristics of [*the series of ETFs*] has been prepared by the [*open-ended management investment company name*] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [*the series of ETFs*]."

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase a series of ETFs for such omnibus account will be deemed to constitute an agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to the ETP Holder under this Rule.

4. Customer Requests for a Prospectus. Rule 15.9B(3)(d) provides that, upon request of a customer, an ETP Holder shall provide a prospectus for the particular series of UTP

Derivative Securities.

5. 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.