

September 7, 2012

Ms. Josephine J. Tao, Esq.
Assistant Director
Office of Trading Practices and Processing
Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Request for Exemptive, Interpretive and No-Action Relief from Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-17 under the Exchange Act for an Equity-Index Exchange-Traded Fund

Dear Ms. Tao:

iShares, Inc. (the “Company”) requests relief under the Securities Exchange Act of 1934 (the “Exchange Act”) on behalf of itself and the market participants discussed below with respect to one of its series operated as an exchange-traded fund (an “ETF”). The Company is an open-end management investment company, registered as an investment company with the U.S. Securities and Exchange Commission (the “Commission”), that was organized on August 31, 1994 as a Maryland corporation. The Company consists of approximately 50 investment series or portfolios.

This letter requests relief with respect to the iShares MSCI Frontier 100 Index Fund (the “Fund”), a newly-created series of the Company. The Company is seeking approval from NYSE Arca, Inc. (the “Exchange”) to have the Fund’s shares (the “Shares”) listed on the Exchange, subject to notice of issuance. The Exchange is expected to rely on Rule 19b-4(e) under the Exchange Act to list the Shares for trading. The Shares will meet the Exchange’s listing criteria for ETFs pursuant to Exchange Rule 5.2(j)(3), including the trading volume and portfolio liquidity criteria thereof.¹

¹ Rule 5 of the NYSE Arca Equities Rules governs listing of equity securities. Rule 5.2(j)(3), as noted, sets out the listing standards for investment company units, such as the Shares. To be eligible to list its shares on the Exchange, Rule 5.2(j)(3) generally requires, in relevant part, an investment company to hold securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities. The investment company must issue units in a specific aggregate number of individual shares in return for a deposit of securities and/or a cash amount. Units must be redeemable directly or indirectly from the investment company in return for securities and/or cash, a minimum number of units must be

The Fund will invest in stocks consisting of the component securities (the “Component Securities”) of the MSCI Frontier Markets 100 Index (the “Index”). Investments in Component Securities of the Index are made consistent with the Fund’s investment strategy. The Company will issue and redeem Shares only in aggregations of at least 50,000 Shares (referred to as “Creation Units”).

The Company, on behalf of itself, the Fund, the Exchange and any other national securities exchange on or through which the Shares may subsequently trade (with each such market being a “Market”), and persons or entities engaging in transactions in Shares, as the case may be, requests that the Commission grant exemptive, interpretive or no-action relief from Rules 101 and 102 of Regulation M under the Exchange Act, and Rule 10b-17 under the Exchange Act, in connection with secondary market transactions in Shares and the creation or redemption of Creation Units of Shares, as discussed below.

On October 24, 2006, the Commission granted relief to the PowerShares Exchange-Traded Fund Trust with respect to the rules under the Exchange Act identified above (the “PowerShares Letter”).² ETFs listed and traded on an exchange may rely upon the relief granted in the PowerShares Letter without the submission of an Exchange Act exemptive/no-action request if such ETFs meet specified conditions, including that: (a) at least 70% of the ETF must be comprised of component stocks that have a minimum average daily trading volume (“ADTV”) of at least \$1 million during each of the previous two months of trading prior to formation of the relevant ETF; and (b) at least 70% of the ETF must be comprised of component stocks that have a minimum public float value of at least \$150 million; provided, however, that if the ETF has 200 or more component stocks, then 50% of the component stocks must meet the \$1 million ADTV and \$150 million public float thresholds.³ Although the Fund is expected to meet the applicable requirements to be listed on the Exchange, certain of the Component Securities of the Fund will not meet the ADTV criterion of the PowerShares Letter;⁴ therefore, the Fund

outstanding at the commencement of trading on the Exchange, and the units’ net asset value per share must be calculated daily and available to all market participants at the same time.

² Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation, to Stuart M. Strauss, Esq. (Oct. 24, 2006). Relief was granted for the Commission by the Division of Market Regulation (now the Division of Trading and Markets) pursuant to delegated authority.

³ PowerShares Letter at 2-3.

⁴ Except for the ADTV criterion, the Fund meets all other conditions of the PowerShares Letter. We note that the Commission has previously granted relief to ETFs that did not meet the ADTV and/or public float requirements, but that otherwise met the conditions of the PowerShares Letter. See Letter from James A. Brigagliano, Associate Director, Division of Market Regulation, to Domenick Pugliese (Mar. 8, 2007) (“HealthShares Composite Letter”); Letter from James A. Brigagliano, Associate Director, Division of Market Regulation, to Domenick Pugliese (Jan. 22, 2007) (“HealthShares Emerging Letter”) and Letter from Josephine J. Tao, Assistant Director, Division of Trading and Markets, to Matthew B. Comstock (Aug. 17, 2010) (“iShares Preferred Letter”).

We note that 98 percent of the Fund’s Component Securities would meet the minimum public float criterion. For the two-month period ending March 5, 2012, 41.0 percent of the Component Securities met the \$1 million ADTV criterion, and 41 percent of the Component Securities met both the public float and

may not rely on the relief provided in the PowerShares Letter with respect to Rules 101 and 102 of Regulation M under the Exchange Act and Rule 10b-17 under the Exchange Act.⁵

I. The Parties

A. The Fund

The Fund is an investment portfolio of the Company. The investment objective of the Fund is to provide investment results that, before fees and expenses, correspond generally to the price and yield of the Index. The Fund will seek to achieve its investment objective by generally investing at least 80 percent of its assets in securities of the Index and in depositary receipts representing securities in the Index. The Fund's investment objective is not a fundamental policy and can be changed by the board of directors of the Company (the "Board") without shareholder approval.

The Fund intends to maintain the required level of diversification and otherwise conduct its operations so as to qualify as a "regulated investment company" for purposes of the Internal Revenue Code of 1986.

The Index intends to target approximately 99 percent coverage of the free-float adjusted market capitalization in each market of large-, mid- and small-cap securities.

The Index is a free float-adjusted market-capitalization index designed to measure equity market performance of a subset of the MSCI Frontier Markets Index (the "Parent Index"), while putting greater emphasis on tradability and liquidity as compared to the Parent Index. The Index methodology applies security filters to exclude securities with low foreign room and to apply a minimum liquidity level. "Foreign room" is the proportion of shares still available to foreign investors relative to the maximum allowed. The minimum liquidity level is measured by the 12-month Annualized Traded Value Ratio, which must be greater than 10 percent.

Eligible securities are ranked by decreasing free-float adjusted market capitalization. The top 100 securities are selected for inclusion in the Index. The maximum weight of any single country in the Index is set at 50 percent. The Index is reviewed semi-annually, in May and November, with the objective of reflecting changes in the underlying equity markets in a timely manner, while limiting undue Index turnover. During the review, the number of constituents in the Index will be restored to 100, should deletions occur during the interim because of corporate events. As of April

ADTV criteria.

⁵ The Commission has granted class relief with respect to Section 11(d)(1) of the Exchange Act and Rules 10b-10, 11d1-2, 15c1-5 and 15c1-6 thereunder to certain "Qualifying ETFs." See Letter from Catherine McGuire, Chief Counsel, Division of Market Regulation, to the Securities Industry Association (Nov. 21, 2005). The Fund meets the requirements of "Qualifying ETFs" under the aforementioned letter and is relying on the letter with respect to these provisions.

11, 2012, the Index consisted of issuers in the following 21 frontier market countries: Argentina, Bangladesh, Croatia, Estonia, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Lithuania, Mauritius, Nigeria, Oman, Pakistan, Qatar, Romania, Serbia, Sri Lanka, Ukraine, the United Arab Emirates and Vietnam. Component companies include energy, financial and telecommunication services companies. The component companies may change over time.

B. The Adviser

BlackRock Fund Advisors (“BFA” or the “Adviser”) has overall responsibility for the general management and administration of the Fund, including investment of the Fund’s assets. BFA is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”). BFA provides an investment program for the Fund and manages the investment of the Fund’s assets. In seeking to achieve the Fund’s investment objective, BFA uses a team of portfolio managers, investment strategists and other investment specialists. BFA’s management and administration of the Fund is subject to the oversight of the Board.

BFA uses a “passive” or indexing approach to try to achieve the Fund’s investment objectives. Unlike many investment companies, the Fund does not try to outperform the index that it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

Under the Investment Advisory Agreement between BFA and the Company (entered into on behalf of the Fund), BFA is responsible for substantially all expenses of the Fund other than interest expense, taxes, brokerage expenses, future distribution fees or expenses and extraordinary expenses.

C. The Distributor

Blackrock Investments, LLC (the “Distributor”), a broker-dealer registered with the Commission under the Exchange Act, will act on an agency basis and will be the Fund’s “principal underwriter,” as defined in Section 2(a)(29) of the Investment Company Act of 1940 (the “1940 Act”). The Company issues and sells Shares only in Creation Units on a continuous basis through the Distributor at their net asset value (“NAV”) next determined after receipt of an order in proper form. The Distributor will not maintain a secondary market in the Shares. The Distributor may enter into selected dealer agreements with other broker-dealers or other qualified financial institutions for the sale of Creation Units of Shares (“Soliciting Dealers”). Such Soliciting Dealers may also be participants in the Depository Trust Company (“DTC”).

D. The Depository Trust Company

DTC will serve as the securities depository for the Shares (the Shares may be held only in book-entry form; stock certificates will not be issued). DTC, or its nominee, will

be the record or registered owner of all outstanding Shares. Beneficial ownership of Shares will be shown on the records of DTC or its participants (*i.e.*, securities brokers-dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC, referred to herein as “DTC Participants”). Beneficial owners of Shares generally are not entitled to have Shares registered in their names, and will not receive or be entitled to receive physical delivery of certificates.

To exercise any rights of a holder of Shares, each beneficial owner must rely on the procedures of (i) DTC; (ii) DTC Participants; and (iii) broker-dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly, through which such beneficial owner holds its interests.

II. Intraday Indicative Value and the Trading Market

A. Calculation of Intraday Indicative Value

The Exchange or other market information provider will disseminate every 15 seconds throughout the trading day, through the facilities of the Consolidated Tape Association (“CTA”), an amount (the “IIV”) representing, on a per-share basis, the sum of the current value of the Deposit Securities, as that term is defined below, and the estimated Cash Component, also defined below. The Company is not involved in or responsible for the calculation or dissemination of any such amount and makes no representation or warranty as to its accuracy.

B. The Trading Market

As noted above, Shares will be listed for trading and will trade throughout the day on the Exchange and, potentially, other Markets. The price of Shares trading on the Exchange will be based on a current bid/offer market. The trading market on the Exchange affords investors the opportunity to assume and liquidate positions in Shares at their discretion, permitting them to take advantage of prices at any time during the trading day. This combination of intra-day liquidity with the Creation Unit purchase and redemption features creates potential arbitrage opportunities that, in turn, should mitigate pricing inefficiencies. The structural characteristics of the Shares are believed to provide investors with a liquid, price-efficient security that closely tracks the performance of the applicable Index.

The arbitrage mechanism will be facilitated by the transparency of the Fund’s portfolio as represented by the Deposit Securities and Fund Securities, as discussed more fully below; availability of the IIV; the liquidity of the securities and the ability to access such securities; as well as the arbitrageurs’ ability to create workable hedges. As discussed above, there will be disclosure on each business day of the Fund’s Deposit Securities and Fund Securities, and the IIV will be disseminated every 15 seconds throughout the trading session. The Fund will invest solely in liquid securities, which

will facilitate an effective and efficient arbitrage mechanism and the ability to create workable hedges. For these reasons, we expect arbitrageurs to be able to take advantage of price variations between the Fund's market price and its NAV. We therefore expect close alignment between the market price and the NAV per share.

III. Creation and Redemption of Shares

A. Method of Purchase and Creation of Shares

The consideration for purchase of Creation Units of the Fund generally consists of the in-kind deposit of a designated portfolio of securities (including any portion of those securities for which cash may be substituted) (*i.e.*, the "Deposit Securities"), and the "Cash Component," as described below. Together, the Deposit Securities and the Cash Component constitute the "Fund Deposit," which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund.

The Cash Component is an amount equal to the difference between the NAV of the Creation Unit and the "Deposit Amount," which is an amount equal to the market value of the Deposit Securities. The function of the Cash Component is to compensate for any differences between the NAV per Creation Unit and the Deposit Amount. The Fund generally offers Creation Units partially for cash.

BFA, through the National Securities Clearing Corporation ("NSCC"), makes available on each business day, before the opening of business on the Exchange, the identity and required number of shares of each Deposit Security and the amount of the Cash Component to be included in the current Fund Deposit (based on information at the end of the previous business day). The Deposit Securities generally remain the same, subject to any adjustments as described below, until such time as the next-announced composition of the Deposit Securities is made available.

To be eligible to place orders with the Distributor and to create a Creation Unit of the Fund, an entity must be: (i) a "Participating Party," *i.e.*, a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of NSCC (the "Clearing Process"), (ii) a clearing agency that is registered with the Commission, or (iii) a DTC Participant, and must have executed an agreement with the Distributor with respect to creations and redemptions of Creation Units ("Participant Agreement"). A Participating Party that has executed a Participant Agreement is referred to as an "Authorized Participant."

All creation orders must be placed for one or more Creation Units by or through an Authorized Participant and must be received by the Distributor in proper form no later than the time specified in the Fund's prospectus on any business day in order for the purchase to be effected based on the NAV of the Shares as next determined on such date. The date on which an order to create Creation Units (or an order to redeem Creation

Units, as discussed below) is timely received in proper form is referred to as the “Transmittal Date.”

State Street Bank and Trust Company (“State Street”), the custodian of the Fund’s assets, will maintain or cause a sub-custodian of the Fund to maintain an account into which the Authorized Participant shall deliver, on behalf of itself or the party on whose behalf it is acting, the securities included in the Fund Deposit (or the cash value of such securities, in the case of permitted or required cash purchases or “cash-in-lieu” amounts), with any appropriate adjustments as permitted by the Company. Because Deposit Securities normally will consist of non-U.S. securities, they will be delivered to an account maintained at the applicable local sub-custodians.

A Creation Unit typically will not be issued until the transfer to the Company of good title to the Deposit Securities or cash, as applicable, and the payment of the Cash Component, have been completed. When the sub-custodian has confirmed to the Custodian that the securities included in the Fund Deposit (or the cash value thereof) have been delivered to the account of the relevant sub-custodian or sub-custodians, the Distributor and the Adviser shall be notified of such delivery and the Company will issue and cause the delivery of the Creation Unit in respect of the Fund. Creation Units are typically issued on a T+3 basis.

To the extent contemplated by the applicable Participant Agreement, Creation Units may be issued to an Authorized Participant notwithstanding the fact that the corresponding Deposit Securities have not been received in part or in whole, in reliance on the undertaking of the Authorized Participant to deliver the missing Deposit Securities as soon as possible, which undertaking must be secured by such Authorized Participant’s delivery and maintenance of collateral. The Participant Agreement generally permits the Fund to use the collateral to buy the missing Deposit Securities at any time.

The Company reserves the absolute right to reject any creation order for Shares transmitted to it by the Distributor in respect of the Fund if: (i) the order is not in proper form; (ii) the investor(s), upon obtaining the Shares ordered, would own 80% or more of the currently outstanding Shares; (iii) the Deposit Securities delivered do not conform to the identity and number of shares of Deposit Securities disseminated through the facilities of NSCC for that date by BFA, as described above; (iv) acceptance of Deposit Securities would have certain adverse tax consequences to the Fund; (v) acceptance of the Fund Deposit would, in the opinion of counsel, be unlawful; (vi) acceptance of the Fund Deposit would, in the discretion of the Company or BFA, have an adverse effect on the Company or the rights of the beneficial owners; or (vii) circumstances outside the control of the Company, State Street, the Distributor or BFA would make it impossible or impracticable to process creation orders.

A standard creation transaction fee is imposed to offset the transfer and other transaction costs associated with the issuance of Creation Units. The standard creation transaction fee will be the same regardless of the number of Creation Units purchased by

the purchaser on the same day. An Authorized Participant also may be required to compensate the Fund for additional expenses incurred by the Fund in certain circumstances. When the Company permits an Authorized Participant to substitute cash-in-lieu of depositing a portion of the Deposit Securities, for example, the Authorized Participant may be responsible for certain brokerage, tax, foreign exchange, execution, market impact (including expenses associated with certain brokerage execution guarantees) and other costs and expenses related to the execution of trades resulting from the cash portion of the transaction. An Authorized Participant may also be required to pay an additional charge (up to a maximum amount that is disclosed in the Fund's prospectus) to cover other costs related to a creation transaction.

B. Redemption of Shares in Creation Units

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Fund through the Distributor and only on a business day. The Fund will not normally redeem Shares in aggregations less than Creation Units. Beneficial owners must accumulate enough Shares in the secondary market to constitute a Creation Unit in order to be eligible to have such Shares redeemed by the Company. Redemption occurs on a continuous basis.

BFA and the Distributor make available through NSCC, immediately prior to the opening of business on the Exchange (normally 9:30 a.m., Eastern time) on each business day, the identity and number of shares that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day ("Fund Securities"). Fund Securities received on redemption may not be identical to Deposit Securities that are applicable to purchases of Creation Units.

Unless cash redemptions are available or specified for the Fund, the redemption proceeds for a Creation Unit generally consist of Fund Securities plus cash in an amount equal to the difference between the NAV of the Creation Unit, as next determined after receipt of a request in proper form, and the value of the Fund Securities (such difference, the "Cash Redemption Amount"), less the redemption transaction fee or any additional fee described in the Fund's registration statement. If the Fund Securities have a value greater than the NAV of the Creation Unit, a compensating cash payment equal to such difference is required to be made by or through an Authorized Participant by the redeeming shareholder. The Fund generally redeems Creation Units partially for cash.

Orders to redeem Creation Units must be delivered by or through an Authorized Participant. An order in good form to redeem Creation Units is deemed received by the Company on the Transmittal Date if: (i) a request in satisfactory form to the Company is received by State Street not later than the time specified in the Fund's prospectus on the Transmittal Date; (ii) such order is accompanied or followed by the requisite number of Shares specified in such order, which delivery must be made through DTC to State Street no later than 10:00 a.m., Eastern time, on the next business day following the Transmittal Date; and (iii) all other procedures set forth in the Participant Agreement are properly

followed. If redemption is made in-kind, deliveries of Fund Securities to redeeming investors generally will be made within three business days.

To take delivery of Fund Securities upon redemption of Shares, a redeeming beneficial owner, or Authorized Participant acting on behalf of such beneficial owner, must maintain appropriate security arrangements with a qualified broker-dealer, bank or other custody provider in each jurisdiction in which any of the Fund Securities are customarily traded, to which account such Fund Securities will be delivered.

If contemplated by an Authorized Participant's agreement with the Distributor, if an Authorized Participant has submitted a redemption request in proper form, but cannot transfer all or part of the Creation Unit to be redeemed to the Fund's Transfer Agent, the Distributor may accept the redemption request in reliance on the undertaking by the Authorized Participant to deliver the missing shares as soon as possible. Such undertaking shall be secured by the Authorized Participant's delivery and maintenance of collateral.

The calculation of the value of the Fund Securities and the Cash Redemption Amount to be delivered upon redemption will be made by State Street according to specified procedures for determining NAV computed on the business day on which a redemption order is deemed received in proper form by the Company. If it is not possible to effect deliveries of the Fund Securities, the Company may in its discretion redeem Shares in cash, and the redeeming beneficial owner will be required to receive its redemption proceeds in cash. In addition, an investor may request a redemption in cash that the Fund may, in its sole discretion, permit. In either case, the investor will receive a cash payment equal to the NAV of the tendered shares next determined after the redemption request is received in proper form, minus applicable fees.

A standard fixed transaction fee is imposed on redemptions to offset transfer and other transaction costs that may be incurred by the Fund. The standard transaction fee will be the same regardless of the number of Creation Units redeemed by an investor on the same day. When the Company permits an Authorized Participant to effect a cash redemption, the Authorized Participant may be responsible for certain brokerage, tax, foreign exchange, execution, market impact (including expenses associated with certain brokerage execution guarantees) and other costs and expenses related to the execution of trades resulting from the cash portion of the redemption. An Authorized Participant may also be required to pay an additional charge (up to a maximum amount that is disclosed in the Fund's prospectus) to cover other costs related to a redemption transaction.

IV. Requests for Relief

The Company requests relief from specified rules promulgated under the Exchange Act, as set out below.

A. Rule 101 of Regulation M

The Company seeks relief from Rule 101 of Regulation M under the Exchange Act with respect to the Fund.⁶ Subject to certain enumerated exceptions, Rule 101 prohibits a “distribution participant,” in connection with a distribution of securities, from bidding for or purchasing or from attempting to induce any person to bid for or purchase, a “covered security” during the applicable restricted period. “Distribution participant” is defined in Rule 100(b) of Regulation M to include an underwriter or prospective underwriter in a particular distribution of securities, or any broker, dealer or other person who has agreed to participate or is participating in such distribution. Rule 100(b) of Regulation M defines “distribution,” for purposes of the Rule, as an offering of securities, whether or not subject to registration under the Securities Act of 1933, that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods.

We understand that while broker-dealers that tender cash or Deposit Securities to the Company through the Distributor in return for Creation Unit(s) of Shares generally will not be part of a syndicate or selling group, and no broker-dealer will receive fees, commissions or other remuneration from the Company or the Distributor for the sale of Creation Units, under certain circumstances they could be deemed to be an “underwriter” or “distribution participant,” as those terms are defined in Rule 100(b).

The Company respectfully requests that the Commission or Staff grant exemptive, interpretive or no-action relief from Rule 101, as discussed below, to permit persons participating in a distribution of Shares to bid for or purchase, or engage in other secondary market transactions in, such Shares during their participation in such distribution.

The purpose of Rule 101 is to prevent persons from conditioning the market to facilitate a distribution. Because the Fund’s NAV is generally determined based on the market values of its portfolio securities, and purchases or sales of Shares in the secondary market generally occur at negotiated prices that reflect the underlying portfolio value, as generally represented by the NAV, creation or redemption of Shares should not have a significant impact on the NAV, or the market value of Shares. Rather, the ability to create and redeem Shares each business day, combined with the arbitrage and market making mechanisms of market participants, should work to keep the market prices of Shares, and the NAV of such Shares, closely aligned.

⁶ 17 CFR 242.101 (2011).

Paragraph (c)(4) of Rule 101 exempts from its application, among other things, redeemable securities issued by an open-end management investment company (as such terms are used in the 1940 Act). The Company is registered as an open-end management investment company under the 1940 Act. However, the individual Shares are not redeemable except in Creation Unit size aggregations. As discussed above, due to the redeemability of the Shares in Creation Unit size aggregations each business day, combined with the ability of market participants to engage in arbitrage and other market making mechanisms throughout the trading day, there should be limited disparity between the Shares' market price and their NAV per Share. Accordingly, the rationale for exempting redeemable securities of open-end management investment companies from the application of Rule 101 is equally applicable to the Shares. Although Shares may only be redeemed in Creation Unit size aggregations, the Company is intended to function like any other open-end fund continuously offering its shares. In recognition of the special nature of such offerings, open-end management investment company and unit investment trust securities are exempted under paragraph (c)(4). Without such an exemption, they could not operate as intended. In view of the foregoing, the Company requests that the Commission or Staff confirm that as a result of registration of the Company as an open-end management investment company and the redeemable nature of the Shares in Creation Unit size aggregations, transactions in the Shares would be exempted from Rule 101 on the basis of the exception contained in subsection (c)(4) of the Rule.

The Company also respectfully requests relief from the provisions of Rule 101 to the extent necessary to permit persons or entities that may be deemed to be participating in the distribution of the Shares or a Component Security of the Fund to tender Shares for redemption in Creation Unit size aggregations and to receive as part of redemption proceeds the Fund Securities of the Fund, if the Fund should elect to make in-kind redemptions.

The Company requests, in this regard, that the Commission or Staff confirm that the tender of the Shares to the Company for redemption and the receipt of Fund Securities upon redemption does not constitute a bid for or purchase of any of such securities for the purposes of Rule 101, or alternatively, that the Commission or Staff grant exemptive or no-action relief to the extent necessary to permit redemptions of Shares for Fund Securities as described above. Redemption entails no separate bid for any of the Fund Securities. Absent unusual circumstances, the Company will not purchase Fund Securities in the secondary market to fulfill a redemption request. Therefore, redemptions of Shares cannot be expected to affect the market price of the Fund Securities. The Company believes that the purchase of Fund Securities, while engaged in a distribution with respect to such securities, for the purpose of acquiring a Creation Unit aggregation of Shares should be exempted from Rule 101. The purpose of Rule 101 is to prevent persons from conditioning the market to facilitate a distribution. Application of Rule 101 in this context would not further the anti-manipulation purposes underlying the Rule.

In view of the lack of any special financial incentive to create Creation Unit size aggregations of the Shares, combined with a predictable lack of any meaningful potential for the issuance and the secondary market trading of the Shares to affect significantly Share pricing, application of Rule 101 to a broker-dealer or other person who may be participating in a distribution or broker-dealers or other persons in their creation and redemption activities, in their day-to-day ordinary business of buying and selling securities and the Shares, may undermine the potential beneficial market effect of Share trading.

For the reasons set forth above, the Company requests that the Commission or Staff grant exemptive, interpretive or no-action relief from Rule 101 to permit persons participating in a distribution of Shares to bid for or purchase, or engage in other secondary market transactions in, such Shares during their participation in such distribution.

B. Rule 102 of Regulation M

The Company also requests that the Commission or Staff confirm that as a result of registration of the Company as an open-end management investment company and the redeemable nature of the Shares in Creation Unit size aggregations that, for the reasons previously stated under the request with respect to the exemption under Rule 101(c)(4), transactions in the Shares would be exempted from Rule 102 of Regulation M on the basis of the exception contained in subsection (d)(4) of such Rule.⁷

Alternatively, the Company respectfully requests that the Commission grant an exemption under paragraph (e) of Rule 102 to such effect. Application of Rule 102 in this context would not further the anti-manipulation purposes underlying the Rule.

Rule 102 is intended to prevent persons from manipulating the price of a security during a distribution and to protect the integrity of the offering process by prohibiting activities that could artificially influence the market for that particular security. For the reasons described in connection with the requested Rule 101 relief, redemption transactions and secondary market transactions in the Shares are not viable means to manipulate the price of a Component Security during a distribution of such security. The Company will redeem the Creation Unit size aggregations of Shares at the NAV of the Shares. Although the Shares will be traded on the secondary market, the Shares may only be redeemed in Creation Unit size aggregations. Thus, the Company believes that the redemption by the Company of the Shares at their NAV in consideration for Fund Securities or cash does not involve the abuses that Rule 102 was intended to prevent.

For the reasons set forth above, the Company requests that the Commission or the Staff grant exemptive, interpretive or no-action relief from paragraph (e) of Rule 102.

⁷ 17 CFR 242.102 (2011).

C. Rule 10b-17

The Company seeks relief from specified provisions of Rule 10b-17 under the Exchange Act. Rule 10b-17 requires an issuer of a class of publicly-traded securities to give notice of certain actions (*e.g.*, dividends, stock splits, rights offerings) relating to the class of securities. At issue with respect to the Fund are subparagraphs (b)(1)(v)(a)-(b) of Rule 10b-17. Those subparagraphs generally require an issuer to provide ten (10) days' advance notice of, in regard to (a) cash distributions, the amount of cash to be paid or distributed per share,⁸ and (b) in-kind distributions, the amount of the security outstanding immediately prior to and immediately following the dividend or distribution and the rate of such dividend or distribution. Paragraph (c) of the Rule, however, states that the Rule shall not apply to redeemable securities issued by open-end investment companies and unit investment trusts registered under the 1940 Act. Except for the fact that Shares may be purchased and redeemed from the Fund only in Creation Unit aggregations and are listed for individual trading on a national securities exchange, the Company generally is intended to operate like other open-end funds continuously offering their shares. In recognition of the foregoing, the Commission issued an order permitting the Company to issue shares with limited redeemability.

Compliance with Rule 10b-17(b)(1)(v)(a)-(b) would be impractical in light of the nature of the Fund. Specifically, because the number of Shares outstanding may increase or decrease on each business day, it is not possible for the Company to project accurately, 10 days in advance, what dividend would be paid on a particular record date. Applying the timing requirements of Rule 10b-17(b)(1)(v)(a)-(b) to the Company, therefore, would subject the Company to the risk of inaccurately calculating the amount of any such dividend.

The Company represents that it will comply with the requirements of Rule 10b-17, other than subparagraphs (b)(1)(v)(a) and (b) thereof. The Company further represents that, as soon as practicable following the end of trading on the Exchange on the day prior to the ex-date (but not later than the last time at which the Exchange accepts such information on such date) with respect to any distribution made by the Fund, the Company will provide notice to the Exchange containing the information required in Rule 10b-17(b)(1)(v)(a-b).

In the release proposing Rule 10b-17 (the "Proposing Release"),⁹ the Commission stated:

⁸ The rule permits a reasonable approximation of the per share distribution to be provided if exact amounts cannot be given because of existing conversion rights that may be exercised during the notice period and may affect the per share cash distribution, as long as the actual per share distribution is subsequently provided on the record date.

⁹ Exchange Act Release No. 9076 (Feb. 17, 1971).

It has been the experience of the Commission and the securities industry that the failure of a publicly held company to provide a timely announcement of the record date with respect to these types of rights has had a misleading and deceptive effect on both the broker-dealer community and the investing public. As a direct result of such failure, purchasers and their brokers may have entered into and settled securities transactions without knowledge of the accrual of such rights and were thus unable to take necessary steps to protect their interests. Further, sellers who have received the benefits of such rights as recordholders on the specified record date after having disposed of their securities, have also disposed of the cash or stock dividends or other rights received as such recordholders without knowledge of possible claims of purchasers of the underlying security to those rights....In many instances, innocent buyers and sellers have suffered losses. In addition, some issuers have made belated declarations of stock splits or dividends with the apparent knowledge that this action would have a manipulative effect on the market for their securities.

We respectfully submit that none of these concerns raised by the Commission in the Proposing Release¹⁰ will be implicated if the requested relief is granted. As set out above, the Company will comply with the requirements of Rule 10b-17 except for the timing requirements for notification of the actual amounts of the distributions under Rule 10b-17(b)(1)(v)(a)-(b). Consequently, market participants will receive timely notification of the existence and timing of a pending distribution, and will be able to plan their transactions in Shares accordingly. As a result, there should be no confusion or opportunity for manipulation regarding parties' rights to receive distributions, which concerns led the Commission to propose and adopt Rule 10b-17. Therefore, the requested relief concerning the timing requirements of Rule 10b-17(b)(1)(v)(a)-(b) is consistent with the purposes underlying the adoption of Rule 10b-17 as outlined in the Proposing Release and Adopting Release. The exemption under paragraph (c) of Rule 10b-17, which covers open-end investment companies with fully redeemable shares, thus should be applicable to the Company with respect to the timing requirements of Rule 10b-17(b)(1)(v)(a)-(b).

For the reasons set forth above, the Company requests that the Commission or the Staff grant exemptive, interpretive or no-action relief from Rule 10b-17(b)(1)(v)(a)-(b).

¹⁰ The foregoing concerns were largely reiterated by the Commission in the release adopting Rule 10b-17. See Exchange Act Release No. 9192 (June 7, 1971) (the "Adopting Release").

V. Conclusion

Based on the foregoing, we respectfully request that the Commission or Staff grant the relief requested herein. Should you have any questions, please call me at (202) 303-1124.

Sincerely,



Benjamin J. Haskin

cc: David Bloom, Branch Chief, Division of Trading and Markets, U.S. Securities
and Exchange Commission
Ed Baer, Director, BlackRock
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