

rule change. The text of these statements may be examined at the places specified in Item IV below. NSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.⁴

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to further harmonize and clarify the rules of The Depository Trust & Clearing Corporation's clearing agency subsidiaries. In this filing, NSCC proposes to conform NSCC Rule 35 concerning providing financial reports to its members to the equivalent rule of The Depository Trust Company ("DTC"), DTC Rule 15. Specifically, the rule change would clarify NSCC's longstanding practice of providing unaudited quarterly financial statements to its members for the first three quarters of the calendar year only.⁵

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁶ and the rules and regulations thereunder because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of NSCC and as such does not adversely affect the safeguarding of securities or funds in the custody or control of NSCC or for which it is responsible.

B. Self-Regulatory Organization's Statement on Burden on Competition

NSCC does not believe that the proposed rule change will have any impact or impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

NSCC has not solicited or received written comments relating to the proposed rule change. NSCC will notify the Commission of any written comments it receives.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section

19(b)(3)(A)(i)⁷ of the Act and Rule 19b-4(f)(1)⁸ thereunder because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.⁹

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-NSCC-2006-02 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File No. SR-NSCC-2006-02. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the

provisions of 5 U.S.C 552, will be available for inspection and copying in the Commission's Public Reference Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at NSCC's principal office and on NSCC's Web site at <http://www.nsccl.com/legal/index.html>. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-NSCC-2006-02 and should be submitted on or before October 12, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54458; File No. SR-NYSE-2006-60]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to iShares® S&P Global Index Funds

September 15, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 14, 2006, the New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule changes as described in Items I and II below, which items have been substantially prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons, and is granting accelerated approval to the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The NYSE proposes to list and trade the following: iShares® S&P Global Consumer Discretionary Sector Index

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁴ The Commission has modified the text of the summaries prepared by NSCC.

⁵ Annual audited financial statements are provided to members after the last calendar quarter of the year.

⁶ 15 U.S.C. 78q-1.

⁷ 15 U.S.C. 78s(b)(3)(A)(i).

⁸ 17 CFR 240.19b-4(f)(1).

⁹ For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on August 18, 2006, the date on which the last amendment to the proposed rule change was filed with the Commission. 15 U.S.C. 78s(b)(3)(C).

Fund; iShares S&P Global Consumer Staples Sector Index Fund; iShares S&P Global Industrials Sector Index Fund; iShares S&P Global Utilities Sector Index Fund; iShares S&P Global Materials Sector Index Fund (collectively, the Funds”).³ The Funds are exchange-traded funds, which are a type of Investment Company Unit (“ICU”).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The NYSE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange has adopted listing standards applicable to Investment Company Units (“ICUs”) that it states are consistent with the listing criteria currently used by other national securities exchanges, and trading standards pursuant to which the Exchange may either list and trade ICUs or trade such ICUs on the Exchange on an unlisted trading privileges (“UTP”) basis.⁴

The Exchange now proposes to list and trade under Section 703.16 of the NYSE Listed Company Manual (“Manual”) and NYSE Rule 1100 *et seq.* shares of the following, each a series of the iShares Trust (the “Trust”):⁵ (1) iShares S&P Global Consumer Discretionary Sector Index Fund; (2) iShares S&P Global Consumer Staples Sector Index Fund; (3) iShares S&P Global Industrials Sector Index Fund; (4) iShares S&P Global Utilities Sector

Index Fund; and (5) iShares S&P Global Materials Sector Index Fund. Because the Funds invest in non-U.S. securities not listed on a national securities exchange or the Nasdaq Stock Market, the Funds do not meet the “generic” listing requirements of Section 703.16 of the Manual applicable to listing of ICUs (permitting listing in reliance upon Rule 19b-4(e)⁶ under the Act and cannot be listed without a filing pursuant to Rule 19b-4 under the Act). Therefore, to list the Funds (or trade pursuant to UTP), the Exchange must file, and obtain Commission approval of, a proposed rule change pursuant to Rule 19b-4 under the Act.⁷

As set forth in detail below, the Funds will hold certain securities (“Component Securities”) selected to correspond generally to the performance of the following indexes, (“Underlying Indexes”), respectively: (1) S&P Global Consumer Discretionary Index; (2) S&P Global Consumer Staples Index; (3) S&P Global Industrials Index; (4) S&P Global Utilities Index; and (5) S&P Global Materials Index.

Each Fund intends to qualify as a “regulated investment company” (a “RIC”) under the Internal Revenue Code (the “Code”). Barclays Global Fund Advisors (the “Advisor” or “BGFA”) is the investment advisor to the Funds. The Advisor is registered under the Investment Advisers Act of 1940.⁸ The Advisor is the wholly owned subsidiary of Barclays Global Investors, N.A. (“BGI”), a national banking association. BGI is an indirect subsidiary of Barclays Bank PLC of the United Kingdom. SEI Investments Distribution Co. (“SEI” or “Distributor”), a Pennsylvania corporation and broker-dealer registered under the Act, is the principal underwriter and distributor of Creation Unit Aggregations of iShares. The Distributor is not affiliated with the Exchange or the Advisor. The Trust has appointed Investors Bank & Trust Co. (“IBT”) to act as administrator (“Administrator”), custodian, fund accountant, transfer agent, and dividend disbursing agent for the Funds. The Exchange expects that performance of the Administrator's duties and obligations will be conducted within the provisions of the Investment Company Act⁹ and the rules thereunder. There is no affiliation between the Administrator and the Trust, the Advisor, or the Distributor.

Operation of the Funds.¹⁰

The investment objective of the Funds will be to provide investment results that correspond generally to the price and yield performance of the Underlying Indexes. In seeking to achieve their investment objective, the Funds will utilize “passive” indexing investment strategies. The Funds may fully replicate their respective Underlying Index, but currently intend to use a “representative sampling” strategy to track the applicable Underlying Index. A Fund utilizing a representative sampling strategy generally will hold a basket of the Component Securities of its Underlying Index, but it may not hold all of the Component Securities of its Underlying Index.

Each Fund will invest at least 90% of its assets in the securities of its Underlying Index or in American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”), or European Depositary Receipts (“EDRs”) (collectively “Depositary Receipts”) representing securities in the Underlying Index. A Fund may invest the remainder of its assets in securities not included in its Underlying Index, but which BGFA believes will help the Fund track its Underlying Index. For example, a Fund may invest in securities not included in its Underlying Index in order to reflect various corporate actions (such as mergers) and other changes in its Underlying Index (such as reconstitutions, additions and deletions). A Fund also may invest its other assets in futures contracts, options on futures contracts, options, and swaps related to its Underlying Index, as well as cash and cash equivalents, including shares of money market funds affiliated with BGFA.

From time to time, adjustments may be made in the portfolio of the Funds in accordance with changes in the composition of the Underlying Indexes or to maintain compliance with requirements applicable to a RIC under

³ iShares is a registered trademark of Barclays Global Investors, N.A.

⁴ In 1996, the Commission approved Section 703.16 of the Listed Company Manual, which sets forth the rules related to the listing of ICUs. Securities Exchange Act Release No. 36923 (March 5, 1996), 61 FR 10410 (March 13, 1996).

⁵ The Trust is registered under the Investment Company Act of 1940 (15 U.S.C. 80a), (the “Investment Company Act”). On April 15, 2005, the Trust filed with the Commission a Registration Statement for the Funds on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the Investment Company Act relating to the Funds (File Nos. 333-92935 and 811-09729) (as amended, the “Registration Statement”).

⁶ 17 CFR 240.19b-4(e).

⁷ 17 CFR 240.19b-4.

⁸ 15 U.S.C. 80b-1.

⁹ 15 U.S.C. 80a-1.

¹⁰ The Exchange states that the information provided herein is based on information included in the Registration Statement; however, the Commission notes that its approval of the listing and trading of these ICUs is subject to the continued operation of the Funds and their related Indexes as described herein by the Exchange. The Exchange also states that while the Advisor would manage the Funds, the Funds' Board of Directors would have overall responsibility for the Funds' operations. The composition of the Board is, and would be, in compliance with the requirements of Section 10 of the Investment Company Act. The Funds are subject to and must comply with Section 303A.06 of the Manual, which requires that the Funds have an audit committee that complies with SEC Rule 10A-3, 17 CFR 240.10A-3.

the Code.¹¹ For example, if at the end of a calendar quarter a Fund would not comply with the RIC diversification tests, the Advisor would make adjustments to the portfolio to ensure continued RIC status.

To the extent the Funds invest in ADRs, they will be listed on a national securities exchange or Nasdaq, and to the extent the Funds invest in other Depositary Receipts, they will be listed on a foreign exchange. The Funds will not invest in any unlisted Depositary Receipts or any listed Depositary Receipts that the Advisor deems to be illiquid or for which pricing information is not readily available. In addition, all Depositary Receipts must be sponsored (with the exception of certain pre-1984 ADRs that are listed and unsponsored because they are grandfathered).

Each Fund will not concentrate its investments (*i.e.*, hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except that a Fund will concentrate to approximately the same extent that its Underlying Index concentrates in the stocks of such particular industry or group of industries. In such case, a Fund could hold 25% or more of its total assets in the stocks of such industry or group of industries. For purposes of this limitation, securities of the U.S. Government (including its agencies and

instrumentalities), repurchase agreements collateralized by U.S. Government securities, and securities or state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

The Exchange believes that these requirements and policies prevent the Funds from being excessively weighted in any single security or small group of securities and significantly reduce concerns that trading in the Funds could become a surrogate for trading in unregistered securities.

Description of the Index Methodology

Each of the Indexes is a subset of the Standard & Poor's Global 1200 Index and thus contains the securities of both domestic and international companies as Index components. The Indexes are free float adjusted and market capitalization weighted. The Standard & Poor's Index Committee (which does not include employees of broker-dealers or their affiliates) is responsible for the overall management of these S&P Indexes.

Selection Criteria for Domestic Components. Companies (*i.e.*, the "Components") selected for the investments represent a broad range of industry segments within the U.S. economy. The starting universe, all publicly traded U.S. companies (*i.e.*, companies listed and traded on a national securities exchange or the Nasdaq Stock Market), is screened to eliminate ADRs, mutual funds, limited partnerships and royalty trusts. The following criteria are then analyzed to determine a company's eligibility for inclusion in the investments: (1) Ownership of a company's outstanding common shares, in order to screen out closely held companies; (2) trading volume of a company's stock, in order to ensure ample liquidity and efficient share pricing; and (3) the financial and operating condition of a company.

Selection Criteria for International Components.¹² With respect to non-U.S. components of the Underlying Indexes, the eligible universe of Index components that are considered for inclusion are from the following S&P Indexes: (1) The S&P/Toronto Stock

Exchange ("TSX") 60 Index, which represents the liquid, large-cap stocks of the publicly listed companies in the Canadian equities market; (2) the S&P Tokyo Stock Price ("TOPIX") 150 Index, which represents the liquid, large-cap stocks of the publicly listed companies in the Japanese equities market; (3) the S&P/ Australia Stock Exchange ("ASX") 50 Index, which represents the liquid, large-cap stocks in the Australian equities market; (4) the S&P Asia 50 Index, which represents the liquid, large-cap stocks of four major equities markets in Asia (Hong Kong, Korea, Taiwan and Singapore); (5) the S&P Latin America 40 Index, which represents the liquid, large-cap stocks from major sectors of the Mexico, Brazil, Argentina and Chile equity markets; and (6) the S&P Europe 350 Index, which represents the liquid, large-cap stocks of the publicly listed companies in the region, covering approximately 70% of the region's market capitalization and spanning 17 exchanges. All stocks included in these S&P Indexes are in the S&P Global 1200 Index.¹³

Where there were multiple classes of a particular equity, all classes were deemed eligible if they met the criteria for size, liquidity and sector representation. The specific securities are then screened for industry sector classification; thus, the eligible securities are ranked according to Global Industry Classification Standards ("GICS"). Then, the Index components, now determined, are weighted on the basis of S&P's free float, market capitalization methodology. Generally, S&P observes a prospective constituent's liquidity over a period of at least 6 months before consideration for inclusion. However, it is recognized that there may be extraordinary situations when companies should be added immediately (*e.g.*, certain privatizations). When a particular company dominates its home market, it may be excluded from the Index if analysis of the sectors reveals that its securities are not as liquid as those of similar companies in other countries. The International Index components may include ADRs and GDRs.

Issue Changes. General oversight responsibility for the S&P Indices, including overall policy guidelines and methodology, is handled by the S&P Global Index Committee (which does not include employees of broker-dealers or their affiliates). Maintenance of component investments, including additions and deletions to these investments, is the responsibility of separate regional index committees

¹¹ In order for the Funds to qualify for tax treatment as a RIC, they must meet several requirements under the Code. Among these is a requirement that, at the close of each quarter of the Funds' taxable year, (1) at least 50% of the market value of the Funds' total assets must be represented by cash items, U.S. government securities, securities of other RICs and other securities, with such other securities limited for the purpose of this calculation with respect to any one issuer to an amount not greater than 5% of the value of the Funds' assets and not greater than 10% of the outstanding voting securities of such issuer; and (2) not more than 25% of the value of their total assets may be invested in securities of any one issuer, or two or more issuers that are controlled by the Funds (within the meaning of Section 851(b)(4)(B) of the Code) and that are engaged in the same or similar trades or business (other than U.S. government securities of other RICs).

Compliance with the above referenced RIC asset diversification requirements are monitored by the Advisor and any necessary adjustments to portfolio issuer weights will be made on a quarterly basis or as necessary to ensure compliance with RIC requirements. When an iShares Fund's Underlying Index itself is not RIC compliant, the Advisor generally employs a representative sampling indexing strategy (as described in the Funds' prospectus) in order to achieve the Fund's investment objective. The Funds' prospectus also gives the Funds additional flexibility to comply with the requirements of the Code and other regulatory requirements and to manage future corporate actions and index changes in smaller markets by investing a percentage of fund assets in securities that are not included in the Fund's Underlying Index or in ADRs and GDRs representing such securities.

¹² S&P determines a stock's domicile based on a number of criteria, including the headquarters of the issuer, its registration, its stock listing, its place of operations, the residence of the senior officers, and other criteria. Each region's Index Committee reviews all criteria before deciding on the domicile of a stock. Telephone conversation between Michael Cavalier, Associate General Counsel, NYSE, and Florence Harmon, Senior Special Counsel, Division of Market Regulation, Commission, on September 15, 2006 ("September 15 Telephone Conference").

¹³ September 15 Telephone Conference.

composed of S&P staff specialized in the various regional equity markets and, in some cases with the assistance of local stock exchanges. Public announcements of index changes as the result of committee decisions will generally be made two business days in advance of the anticipate effective date whenever possible, although for exceptional corporate events announcements may be made earlier.

Index Maintenance. Maintaining the S&P Indices includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to restructuring and spin-offs. Share changes of less than 5% are only updated on a quarterly basis on the Friday near the end of the calendar quarter.

A company will be removed from the S&P Indices as a result of mergers/acquisitions, bankruptcy, restructuring, or if it is no longer representative of its industry group. A company is removed from the relevant Index as close as possible to the actual date on which the event occurred. A company can be removed from an Index because it no longer meets current criteria for inclusion and/or is no longer representative of its industry group. All replacement companies are selected based on the above component section criteria.

When calculating index weights, individual constituents' shares held by governments, corporations, strategic partners, or other control groups are excluded from the company's shares outstanding. Shares owned by other companies are also excluded regardless of whether they are index constituents.

In countries with regulated environments, where a foreign investment limit exists at the sector or company level, the constituent's weight will reflect either the foreign investment limit or the percentage float, whichever is the more restrictive.

Once a year, the float adjustments will be reviewed and potentially changed based on such review. Each company's financial statements will be used to update the major shareholders' ownership for the float adjustments calculation, as the Indexes are free float adjusted, market capitalization weighted for each company's shares. However, during the course of the year, S&P also monitors each company's Investable Weight Factor (IWF), which is S&P's term for the mathematical float factor used to calculate the float adjustment. If a change in the IWF is caused by a major corporate action (*i.e.*, privatization, merger, takeover, or share

offering) and the change is equal to or greater than 5%, a float adjustment will be implemented as soon as reasonably possible.

Changes in the number of shares outstanding driven by corporate events such as stock dividends, splits, and rights issues will be adjusted on the ex-date. Share changes of 5% or greater are implemented when they occur. All share changes of less than 5% are updated on a quarterly basis (third Friday of March, June, September, and December or at the close of the expiration of futures contracts). Implementation of new additions, deletions, and changes to the float adjustment, due to corporate actions, will be made available at the close of the third Friday in March, June, September and December. Generally, index changes due to rebalancing are announced two days before the effective date by way of a news release posted on <http://www.spglobal.com>.

The S&P Indices are calculated continuously and are available from major data vendors. A current list of the Index components is attached as Exhibit 3 to the NYSE's filing.

Index Descriptions

The S&P Global Consumer Discretionary Index measures the performance of companies that Standard & Poor's deems to be part of the consumer discretionary sector of the economy and that Standard & Poor's believes are important to global markets. Component companies include manufacturing and service companies. As of the close of business on January 31, 2006, the Index was comprised of stocks of companies in the following countries: Australia, Belgium, Canada, Chile, France, Germany, Hong Kong, Italy, Japan, Korea, Mexico, Netherlands, Singapore, Spain, Sweden, Switzerland, United Kingdom, and the United States.

The S&P Global Consumer Staples Index measures the performance of companies that Standard & Poor's deems to be part of the consumer staples sector of the economy and that Standard & Poor's believes are important to global markets. Component companies include manufacturers and distributors of food, producers of non-durable household goods, and food and drug retailing companies. As of the close of business on January 31, 2006, the Index was comprised of stocks of companies in the following countries: Australia, Belgium, Brazil, Canada, Chile, France, Germany, Japan, Korea, Mexico, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, and the United States.

The S&P Global Industrials Index measures the performance of companies that Standard & Poor's deems to be part of the industrials sector of the economy and that Standard & Poor's believes are important to global markets. Component companies include manufacturers and distributors of capital goods, providers of commercial services and supplies, and transportation service providers. As of the close of business on January 31, 2006, the Index was comprised of stocks of companies in the following countries: Australia, Brazil, Canada, Chile, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Mexico, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and the United States.

The S&P Global Utilities Index measures the performance of companies that Standard & Poor's deems to be part of the Utilities sector of the economy and that Standard & Poor's believes are important to global markets. Component companies include providers of electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power. As of the close of business on January 31, 2006, the Index was comprised of stocks of companies in the following countries: Australia, Brazil, Canada, Chile, Finland, France, Germany, Hong Kong, Italy, Japan, Portugal, Spain, United Kingdom, and the United States.

The S&P Global Materials Index measures the performance of companies that Standard & Poor's deems to be part of the materials sector of the economy and that Standard & Poor's believes are important to global markets. Component companies include those companies engaged in a wide variety of commodity-related manufacturing. As of the close of business on January 31, 2006, the Index was comprised of stocks of companies in the following countries: Australia, Belgium, Brazil, Canada, Chile, Finland, France, Germany, Ireland, Japan, Korea, Luxembourg, Mexico, Netherlands, Portugal, Spain, Sweden, Switzerland, Taiwan, United Kingdom, and the United States.

As of May 31, 2006, the iShares S&P Global Consumer Discretionary Sector Index's top three holdings were Toyota Motor Corp., Home Depot, Time Warner Inc.; the Index's top three industries were Consumer Discretionary and Index components had a total market capitalization of approximately \$2.8 trillion. The average total market capitalization was approximately \$14.6 billion. The 10 largest constituents represented approximately 28.4% of the Index weight. The five highest weighted stocks, which represented 18.2% of the Index weight, had an average daily

trading volume in excess of 66.1 million shares during the period April 1 through May 31, 2006. 99.98% of the component stocks traded at least 250,000 shares monthly from December 2005 through May 2006.

As of May 31, 2006, the iShares S&P Global Consumer Staples Sector Index's top three holdings were Procter & Gamble, Altria Group, Inc., Wal-Mart Stores; the Index's top three industries were Consumer Staples and Index components had a total market capitalization of approximately \$2.3 trillion. The average total market capitalization was approximately \$23.5 billion. The 10 largest constituents represented approximately 48.3% of the Index weight. The five highest weighted stocks, which represented 34.6% of the Index weight, had an average daily trading volume in excess of 32.3 million shares during the period April 1 through May 31, 2006. 99.6% of the component stocks traded at least 250,000 shares monthly from December 2005 through May 2006.

As of May 31, 2006, the iShares S&P Global Industrials Sector Index's top three holdings were General Electric, United Parcel Service, Siemens AG; the Index's top three industries were Industrials and Index components had a total market capitalization of approximately \$2.7 trillion. The average total market capitalization was approximately \$15.3 billion. The 10 largest constituents represented approximately 37.1% of the Index weight. The five highest weighted stocks, which represented 27.2% of the Index weight, had an average daily trading volume in excess of 38.6 million shares during the period April 1 through May 31, 2006. 99.65% of the component stocks traded at least 250,000 shares monthly from December 2005 through May 2006.

As of May 31, 2006, the iShares S&P Global Materials Sector Index's top three holdings were BHP Billiton Limited, Anglo American, Rio Tinto; the Index's top three industries were Materials and Index components had a total market capitalization of approximately \$1.6 trillion. The average total market capitalization was approximately \$12.9 billion. The 10 largest constituents represented approximately 30.7% of the Index weight. The five highest weighted stocks, which represented 19.5% of the Index weight, had an average daily trading volume in excess of 66.5 million shares during the period April 1 through May 31, 2006. 99.31% of the component stocks traded at least 250,000 shares monthly from December 2005 through May 2006.

As of May 31, 2006, the iShares S&P Global Utilities Sector Index's top three holdings were E.ON AG, Suez SA, RWE AG; the Index's top three industries were Utilities and Index components had a total market capitalization of approximately \$1.2 trillion. The average total market capitalization was approximately \$16.9 billion. The 10 largest constituents represented approximately 41.5% of the Index weight. The five highest weighted stocks, which represented 25.0% of the Index weight, had an average daily trading volume in excess of 47.8 million shares during the period April 1 through May 31, 2006. 100% of the component stocks traded at least 250,000 shares monthly from December 2005 through May 2006.

Additional information regarding the Funds' holdings is available at <http://www.ishares.com>.

Determination of Net Asset Value

IBT calculates the NAV for each Fund generally once daily Monday through Friday generally as of the regularly scheduled close of business of the NYSE (normally 4 p.m. Eastern time) on each day that the NYSE is open for trading, based on prices at the time of closing, provided that (a) any assets or liabilities denominated in currencies other than the U.S. dollar shall be translated into U.S. dollars at the prevailing market rates on the date of valuation as quoted by one or more major banks or dealers that makes a two-way market in such currencies (or a major market data service provider based on quotations received from such banks or dealers); and (b) U.S. fixed-income assets may be valued as of the announced closing time for trading in fixed-income instruments on any day that the Bond Market Association announces an early closing time. The NAV of each Fund is calculated by dividing the value of the net assets of such Fund (*i.e.*, the value of its total assets less total liabilities) by the total number of outstanding shares of the Fund, generally rounded to the nearest cent. In calculating a Fund's NAV, a Fund's investments are generally valued using market valuations. In the event that current market valuations are not readily available or such valuations do not reflect current market values, the affected investments will be valued using fair value pricing pursuant to the pricing policy and procedures approved by the Board of Trustees. The frequency with which a Fund's investments are valued using fair value pricing is primarily a function of the types of securities and other assets in which the

Fund invests pursuant to its investment objective, strategies and limitations.

According to the Funds' prospectus, valuing the Fund's investments using fair value pricing will result in using prices for those investments that may differ from current market prices. Accordingly, fair value pricing could result in a difference between the prices used to calculate the Fund's net asset value and the prices used by the Fund's benchmark index, which, in turn, could result in a difference between the Fund's performance and the performance of the Fund's benchmark index.

Because foreign markets may be open on different days than the days during which a shareholder may purchase the Fund's shares, the value of the Fund's investments may change on days when shareholders are not able to purchase the Fund's shares.

The value of assets denominated in foreign currencies is converted into U.S. dollars using exchange rates deemed appropriate by BGFA as investment advisor.¹⁴

Issuance of Creation Unit Aggregations

In General. Shares of the Funds (the "iShares") will be issued on a continuous offering basis in groups of iShares, or multiples thereof. These "groups" of shares are called "Creation Unit Aggregations." The Funds will issue and redeem iShares only in Creation Unit Aggregations of 50,000 iShares.¹⁵

As with other open-end investment companies, iShares will be issued at the net asset value ("NAV") per share next determined after an order in proper form is received. The anticipated price at which the iShares will initially trade is approximately \$50.

The NAV per share of the Funds is determined as of the close of the regular trading session on the Exchange on each day that the Exchange is open. The Trust sells Creation Unit Aggregations of the Funds only on business days at the next determined NAV of the Fund. Creation Unit Aggregations generally will be issued by the Funds in exchange for the in-kind deposit of equity securities designated by the Advisor to correspond generally to the price and yield performance of the Fund's Underlying Index (the "Deposit Securities") and a specified cash payment. Creation Unit Aggregations generally will be redeemed by the Fund in exchange for portfolio securities of

¹⁴ The Fund utilizes foreign exchange rates of major market data vendors, such as WM/Reuters. September 15 Telephone Conference.

¹⁵ Each Creation Unit Aggregation will have an estimated initial value of approximately \$2,500,000.

the Fund ("Fund Securities") and a specified cash payment. Fund Securities received on redemption may not be identical to Deposit Securities deposited in connection with creations of Creation Unit Aggregations for the same day.

All orders to purchase iShares in Creation Unit Aggregations must be placed through an Authorized Participant. An Authorized Participant must be either a "Participating Party," *i.e.*, a broker-dealer or other participant in the clearing process through the National Securities Clearing Corporation ("NSCC") Continuous Net Settlement System (the "Clearing Process"), a clearing agency that is registered with the SEC, or a Depository Trust Company ("DTC") participant, and in each case, must enter into a Participant Agreement. The Funds impose a transaction fee in connection with the issuance and redemption of iShares to offset transfer and other transaction costs. The transaction fee in connection with the issuance and redemption of Creation Unit Aggregations of the Funds are estimated to be approximately between \$2,200 and \$8,800.

In-Kind Deposit of Portfolio Securities. Payment for Creation Unit Aggregations will be made by the purchasers generally by an in-kind deposit with the applicable Fund of the Deposit Securities together with an amount of cash (the "Balancing Amount") specified by the Advisor in the manner described below. The Balancing Amount is an amount equal to the difference between (1) the NAV (per Creation Unit Aggregation) of the Fund and (2) the total aggregate market value (per Creation Unit Aggregation) of the Deposit Securities (such value referred to herein as the "Deposit Amount"). The Balancing Amount serves the function of compensating for differences, if any, between the NAV per Creation Unit Aggregation and that of the Deposit Amount. The deposit of the requisite Deposit Securities and the Balancing Amount are collectively referred to herein as a "Fund Deposit." The Advisor will make available to the market through the NSCC on each business day, prior to the opening of trading on the Exchange (currently 9:30 a.m. Eastern Time), the list of the names and the required number of shares of each Deposit Security included in the current Fund Deposit (based on information at the end of the previous business day) for each Fund. The Fund Deposit will be applicable to the relevant Fund (subject to any adjustments to the Balancing Amount, as described below) in order to effect purchases of Creation Unit Aggregations of such Fund until such time as the

next-announced Fund Deposit composition is made available.

The identity and number of shares of the Deposit Securities required for the Fund Deposit for each Fund will change from time to time. The composition of the Deposit Securities may change in response to adjustments to the weighting or composition of the Component Securities in the Underlying Index. In addition, the Trust reserves the right to permit or require the substitution of an amount of cash—*i.e.*, a "cash in lieu" amount—to be added to the Balancing Amount to replace any Deposit Security that may not be available in sufficient quantity for delivery or that may not otherwise be eligible for transfer. The Trust also reserves the right to permit or require a "cash in lieu" amount where the delivery of the Deposit Security by the Authorized Participant would be restricted under the securities laws or where the delivery of the Deposit Security to the Authorized Participant would result in the disposition of the Deposit Security by the Authorized Participant becoming restricted under the securities laws, or in certain other situations. The adjustments described above will reflect changes known to the Advisor on the date of announcement to be in effect by the time of delivery of the Fund Deposit, in the composition of the applicable Underlying Index or resulting from certain corporate actions.

Redemption of iShares

Creation Unit Aggregations of the Funds will be redeemable at the NAV next determined after receipt of a request for redemption. Creation Unit Aggregations of the Funds generally will be redeemed in-kind, together with a balancing cash payment (although, as described below, Creation Unit Aggregations may sometimes be redeemed for cash). The value of the Funds' redemption payments on a Creation Unit Aggregation basis will equal the NAV per the appropriate number of iShares of the Funds. Owners of iShares may sell their iShares in the secondary market but must accumulate enough iShares to constitute a Creation Unit Aggregation in order to redeem through the Funds. Redemption orders must be placed by or through an Authorized Participant.

Creation Unit Aggregations of the Funds generally will be redeemable on any business day in exchange for applicable Fund Securities and the Cash Redemption Payment (defined below) in effect on the date a request for redemption is made. The Advisor will publish daily through NSCC the list of securities which a creator of Creation

Unit Aggregations must deliver to the Fund (the "Creation List") and which a redeemer will receive from the Funds (the "Redemption List"). The Creation List is identical to the list of the names and the required numbers of shares of each Deposit Security included in the current Fund Deposit.

In addition, just as the Balancing Amount is delivered by the purchaser of Creation Unit Aggregations to the Funds, the Trust will also deliver to the redeeming beneficial owner in cash the "Cash Redemption Payment." The Cash Redemption Payment on any given business day will be an amount calculated in the same manner as that for the Balancing Amount, although the actual amounts may differ if the Fund Securities received upon redemption are not identical to the Deposit Securities applicable for creations on the same day. To the extent that the Fund Securities have a value greater than the NAV of iShares being redeemed, a cash payment equal to the differential is required to be paid by the redeeming beneficial owner to the applicable Fund. The Trust may also make redemptions in cash in lieu of transferring one or more Fund Securities to a redeemer if the Trust determines, in its discretion, that such method is warranted due to unusual circumstances. An unusual circumstance could arise, for example, when a redeeming entity is restrained by regulation or policy from transacting in certain Fund Securities, such as the presence of such Fund Securities on a redeeming investment banking firm's restricted list.

Availability of Information Regarding iShares and the Underlying Index

On each business day the list of names and amount of each security constituting the current Deposit Securities of the Fund Deposit and the Balancing Amount effective as of the previous business day, per outstanding share of each Fund, will be made available. An amount per iShare representing the sum of the estimated Balancing Amount effective through and including the previous business day, plus the current value of the Deposit Securities in U.S. dollars, on a per iShare basis (the "Intra-day Optimized Portfolio Value" or "IOPV") will be calculated by an independent third party that is a major market data vendor (the "Value Calculator"), such as Bloomberg L.P., every 15 seconds during the Exchange's regular trading hours and disseminated every 15 seconds on the Consolidated Tape.

The IOPV reflects the current value of the Deposit Securities and the Balancing Amount. The IOPV also reflects changes

in currency exchange rates between the U.S. dollar and the applicable home foreign currency.¹⁶

Since the Funds will utilize a representative sampling strategy, the IOPV may not reflect the value of all securities included in the Underlying Indexes. In addition, the IOPV does not necessarily reflect the precise composition of the current portfolio of securities held by the Funds at a particular point in time. Therefore, the IOPV on a per Fund share basis disseminated during the Exchange's trading hours should not be viewed as a real time update of the NAV of the Funds, which is calculated only once a day.

While the IOPV disseminated by the Exchange at 9:30 a.m. is expected to be generally very close to the most recently calculated Fund NAV on a per Fund share basis, it is possible that the value of the portfolio of securities held by each Fund may diverge from the Deposit Securities values during any trading day. In such case, the IOPV will not precisely reflect the value of each Fund's portfolio. However, during the trading day, the IOPV can be expected to closely approximate the value per Fund share of the portfolio of securities for each Fund except under unusual circumstances (e.g., in the case of extensive rebalancing of multiple securities in a Fund at the same time by the Advisor).

The Exchange believes that dissemination of the IOPV based on the Deposit Securities provides additional information regarding the Funds that is not otherwise available to the public and is useful to professionals and investors in connection with Fund shares trading on the Exchange or the creation or redemption of Fund shares.

There is an overlap in trading hours between the foreign and U.S. markets with respect to the Funds. Therefore, the Value Calculator will update the applicable IOPV every 15 seconds to reflect price changes in the applicable foreign market or markets, and convert such prices into U.S. dollars based on the currency exchange rate. When the foreign market or markets are closed but U.S. markets are open, the IOPV will be updated every 15 seconds to reflect changes in currency exchange rates after the foreign market closes. The IOPV will also include the applicable cash component for each Fund.

In addition, there will be disseminated a value for the Underlying

Indexes once each trading day, based on closing prices in the relevant exchange market, utilizing the WM/Reuters (or other major market information vendor) currency exchange rates. In each S&P Index, the prices used to calculate the S&P Indices are the official exchange closing prices or those figures accepted as such. S&P reserves the right to use an alternative pricing source on any given day.

The NAV for the Fund will be calculated and disseminated daily. The Funds' NAV will be calculated by IBT. IBT will disseminate the information to BGI, SEI and others, including the NYSE. The Funds' NAV will be published in a number of places, including, <http://www.iShares.com> and on the Consolidated Tape. The Advisor for the Funds has informed the Exchange that the Funds will make the NAV for the Funds available to all market participants at the same time. If the NAV is not disseminated to all market participants at the same time, the Exchange will halt trading in the Shares of the Funds.¹⁷

Closing prices of the Funds' Deposit Securities are readily available from, as applicable, the relevant exchanges, automated quotation systems, published or other public sources in the relevant country, or on-line information services such as Bloomberg or Reuters. The exchange rate information required to convert such information into U.S. dollars is also readily available in newspapers and other publications and from a variety of on-line services.

In addition, the Web site for the Trust, <http://www.iShares.com>, which will be publicly accessible at no charge, will contain the following information, (1) the prior business day's NAV and the mid-point of the bid-ask price at the time of calculation of such NAV ("Bid/Ask Price"), and a calculation of the premium or discount of such price against such NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters.

Dividends and Distributions

Dividends are accrued daily from net investment income and will be declared and paid to beneficial owners of record at least annually by the Funds. Distributions of realized securities gains, if any, generally will be declared and paid once a year, but the Funds may

make distributions on a more frequent basis to comply with the distribution requirements of the Code and consistent with the Investment Company Act.

Dividends and other distributions on iShares of the Funds will be distributed on a pro rata basis to beneficial owners of such iShares. Dividend payments will be made through the Depositary and the DTC Participants to beneficial owners then of record with amounts received from the Fund.

The Trust currently does not intend to make the DTC book-entry Dividend Reinvestment Service (the "Service") available for use by beneficial owners for reinvestment of their cash proceeds, but certain individual brokers may make the Service available to their clients. The Statement of Additional Information ("SAI") will inform investors of this fact and direct interested investors to contact such investor's broker to ascertain the availability and a description of the Service through such broker. The SAI will also caution interested beneficial owners that they should note that each broker may require investors to adhere to specific procedures and timetables in order to participate in the Service and such investors should ascertain from their broker such necessary details. The Funds acquired pursuant to the Service will be held by the beneficial owners in the same manner and subject to the same terms and conditions, as for original ownership of the Funds.

Beneficial owners of the Funds will receive all of the statements, notices, and reports required under the Investment Company Act and other applicable laws. They will receive, for example, annual and semi-annual reports, written statements accompanying dividend payments, proxy statements, annual notifications detailing the tax status of distributions, IRS Form 1099-DIVs, etc. Because the Trust's records reflect ownership of iShares by DTC only, the Trust will make available applicable statements, notices, and reports to the DTC Participants who, in turn, will be responsible for distributing them to the beneficial owners.

Other Issues

Criteria for Initial and Continued Listing. The Funds are subject to the criteria for initial and continued listing of Investment Company Units in Section 703.16 of the Manual. A minimum of two Creation Units (100,000 iShares) will be required to be outstanding at the start of trading. This minimum number of shares of each Fund required to be outstanding at the start of trading will be comparable to requirements that have

¹⁶ The IOPV ticker is available at www.ishares.com and Intra-day IOPV is publicly available utilizing this ticker through various financial Web sites such as <http://finance.yahoo.com>.

¹⁷ The Exchange will immediately contact the Commission staff to discuss measures that may be appropriate under the circumstances. September 15 Telephone Conference.

been applied to previously traded series of ICUs.

Prospectus Delivery. The Commission has granted the Trust an exemption from certain prospectus delivery requirements under section 24(d) of the Investment Company Act.¹⁸ Any product description used in reliance on a section 24(d) exemptive order will comply with all representations made therein and all conditions thereto. The Exchange, in an Information Memo to Exchange members and member organizations, will inform members and member organizations, prior to commencement of trading, of the prospectus or product description delivery requirements applicable to the Funds and will refer members and member organizations to NYSE Rule 1100(b). There is not currently a product description available for the Funds. The Information Memo will also advise members and member organizations that delivery of a prospectus to customers in lieu of a product description would satisfy the requirements of Rule 1100(b).

Information Memo. The Exchange will distribute an Information Memo to its members in connection with the trading of the Funds. The Memo will discuss the special characteristics and risks of trading this type of security. Specifically, the Memo, among other things, will discuss what the Funds are, how the Funds' shares are created and redeemed, the requirement that members and member firms deliver a prospectus or product description to investors purchasing shares of the Funds prior to or concurrently with the confirmation of a transaction, applicable Exchange rules, dissemination information, trading information and the applicability of suitability rules (including Exchange Rule 405). The Memo will also discuss exemptive, no-action and interpretive relief, if granted by the Commission from certain rules under the Act.

Trading Halts. In order to halt the trading of the Funds, the Exchange may consider, among other things, factors such as the extent to which trading is not occurring in underlying security(s) and whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in the Funds' shares is subject to trading halts caused by extraordinary market volatility pursuant to Exchange Rule 80B. The Exchange will halt trading in a Fund if the Index Value or IOPV applicable to such Fund is no longer

calculated or disseminated or the NAV is not disseminated to all market participants at the same time.¹⁹

Due Diligence. The Information Memo to members will note, for example, Exchange responsibilities including that before an Exchange member, member organization, or employee thereof recommends a transaction in the Funds, a determination must be made that the recommendation is in compliance with all applicable Exchange and Federal rules and regulations, including due diligence obligations under Exchange Rule 405 (Diligence as to Accounts).

Purchases and Redemptions in Creation Unit Size. In the Memo referenced above, members and member organizations will be informed that procedures for purchases and redemptions of shares of the Funds in Creation Unit Size are described in the Funds' Prospectus and SAI²⁰ and that Funds' shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

Surveillance. The Exchange will utilize its existing surveillance procedures applicable to ICUs monitor trading of the shares of the Funds. Surveillance procedures applicable to trading in the proposed iShares are comparable to those applicable to other ICUs currently trading on the Exchange. The Exchange represents that these surveillance procedures are adequate to properly monitor the trading of the Funds.²¹ The Exchange's current trading surveillances focus on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations. The Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG. For a list of the current members and affiliate members of ISG, see <http://www.isgportal.com>.

Hours of Trading/Minimum Price Variation. The Funds will trade on the Exchange until 4:15 p.m. (Eastern time).

¹⁹ Under such circumstances, the Exchange would immediately contact the Commission staff to discuss appropriate measures that may be appropriate under the circumstances. September 15 Telephone Conference.

²⁰ See Securities Exchange Act Release Nos. 44990 (October 25, 2001), 66 FR 56869 (November 13, 2001) (SR-Amex-2001-45); 42748 (May 2, 2000), 65 FR 30155 (May 10, 2000) (SR-Amex-98-49); and 36947 (March 8, 1996), 61 FR 10606 (March 14, 1996) (SR-Amex-95-43).

²¹ The Exchange states that it submitted such surveillance procedures to the Commission staff in the past. September 15 Telephone Conference.

The minimum price variation for quoting will be \$.01.

2. Statutory Basis

NYSE believes that the proposed rule change is consistent with section 6(b)(5) of the Act²² requiring that an exchange have rules that are designed, among other things, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Exchange Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send e-mail to rule-comments@sec.gov. Please include File Number SR-NYSE-2006-60 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2006-60. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

¹⁸ See *In the Matter of iShares, Inc., et al.*, Investment Company Act Release No. 25623 (June 25, 2002).

²² 15 U.S.C. 78f(b)(5).

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File number SR-NYSE-2006-60 and should be submitted on or before October 12, 2006.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder, applicable to a national securities exchange.²³ In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act²⁴ and will promote just and equitable principles of trade, and facilitate transactions in securities, and, in general, protect investors and the public interest.

The Commission believes that the NYSE's proposal should advance the public interest by providing investors with increased flexibility in satisfying their investment needs and by allowing them to purchase and sell Fund shares at negotiated prices throughout the business day that generally track the price and yield performance of the Underlying Index.

Furthermore, the Commission believes that the proposed rule change raises no issues that have not been previously considered by the Commission. The Fund is similar in structure and operation to exchange-traded funds that the Commission has previously approved for listing and trading on national securities exchanges under section 19(b)(2) of the Act.²⁵ Further, with respect to each of the

following issues, the Commission believes that the listing and trading of the Funds' shares satisfies established standards.

A. Fund Characteristics

The Commission believes that the proposed Funds are reasonably designed to provide investors with an investment vehicle that substantially reflects in value the performance of the respective Underlying Indexes and will provide investors with an alternative to trading a range of securities on an individual basis. Investors will be able to trade shares in the Fund continuously throughout the business day in secondary market transactions at negotiated prices. Accordingly, the proposed Fund will allow investors to: (1) Respond quickly to market changes through intra-day trading opportunities; (2) engage in hedging strategies similar to those used by institutional investors; and (3) reduce transaction costs for trading a portfolio of securities.

The Commission also notes that the market capitalization and liquidity of the underlying Indexes' component securities is also a deterrent to manipulation of the Fund shares. Because each Fund's Underlying Index is broad-based and well diversified, the Exchange represents that it does not believe that the Fund will be so highly concentrated such that it becomes a surrogate for trading unregistered foreign securities on the Exchange.

While the Commission believes that these requirements should help to reduce concerns that the Funds could become a surrogate for trading in a single or a few unregistered stocks, if the characteristics of the Funds, or their underlying Indexes, changed materially from the characteristics described the Exchange,²⁶ the Fund would not be in compliance with the listing and trading standards approved herein, and the Commission would expect the NYSE to file a proposed rule change pursuant to Rule 19b-4 of the Act, which must be approved to permit continued trading of the Funds' shares.

B. Disclosure

The Exchange represents that it will circulate an information memo detailing applicable prospectus and product description delivery requirements. The memo will also discuss any exemptive, no-action and interpretive relief granted by the Commission from certain rules under the Act. The memo also will address NYSE members' responsibility

to deliver a prospectus or product description to all investors (in accordance with NYSE Rule 1100(b)) and highlight the characteristics of the Funds. The memo will also remind members of their suitability obligations, including NYSE Rule 405 (Diligence as to Accounts). Additionally, for example, the information memo will also inform members and member organizations that Funds' shares are not individually redeemable, but are redeemable only in Creation-Unit-size aggregations or multiples thereof as set forth in the Fund Prospectus and SAI. The Commission believes that the disclosure included in the information memo is appropriate and consistent with the Act.

C. Dissemination of Fund Information

With respect to pricing, once each day, the NAV for the Fund will be calculated and disseminated by IBT, to various sources, including the NYSE, and made available on <http://www.iShares.com> and the Consolidated Tape. The Exchange represents that the NAV will be made available to all market participants at the same time; otherwise, the Exchange will halt trading in the Funds' shares. Also, during the Exchange's regular trading hours, the IOPV Calculator will determine and disseminate every 15 seconds the IOPV for each Fund. The IOPV will reflect price changes in the applicable foreign market or markets and changes in currency exchange rates. The Exchange also represents that the value of the underlying Indexes will be calculated and disseminated at least every 15 seconds during the time the Funds' shares trade on the Exchange. If the IOPV and underlying Index values are not so disseminated, the Exchange will halt trading in the Funds' shares.

The Commission notes that a variety of additional information about each Fund will be readily available. Information with respect to recent NAV, shares outstanding, estimated cash amount and total cash amount per Creation Unit Aggregation will be made available prior to the opening of the Exchange. In addition, the Web site for the Trust, <http://www.iShares.com>, which will be publicly accessible at no charge, will contain relevant information about the Funds and their shares. Also, the closing prices of the Fund's Deposit Securities are available from, as applicable, the relevant exchanges, automated quotation systems, published or other public sources in the relevant country, or on-line information services, such as Bloomberg or Reuters. The exchange rate information required to convert such information into U.S. dollars is

²³ In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

²⁴ 15 U.S.C. 78f(b)(5).

²⁵ 15 U.S.C. 78s(b)(2).

²⁶ Substitution of an underlying index or significant alteration of the index methodology described herein would be a material change.

also readily available in newspapers and other publications and from a variety of on-line services.

Based on the representations made in the NYSE proposal, the Commission believes that pricing and other important information about the Fund is adequate and consistent with the Act.

D. Listing and Trading

The Commission finds that adequate rules and procedures exist to govern the listing and trading of the Funds' shares. Fund shares will be deemed equity securities subject to NYSE rules governing the trading of equity securities, including, among others, rules governing trading halts, responsibilities of the specialist, account opening and customer suitability requirements, and the election of stop and stop limit orders. In addition, the Exchange states that iShares are subject to the criteria for initial and continued listing of ICUs in Section 703.16 of the NYSE Manual.

E. Surveillance

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Funds. The Exchange states that it is able to obtain trading information from ISG from other exchanges that are members or affiliates of the ISG.

F. Accelerated Approval

The Commission finds good cause, pursuant to section 19(b)(2) of the Act,²⁷ for approving the proposed rule change prior to the thirtieth day after the date of publication of notice in the **Federal Register**. The Commission notes that the proposal is consistent with the listing and trading standards in NYSE Rule 703.16 (ICUs), and the Commission has previously approved similar products based on foreign indices.²⁸ The Funds are substantially identical in structure to other iShares Funds based on foreign stock indexes, including the iShares S&P Global 1200 Index Fund, which has an established and active trading history on the NYSE and other exchanges.²⁹ The Commission does not believe that the proposed rule change, as amended, raises novel regulatory issues. Consequently, the Commission believes that it is appropriate to permit investors to benefit from the flexibility afforded

by trading these products as soon as possible.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (SR-NYSE-2006-60) is hereby approved on an accelerated basis.³⁰

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³¹

J. Lynn Taylor,

Assistant Secretary.

[FR Doc. 06-7896 Filed 9-20-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54430; File No. SR-NYSEArca-2006-20]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval to Amendment No. 4 to a Proposed Rule Change Relating to the Exchange's Schedule of Fees and Charges

September 12, 2006.

I. Introduction

On May 17, 2006, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") filed with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² the proposed rule change to amend the Trade Related Charges portion of its Schedule of Fees and Charges ("Schedule"). On May 26, 2006, the Exchange filed Amendment No. 1 to the proposed rule change. On June 30, 2006, the Exchange filed Amendment No. 2 to the proposed rule change. On July 7, 2006, the Exchange filed Amendment No. 3 to the proposed rule change.³ The proposed rule change, as amended, was published for comment in the **Federal Register** on July 20, 2006.⁴ Two comment letters were submitted in connection with this filing.⁵

³⁰ 15 U.S.C. 78s(b)(2).

³¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Form 19b-4 dated July 7, 2006 ("Amendment No. 3"). Amendment No. 3 replaced and superseded the original filing and Amendments No. 1 and 2 in their entirety.

⁴ See Securities Exchange Act Release No. 54130 (July 11, 2006), 71 FR 41305.

⁵ See letter from Arthur J. Gross, Arthur J. Gross SP, dated August 9, 2006, and letter from Gennaro J. Lettera, dated August 9, 2006. The Exchange believes that these commenters intended to address a separate proposed rule change, SR-NYSE-2006-

On August 31, 2006, the Exchange filed Amendment No. 4.⁶ This order grants accelerated approval of Amendment No. 4, and solicits comments from interested persons on Amendment No. 4.

I. Description of the Proposal

A. Fees for Manually Executed Linkage Orders

NYSE Arca proposes to combine two existing fees associated with certain Linkage Orders.⁷ Presently, the Exchange assesses on Linkage Orders a \$0.21 transaction fee and a \$0.05 comparison fee.⁸ To simplify the Schedule, the Exchange proposes combining these fees into one transaction fee of \$0.26 for Linkage Orders executed manually. This fee is equal to the fee for manually executed orders from broker-dealers.

B. Fees for Electronically Executed Linkage Orders

Under the current NYSE Arca Schedule, electronically executed orders from broker-dealers are charged \$0.50 per contract ("BD Electronic Transaction Fee"). The BD Electronic Transaction Fee was recently revised to combine a previously assessed transaction fee of \$0.26 and a BD Surcharge of \$0.25.⁹ The current \$0.50 BD Electronic Transaction Fee represents a \$0.01 reduction in the total fee for electronic executions of orders from broker-dealers. In Amendment No. 4, the Exchange proposes to modify its Schedule to make clear that

46, not the instant proposed rule change. See e-mail from Janet Angstadt, Acting General Counsel, NYSE Arca, to Timothy Fox, Special Counsel, Division of Market Regulation, Commission, dated August 16, 2006. The Commission believes that the commenters' concerns do not relate to the instant proposed rule change and, as such, these letters are not addressed in this order.

⁶ Amendment No. 4 was filed to reconcile the original filing, as amended, with the subsequent immediately effective rule filing, as discussed *infra* note 9 and accompanying text. Amendment No. 4 replaces and supersedes the original filing and subsequent amendments in their entirety.

⁷ "Linkage Orders" are immediate or cancel orders containing certain information that are routed through the Intermarket Linkage System ("Linkage"). See Section 2(16) of the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage ("Linkage Plan"). As used in this approval order, the term, "Linkage Orders," refers only to Principal Acting as Agent Orders and Principal Orders. See Sections 2(16)(a) and 2(16)(b) of the Linkage Plan.

⁸ These fees are applicable through an Exchange Pilot Program due to expire on July 31, 2007. See Securities Exchange Act Release No. 54230 (July 27, 2006), 71 FR 44757 (August 7, 2006) (SR-NYSEArca-2006-41).

⁹ See Securities Exchange Act Release No. 54309 (August 11, 2006), 71 FR 48571 (August 21, 2006) (SR-NYSEArca-2006-25).

²⁷ 15 U.S.C. 78s(b)(2).

²⁸ See Securities Exchange Act Release Nos. 44990 (October 25, 2001), 66 FR 56869 (November 13, 2001) (SR-Amex-2001-45); 42748 (May 2, 2000), 65 FR 30155 (May 10, 2000) (SR-Amex-98-49); and 36947 (March 8, 1996), 61 FR 10606 (March 14, 1996) (SR-Amex-95-43).

²⁹ See Securities Exchange Act Release No. 52178 (July 29, 2005), 70 FR 46244 (August 9, 2005) (SR-NYSE-2005-41).