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BARCLAYS GLOBAL INVESTORS

October 29, 2006

Nancy M. Morris
Secretary, U.S. Securities and Exchange Commission
100 F Street, N.W.
Washington, D.C. 20549-1090

Re: File No. SR-Amex-2006-78

Dear Ladies and Gentlemen:

Barclays Global Investors, N.A. and Barclays Global Fund Advisors (collectively, "BGI")¹ are writing in response to the solicitation by the Securities and Exchange Commission (the "Commission") of comments on the Commission's consideration, pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), of proposed revisions to Rules 1000, 1000A, 1002 and 1002A of The American Stock Exchange LLC ("Amex") that would have the effect of broadening generic listing standards for portfolio deposit receipts and index fund shares (collectively, "ETFs") to encompass ETFs based on international or global equity indices (the "Rule Proposal"). BGI strongly supports the goal of broadening generic listing standards for ETFs to encompass international and global equity indices but believes the Commission could achieve this goal even more effectively if it would consider clarifying certain aspects of the Rule Proposal.

¹ BGI is among the world's largest institutional investment managers, and is the world's largest provider of structured investment strategies such as indexing, tactical asset allocation and active quantitative strategies. BGI and its affiliates manage over \$1.6 trillion in assets for thousands of clients around the world. BGI is a majority-owned subsidiary of Barclays PLC, one of the world's leading global financial services providers. Barclays Global Fund Advisors, a subsidiary of Barclays Global Investors, N.A., is the investment adviser to the iShares family of exchange-traded funds, which, as of October 20, 2006, had over 110 funds listed on various U.S. stock exchanges with a total of over \$225 billion in assets.

I. BGI Supports Expanded Use of Generic Listing Standards for ETFs

ETFs are becoming increasingly popular with investors,² but are subject to lengthy and complex regulatory review processes, including that the listing of an ETF by a national securities exchange is generally deemed to be a proposed change to the exchange's rules that requires review and approval by the Commission pursuant to Section 19(b)(2) of the Exchange Act and Rule 19b-4(c) thereunder. Therefore, unlike stock issued by operating companies or closed-end investment funds, stock issued by ETFs generally cannot be listed on a U.S. exchange without specific consideration by the Commission and its staff of each listing. Rule 19b-4(e) provides an exception to this requirement if the Commission has approved generic trading rules, procedures and listing standards for an entire product class. To date, however, no exchange has adopted such "generic" listing rules for ETFs other than generic listing rules that apply only to ETFs that invest solely in U.S. equity securities, such as the current Rules 1000 and 1000A of Amex.

A substantial number of ETFs that seek to track global or international stock indices have now existed for over ten years without regulatory issues, and have attracted substantial interest from investors.³ BGI believes that it would therefore be appropriate to streamline ETF regulation by permitting the listing and trading of ETFs that seek to track global or international stock indices in a manner that does not require regulatory review and approval of each specific ETF, index or international market. BGI further believes that it is possible to craft generic exchange listing rules that provide appropriate regulation of ETFs without unduly restricting ETFs from being launched on other asset classes already widely available to the public through alternative investment vehicles, such as mutual funds and closed-end funds. BGI thus commends Amex for offering the Rule Proposal, and strongly urges the Commission and its staff to consider future proposals from Amex or other exchanges to extend generic exchange listing rules for ETFs to cover additional asset classes, such as fixed income.

II. BGI Requests Clarification of the Rule Proposal

While BGI strongly supports the concept of expanding generic exchange listing rules to encompass ETFs that seek to track global or international stock indices, BGI requests clarification of certain aspects of the Rule Proposal.

² "67 new exchange-traded funds have bloomed this year, bringing their total to 268, a nine-fold increase since 1999. Over the past 12 months, [U.S.] ETF assets climbed 33%, to \$337 billion, up from just \$83 billion in 2001." *Barron's*, "Growing to the Sky", October 2, 2006.

³ Sixteen ETFs that track single country international stock indices (e.g., iShares MSCI France Index Fund, iShares MSCI Hong Kong Index Fund, iShares MSCI Canada Index Fund, iShares MSCI Japan Index Fund) commenced operations on March 12, 1996 and had, in aggregate, over \$22 billion in net assets as of October 26, 2006. The largest ETF tracking a global or international stock index, the broad-based iShares MSCI EAFE Index Fund, commenced operations in August 2001 and had over \$32 billion in net assets as of October 26, 2006.

A. Market Surveillance

BGI understands that, under the Rule Proposal,⁴ Amex could list an ETF that satisfies the criteria of any one of Paragraphs (A), (B) or (C). Therefore, although Paragraph (C) of the Rule Proposal requires that certain conditions, “including comprehensive surveillance sharing agreements with respect to Non-U.S. Component Stocks, continue to be satisfied”, an ETF may be listed pursuant to Paragraph (B) based on the criteria stated therein without regard to surveillance sharing agreements.⁵

BGI strongly supports separating the listing determination for an ETF that seeks to track a global or international stock index from the existence of “comprehensive surveillance sharing agreements” relating to the underlying index components. Many non-U.S. exchanges have thus far apparently exhibited a lack of interest in entering into such agreements. To the extent that the existence of comprehensive surveillance sharing agreements is a requirement for ETF listing approval, it is difficult to list ETFs that provide broad exposure to non-U.S. markets.⁶ This would be unfortunate but vital if the existence of such agreements were needed to protect U.S. investors in funds that invest outside the U.S. BGI notes, however, that the federal securities laws and Commission regulations permit mutual funds and closed-end funds to invest in any non-U.S. security that is consistent with their investment objective and prospectus disclosure to investors, without regard to whether or not the security is subject to comprehensive market surveillance agreements.

BGI submits that U.S. investors in ETFs are significantly less at risk than U.S. investors in mutual funds for any harm that might result from unusual trading in a stock in a non-U.S. market, because the ETF arbitrage mechanism mitigates any potential “mispricing” of an ETF’s underlying holdings. The market price of an ETF on a U.S. exchange is not mechanically derived from the most recent prices of the ETF’s holdings in their respective markets, but rather is independently established by U.S. market participants – a significant number of which are large institutional traders with global scope and the sophisticated ability to price non-U.S. securities. BGI believes that any “mispricing” of stocks held by an ETF caused by unusual trading activity in a non-U.S. market will not flow through to the price for the ETF paid by investors who trade the

⁴ Unless otherwise noted, all references are to paragraph numbers within the “Eligibility Criteria for Index Components” criteria within the commentary to Rules 1000 and 1000A, as proposed.

⁵ Paragraph (C) appears merely to restate requirements of Rule 19b-4(e)(1) that the exchange have a “surveillance program” to the extent that the basis for the listing is prior commission approval of the index in connection with the trading of exchange-traded derivatives.

⁶ To the best of BGI’s knowledge, none of Austria, Belgium, Brazil, Chile, France, Germany, India, Italy, Mexico, the Netherlands, Singapore, South Africa, South Korea, Taiwan, Thailand or Turkey (each of which is represented in major international stock indices) participate in the Intermarket Surveillance Group, an international body that provides the framework for the sharing of information and the coordination of regulatory efforts among exchanges trading securities and related products to address potential trading abuses.

ETF on a U.S. exchange, but rather arbitrage activity by large U.S. market participants will instead likely tend to reverse any “mispricing” in the non-U.S. market.⁷ Thus, BGI believes surveillance sharing agreements are unnecessary to protect U.S. investors in ETFs from the price impact of unusual trading in non-U.S. markets. BGI strongly supports that “comprehensive surveillance sharing agreements” are not a criteria under paragraph (B) of the Rule Proposal, and requests that the adopting release make clear that paragraphs (B) and (C) are independent standards for listing.

B. Last-Sale Reporting

Paragraph (B)(5) of the Rule Proposal provides that “[e]ach US Component Stock shall be listed on a national securities exchange and shall be an NMS Stock as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, and each Non-US Component Stock shall be listed and traded on an exchange that has last-sale reporting.”⁸ Given that relatively few non-U.S. equities are listed (either directly or through American Depositary Receipts) on U.S. exchanges or are otherwise registered under the Exchange Act, paragraph (B)(5) effectively requires that any global or international equity index underlying an ETF consist *exclusively* of components that trade in countries that have exchanges with “last-sale reporting.” To the best of BGI’s knowledge, the term “last-sale reporting” generally is used in Commission pronouncements to refer to the real-time consolidated trade reporting system operated by U.S. exchanges pursuant to Regulation NMS but has not to date been clearly defined by the Commission outside of a U.S. context. In the absence of some more clearly defined meaning, BGI is not certain which non-U.S. exchanges have a system of “last-sale reporting” that would meet Commission standards.

⁷ The evidence from academic studies “overwhelmingly” indicates that the prices for exchange-traded index-linked instruments such as futures “lead”, rather than follow, the prices for the underlying cash index and its components. *See* “The Impact of Derivatives on Cash Markets: What Have We Learned?”, Stewart Mayhew, Department of Banking and Finance, Terry College of Business, University of Georgia, October 27, 1999 (revised February 3, 2000) at Section 3.8.1, as well as other studies cited therein. More recent studies have found that ETFs perform a similar role in price discovery and transmission of price information to underlying components, but may do so “in a more effective way” than futures because they are “more convenient trading vehicles” for large institutional traders and the ETF arbitrage mechanism promotes “quoting behavior” that is less affected by considerations other than efficient pricing. *See* “Basket Securities, Price Formation and Informational Efficiency”, Lei Yu, Department of Finance, Mendoza College of Business, University of Notre Dame, November 2003 (revised March 25, 2005), at note 11, as well as other studies cited therein. *See also* “Intraday Price Formation in U.S. Equity Markets”, Joel Hasbrouck, *The Journal of Finance*, December 2003.

⁸ Paragraph (b)(3) of Rule 1000 of the Rule Proposal provides that any equity security registered under the Exchange Act, including any equity security underlying an American Depositary Receipt, is a “US Component Stock” for purposes of the Rule Proposal. All other equity securities issued by a non-U.S. entity would be “Non-US Component Stock” as defined in paragraph (b)(4) of Rule 1000.

BGI suggests that meaning of the term “last-sale reporting” be clarified in the Rule Proposal or, alternatively, in the adopting release.⁹ BGI notes that many non-U.S. exchanges operate in a manner that is not wholly consistent with U.S. practices, which may include the way trades are reported. While BGI does not believe this is intended, if the term “last-sale reporting” is interpreted in the future to limit Non-US Component Stocks to a relatively small group of developed markets with trade reporting systems substantially identical to the U.S., BGI is concerned that the Rule Proposal would then apply only to ETFs that seek to track global or international stock indices that consist *exclusively* of stocks from such small group of developed markets, precluding use of generic exchange listing rules to list any ETF that seeks to track a broad range of international markets or an index that includes any non-developed market exposure. In addition, BGI does not believe the “last-sale reporting” requirement is necessary for U.S. ETF market participants to be able to price the underlying portfolios of ETFs efficiently.¹⁰

BGI surmises that the intent of the term “last-sale reporting” is to exclude non-U.S. Component Stocks that trade primarily in over-the-counter dealer markets rather than exchanges. If this is correct, BGI submits that the term “last-sale reporting” may be redundant, because the Rule Proposal requires that each Non-U.S. Component Stock “be listed and traded on an exchange”. If the term is not redundant because certain non-U.S. exchanges would be deemed to lack “last-sale reporting”, it is not clear to BGI which non-U.S. exchanges would fail to meet the standard and, therefore, which stocks that trade on such exchanges could not be included in an index underlying an ETF that would seek to rely on the Rule Proposal. In the absence of further clarification, BGI is concerned that the Rule Proposal could not be applied in a consistent manner as Amex and market participants struggle to interpret this key phrase.

C. Trading Volume

Paragraph (B)(2) of the Rule Proposal requires component stocks representing at least 90% of the weight of the index to have a minimum worldwide monthly trading

⁹ Alternatively, Amex or the Commission could specify which non-U.S. exchanges currently would meet this requirement as well as develop a transparent process for determining which non-U.S. exchanges might meet this requirement in the future. One possible way to clarify this requirement would be to refer to other Commission precedents – for example, the adopting release could state that any exchange that has “a system for exchange of price quotations through common communications media” within the meaning of Rule 902(b)(2)(vi) under the Securities Act, including, on a non-exclusive basis, any exchange that the Commission or its staff has determined is a “designated offshore securities market” within the meaning of Rule 902(b), would satisfy the “last-sale reporting” requirement of the Rule Proposal.

¹⁰ Indeed, BGI believes that U.S. ETF market participants are able to price ETFs efficiently so long as the underlying portfolios are transparent to the sophisticated institutional traders that make markets in the ETF shares. BGI notes that such institutions regularly make two-way markets in a variety of non-U.S. equities that may trade in venues without “last-sale reporting” or other attributes of U.S. markets.

volume during each of the last six months of at least 250,000 shares. BGI suggests that the adopting release clarify that “worldwide monthly trading volume” includes any shares underlying American Depository Receipts traded in the U.S.¹¹ BGI believes this suggestion is consistent with Rule 1000(b)(3) of the Rule Proposal, which recognizes that the securities of a corporate entity not organized, domiciled or incorporated in the United States may nevertheless trade in the U.S. through American Depository Receipts.

In addition, BGI believes it would be less arbitrary to state trading volume requirements in terms of dollars rather than shares. An equity that has average daily trading volume of 225,000 shares a day at an average price of \$100 generally has greater market depth than an equity that has average daily trading volume of 275,000 shares a day at an average price of \$10. Given that the price per share of individual equities may differ dramatically, stating the trading volume requirement of paragraph (B)(2) in terms of shares may tend to overstate or understate the true market depth of the components of particular indices. As noted below, existing Exchange Act standards relating to the trading volume of indices underlying ETFs are based on dollar volume rather than share volume.

D. Change to an ETF’s Underlying Index

The Rule Proposal adds a new requirement to Rules 1002(b) and 1002A(b) that Amex “will commence delisting proceedings if the value of the index or portfolio of securities on which the [ETF] is based is no longer calculated or available and the index or portfolio is not substituted with a substantially similar index or portfolio underlying such series that satisfies the provisions of [the Rule Proposal].” BGI questions how this requirement would work in light of common index events. Specifically, BGI requests that the Commission clarify in the adopting release when an index should be deemed “no longer calculated or available”, which BGI does not believe is obvious on its face. BGI further requests that, in the event that an index is deemed “no longer calculated or available”, a “substantially similar” substituted index would not necessarily have to satisfy the provisions of the Rule Proposal specifically as of the date of the substitution. BGI is concerned that, in the absence of such clarification, this requirement will necessitate the commencement of delisting proceedings for ETFs that generally meet the criteria for listing.

Indices that serve as benchmarks for exchange-traded funds and other index funds are not static, but change their components periodically based on the indices’ methodology. This may lead to significant index turnover on specific dates when an index is reconstituted -- that is, when the index’s stock selection methodology is applied in a wholesale manner on a specific date to drop index components that no longer meet the criteria and select new stocks that do. Indeed, many ETFs that rely on the current

¹¹ While most non-U.S. stocks are not traded in the U.S. through American Depository Receipts, a significant portion of the trading volume of some of the largest non-U.S. stocks may occur through the trading of American Depository Receipts.

Amex generic exchange listing standards for ETFs seek to track so-called “dynamic” or “fundamental” indices, which differ from market capitalization-weighted indices in that, by design, they replace their components frequently, generally monthly, based on fundamental factors, resulting in substantial turnover of index components. Further, an index sponsor may materially change an index’s selection methodology in a way that causes comprehensive turnover of index components, or transfer an index to a new sponsor who takes over selection, calculation and publication of the index. BGI requests that the Commission clarify in the adopting release that an index will not be deemed to be “no longer calculated or available” for purposes of the Rule Proposal upon the occurrence of such events, but only upon complete cessation of dissemination of an ETF’s underlying index.

In addition, index providers may maintain more than one version of certain indices for periods of time, with technical differences in methodology (for example, one version that is weighted by total capitalization and another that is weighted by “free float” capitalization) that may result in meaningful differences in index weighting or composition. If market demand no longer warrants maintaining more than one version, an index provider may, to reduce its overhead, discontinue a particular version, and may do so with little advance notice to an ETF that is based on the discontinued version of the index and with no opportunity for the ETF to provide guidance on the timing of the discontinuance.¹² In such circumstances, an ETF would likely be required to change the index on which it is based to a surviving version of the same index.¹³ There can be no guarantee, however, that the surviving version of the index would pass the criteria of the Rule Proposal as of some arbitrary date selected outside of the ETF’s control. Indeed, because the trade volume criteria of paragraph (B)(2) of the Rule Proposal are retroactive for six months, this requirement of Rules 1002(b) and 1002A(b) would require the Amex to commence delisting proceedings if the trade volume of the surviving version of the index had dropped below the minimum required level in any one of the previous six months – even if it could be demonstrated that historical average trading volume was substantially higher and the one failing month was anomalous. This would be true even if the discontinued version of the index would also have also failed to meet the criteria as of a current date for the same reason.

¹² ETFs are extensively regulated by the Commission and its Division of Investment Management under the Investment Company Act of 1940 (the “Investment Company Act”), and are generally required to obtain exemptive relief under such act. Historically, the staff of the Division of Investment Management has required ETF providers to maintain independence from index providers in order to obtain exemptive relief. Thus, neither an ETF provider nor any of its affiliates may exercise “control” over an index provider within the meaning of the Investment Company Act.

¹³ The Investment Company Act and the Commission’s regulations thereunder include extensive corporate governance and disclosure requirements relating to changes in investment policy that an ETF would be required to follow.

BGI therefore suggests that the adopting release make clear that the “substantially similar index” may satisfy the criteria of the Rule Proposal as of any date within a reasonable time frame around the substitution.¹⁴ BGI further suggests that this time period be expanded to permit even greater flexibility if the discontinued index would also have not met the criteria of the Rule Proposal as of the date of discontinuance.¹⁵ This would provide the regulatory flexibility to avoid aberrant “failures” caused by applying the criteria as of an arbitrary date, and permit all parties to avoid the commencement of unnecessary delisting proceedings that could have collateral legal consequences as well as cause uncertainty among an ETF’s shareholders.

III. Consistency with Other Applicable Exchange Act Standards

While BGI strongly supports the goal of broadening generic listing standards for ETFs to encompass international and global equity indices, BGI believes that this goal could be achieved even more effectively if the conditions of the Rule Proposal relating to capitalization, diversification and trading volume were more fully consistent with existing ETF regulatory standards, in particular other existing ETF regulatory standards under the Exchange Act.

ETFs are currently subject to requirements established by the staff of the Commission’s Division of Market Regulation which seek to establish capitalization, diversification and trading volume standards with respect to the ETF’s portfolio.¹⁶ In light of these requirements, and the difficulty ETF providers may have managing compliance with multiple similar-but-not-identical standards, BGI requests the Commission consider whether any significant regulatory objective is achieved by adopting additional tests relating to the same matters through the Rule Proposal. BGI requests that the Commission promote the consistency of applicable regulations whenever doing so otherwise appears to be in harmony with appropriate regulatory

¹⁴ BGI believes a reasonable time frame for this purpose would be from sixty days prior to the date of substitution up to thirty days following the date of substitution.

¹⁵ The criteria of the Rule Proposal apply only as of a specific date, and not on a continuous basis. It is therefore possible, even likely, that an ETF could meet the criteria as of the time of its initial offering but later fail to meet the criteria due, for example, to a drop in average trading volume in a particular market caused by changes in investor sentiment, or changes in relative market capitalization among the index’s components. If an ETF’s underlying index ceased in such circumstances, BGI believes regulatory barriers to the substitution of a new index that tracks the same market segment targeted by the ETF would likely cause confusion and frustration among the ETF’s existing shareholders.

¹⁶ In addition to the ETF Staff No-Action Letters (discussed *infra*), ETFs may be subject to the diversification standards of Section 5 of the Investment Company Act of 1940 (the “Investment Company Act”) as well as Subchapter M of the Internal Revenue Code. In addition, the staff of the Commission’s Division of Investment Management has frequently made substantial inquiry into the capitalization, trading volume and other statistical features of an underlying index of an ETF in connection with its consideration of exemptive relief under the Investment Company Act.

objectives, and believes little regulatory purpose is served in having multiple capitalization and trading volume requirements apply to new ETFs.

ETFs generally cannot begin trading on a U.S. exchange without obtaining no-action relief under the Exchange Act from the staff of the Commission's Division of Market Regulation (the "ETF No-Action Letters").¹⁷ These no-action positions have had standardized capitalization, diversification and trading volume requirements for many years. BGI commends the Rule Proposal for maintaining consistency with the standards of the ETF No-Action Letters in some respects – such as requiring a minimum of 20 component stocks – but requests that the Commission either require consistency with similar requirements under the ETF No-Action Letters or justify why consistency is not practicable or desirable.¹⁸ In particular, BGI notes the following differences between the Rule Proposal and the historical requirements of the ETF No-Action Letters:

- Paragraph (B)(1) of the Rule Proposal provides that “[c]omponent stocks that in the aggregate account for at least 90% of the weight of the index or portfolio shall have a minimum market value of at least \$100 million.” The ETF No-Action Letters require that 75% of the ETF must be comprised of component stocks with a “public float” of at least \$150 million if the ETF has 200 or more component stocks, otherwise 85% of the ETF must meet this requirement.
- Paragraph (B)(2) of the Rule Proposal provides that “[c]omponent stocks representing at least 90% of the weight of the index or portfolio shall have a minimum worldwide monthly trading volume during each of the last six months of at least 250,000 shares” (emphasis added). The ETF No-Action Letters, in contrast, provide, that “[a]t least 85% of the ETF must be

¹⁷ The no-action relief that historically has been routinely granted to ETFs encompasses:

- relief from Regulation M, an anti-market manipulation rule that otherwise technically prohibits Authorized Participants from buying or selling ETF shares
- relief from Section 11(d)(1), which would otherwise prohibit brokers from extending margin credit against ETF shares held in customer accounts
- relief from Rule 10a-1, which would otherwise prohibit short sales of ETF shares unless the prior trade was an “uptick”.

See, e.g., PowerShares Listed Private Equity Portfolio, File No. TP 07-07, October 24, 2006 (extending prior “class relief” granted to ETFs that meet certain criteria to all ETFs that trade on a U.S. exchange or national securities association pursuant to rules approved by the Commission pursuant to Section 19(b) of the Exchange Act); iShares S&P Global Consumer Discretionary Sector Index Fund, File No. TP 06-101, September 19, 2006 (most recent letter relating to an ETF with non-U.S. holdings prior to the extension of class relief to encompass such ETFs); and prior ETF No-Action Letters cited therein.

¹⁸ BGI is not aware of any regulatory concern that would prevent the establishment of consistent standards for ETFs under the Exchange Act.

comprised of Component Stocks that have . . . a minimum average daily trading volume (ADTV) of at least \$1 million during each of the previous two (2) months of trading prior to formation of the relevant ETF; provided, however, if the ETF has 200 or more Component Stocks, then 75% of the Component Stocks must meet the . . . \$1 million ADTV threshold” (emphasis added).

- Most importantly, the Rule Proposal applies to the “index or portfolio” underlying the ETF,¹⁹ whereas the ETF No-Action Letters apply to an ETF’s portfolio holdings.

BGI believes that the criteria established by the staff of the Division of Market Regulation in the ETF No-Action Letters are a *de facto* market standard that will continue to apply notwithstanding differing requirements in generic exchange listing rules, and therefore requests that generic exchange listing rules conform to the Division of Market Regulation’s pre-existing criteria wherever possible.

BGI also notes that existing generic listing standards adopted pursuant to the Exchange Act for closed-end funds that may invest in non-U.S. equities, including those of Amex, differ substantially from the Rule Proposal,²⁰ and the Rule Proposal does not seek to explain such difference.

¹⁹ BGI understands the word “portfolio” to refer to an underlying reference portfolio other than an index, rather than to an ETF’s actual portfolio holdings.

²⁰ Existing generic exchange listing rules for closed-end funds generally provide only that the closed-end fund have a minimum amount of outstanding securities. For example, Rule 101 of the Amex Company Guide (Criteria for Original Listing) provides:

“(f) Closed-End Management Investment Companies—The Exchange will generally authorize the listing of a closed-end management investment company registered under the Investment Company Act of 1940 (a “Closed-End Fund”) that meets the following criteria:

(1) Size—market value of publicly held shares or net assets of at least \$20,000,000; or

(2) A Closed-End Fund which is part of a group of Closed-End Funds which are or will be listed on the Exchange, and which are managed by a common investment adviser or investment advisers who are “affiliated persons” as defined in Section 2(a)(3) of the Investment Company Act of 1940 as amended (the “Group”), is subject to the following criteria:

i. The Group has a total market value of publicly held shares or net assets of at least \$75,000,000;

ii. The Closed-End Funds in the Group have an average market value of publicly held shares or net assets of at least \$15,000,000; and

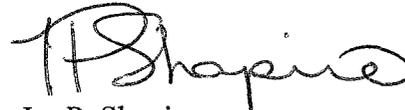
iii. Each Closed-End Fund in the Group has a market value of publicly held shares or net assets of at least \$10,000,000.”

* * * * *

In summary, BGI believes that generic listing standards for ETFs should be broadened to encompass international and global equity indices and supports the Rule Proposal as a highly positive step forward, but believes the Rule Proposal could be strengthened by clarification in the Rule Proposal or the adopting release of (a) the need for market surveillance agreements, (b) the requirement that Non-U.S. Component Stocks trade on exchanges with "last-sale reporting", (c) trading volume requirements, and (d) the application of qualification criteria in the event of an index substitution or other significant index event. BGI also asks the Commission to take into account consistency with other requirements already applicable to ETFs when considering generic listing standards for ETFs.

Thank you for providing us this opportunity to comment on the Rule Proposal. If you have any questions, please feel free to contact the undersigned at (415) 597-2860.

Sincerely,



Ira P. Shapiro

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