

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71702; File No. SR-NYSEArca-2014-19)

March 12, 2014

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change, as Modified by Amendment No. 2, to List and Trade Shares of the iShares Core Allocation Conservative ETF, iShares Core Allocation Moderate ETF, iShares Core Allocation Moderate Growth ETF, and iShares Core Allocation Growth ETF under NYSE Arca Equities Rule 8.600

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 February 25, 2014, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. On March 10, 2014, the Exchange filed Amendment No. 2 to the proposed rule change, which amended and replaced the proposed rule change in its entirety.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade the following under NYSE Arca Equities Rule 8.600 (“Managed Fund Shares”): iShares Core Allocation Conservative ETF; iShares Core Allocation Moderate ETF; iShares Core Allocation Moderate Growth ETF; and iShares Core Allocation Growth ETF. The text of the proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See note 7 *infra*. The Exchange filed Amendment No. 1 on March 7, 2014 and withdrew it on March 11, 2014.

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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts 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 proposes to list and trade shares (“Shares”) of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares⁴: iShares Core Allocation Conservative ETF; iShares Core Allocation Moderate ETF; iShares Core Allocation Moderate Growth ETF; and iShares Core Allocation Growth ETF (each a “Fund” and collectively the “Funds”). The Shares of the Funds will be offered by iShares U.S. ETF Trust (the “Trust”)⁵ The Trust is registered with the Commission as an open-end

⁴ A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

⁵ The Commission has previously approved listing and trading on the Exchange of a number of actively managed funds under Rule 8.600. See, e.g., Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR-NYSEArca-2008-31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 60460 (August 7, 2009), 74 FR 41468 (August 17, 2009) (SR-NYSEArca-2009-55) (order approving listing and trading of Dent Tactical ETF); 71540

management investment company.⁶ BlackRock Fund Advisors (“BFA”) will serve as the investment adviser to the Funds (the “Adviser”). BFA is an indirect wholly-owned subsidiary of BlackRock, Inc. BlackRock Investments, LLC (the “Distributor”) will be the principal underwriter and distributor of the Funds’ Shares. State Street Bank and Trust Company (the “Administrator”, “Custodian” or “Transfer Agent”) will serve as administrator, custodian and transfer agent for the Funds.⁷

Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio. Commentary .06 further requires that personnel who make decisions on the open-end fund’s portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund’s portfolio.⁸

(February 12, 2014), 79 FR 9515 (February 19, 2014) (SR-NYSEArca-2013-138) (order approving listing and trading of shares of the iShares Enhanced International Large-Cap ETF and iShares Enhanced International Small-Cap ETF).

⁶ The Trust is registered under the 1940 Act. On September 6, 2013, the Trust filed with the Commission Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) and under the 1940 Act relating to the Funds (File Nos. 333-179904 and 811-22649) (“Registration Statement”). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29571 (File No. 812-13601) (“Exemptive Order”).

⁷ This Amendment No. 2 to SR-NYSEArca-2014-19 replaces SR-NYSEArca-2014-19 as originally filed and supersedes such filing in its entirety. The Exchange has withdrawn amendment No. 1 to SR-NYSEArca-2014-19.

⁸ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance

Commentary .06 to Rule 8.600 is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Equities Rule 5.2(j)(3); however, Commentary .06 in connection with the establishment of a “fire wall” between the investment adviser and the broker-dealer reflects the applicable open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds. The Adviser is not registered as a broker-dealer but is affiliated with multiple broker-dealers and has implemented a “fire wall” with respect to such broker-dealers regarding access to information concerning the composition and/or changes to a Fund’s portfolio. In the event (a) the Adviser or any sub-adviser registers as a broker-dealer or becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer, or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

iShares Core Allocation Conservative ETF

The iShares Core Allocation Conservative ETF seeks to create a portfolio with a conservative risk profile by allocating its assets among the iShares Core suite of equity and fixed income exchange-traded funds (“ETFs”), as described below.

with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

The Fund will be a fund of funds and seeks to achieve its investment objective by investing, under normal circumstances,⁹ generally at least 80% of its net assets in the securities of “Underlying Funds” that themselves seek investment results corresponding to their own underlying indexes.¹⁰ The Underlying Funds will invest primarily in distinct asset classes, such as large-capitalization, mid-capitalization and small-capitalization U.S. equity, international developed market and emerging market equity, short-term U.S. government and corporate debt, long-term U.S. government and corporate debt, or the U.S. aggregate bond market; each such asset class has its own risk profile.¹¹

⁹ The term “under normal circumstances” includes, but is not limited to, the absence of extreme volatility or trading halts in the equity markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

¹⁰ As of June 30, 2013, the Underlying Funds included the following iShares Core funds: iShares Core Long-Term U.S. Bond ETF, iShares Core MSCI EAFE ETF, iShares Core MSCI Emerging Markets ETF, iShares Core MSCI Total International Stock ETF, iShares Core S&P 500 ETF, iShares Core S&P Mid-Cap ETF, iShares Core S&P Small-Cap ETF, iShares Core S&P Total U.S. Stock Market ETF, iShares Core Short-Term U.S. Bond ETF and iShares Core Total U.S. Bond Market ETF. BFA may add, eliminate or replace the Underlying Funds at any time without advance notice to investors. The Underlying Funds held by a Fund may change over time and may not include all of the Underlying Funds listed above. In addition, the relative proportions of the Underlying Funds held by a Fund may change over time. Top sectors of the iShares Core Allocation Conservative ETF primarily include agency securities, financial companies, industrials companies and treasury securities. The top sectors of the Fund, and the degree to which they represent certain industries, may change over time.

¹¹ For purposes of this proposed rule change, the term “Underlying Fund” includes Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); Commodity Futures Trust Shares (as described in NYSE Arca Equities Rule 8.204); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). All Underlying Funds will be listed and traded on a U.S. national securities exchange. While the Underlying Funds currently include only

The Fund will be an actively managed ETF that does not seek to replicate the performance of a specified index. BFA will select securities for the Fund using a proprietary, model-based investment process that seeks to maximize returns for the Fund's stated risk/return profile through investments in Underlying Funds.

The Fund intends to hold investments which in the aggregate have a conservative risk/return profile as determined by BFA. A "conservative" risk allocation typically emphasizes significant exposure to fixed income securities, while maintaining smaller exposure to equity securities, in an effort to preserve capital and reduce volatility of returns. As of June 30, 2013, BFA's model recommended an allocation of approximately 20% to Underlying Funds that invest primarily in equity securities and 80% to Underlying Funds that invest primarily in fixed income securities.

The Fund may lend securities representing up to one-third of the value of the Fund's total assets (including the value of the collateral received).

iShares Core Allocation Moderate ETF

The iShares Core Allocation Moderate ETF will seek to create a portfolio with a moderate risk profile by allocating its assets among the iShares Core suite of equity and fixed income ETFs, as described below.

The Fund will be a fund of funds and will seek to achieve its investment objective by investing, under normal circumstances, generally at least 80% of its net assets in the securities of Underlying Funds that themselves seek investment results corresponding to their own underlying

Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)), which are based on indexes, in the future, Underlying Funds may include other types of securities enumerated in this footnote.

indexes.¹² The Underlying Funds will invest primarily in distinct asset classes, such as large-capitalization, mid-capitalization and small-capitalization U.S. equity, international developed market and emerging market equity, short-term U.S. government and corporate debt, long-term U.S. government and corporate debt, or the U.S. aggregate bond market; each such asset class has its own risk profile.

The Fund will be an actively managed ETF that does not seek to replicate the performance of a specified index. BFA will select securities for the Fund using a proprietary, model-based investment process that seeks to maximize returns for the Fund's stated risk/return profile through investments in Underlying Funds.

The Fund intends to hold investments which in the aggregate have a moderate risk/return profile as determined by BFA. A "moderate" risk allocation typically emphasizes exposure to fixed income securities, while maintaining some exposure to equity securities, in an effort to provide an opportunity for some capital preservation and for low to moderate capital appreciation. As of June 30, 2013, BFA's model recommended an allocation of approximately 40% to Underlying Funds that invest primarily in equity securities and 60% to Underlying Funds that invest primarily in fixed income securities.

The Fund may lend securities representing up to one-third of the value of the Fund's total assets (including the value of the collateral received).

¹² See note 11, *supra*. Top sectors of the iShares Core Allocation Moderate ETF primarily include agency securities, financial companies and treasury securities. The top sectors of the Fund, and the degree to which they represent certain industries, may change over time.

iShares Core Allocation Moderate Growth ETF

The iShares Core Allocation Moderate Growth ETF will seek to create a portfolio with a moderate growth risk profile by allocating its assets among the iShares Core suite of equity and fixed income ETFs, as described below.

The Fund will be a fund of funds and will seek to achieve its investment objective by investing, under normal circumstances, generally at least 80% of its net assets in the securities of Underlying Funds that themselves seek investment results corresponding to their own underlying indexes.¹³ The Underlying Funds will invest primarily in distinct asset classes, such as large-capitalization, mid-capitalization and small-capitalization U.S. equity, international developed market and emerging market equity, short-term U.S. government and corporate debt, long-term U.S. government and corporate debt, or the U.S. aggregate bond market; each such asset class has its own risk profile.

The Fund will be an actively managed ETF that will not seek to replicate the performance of a specified index. BFA will select securities for the Fund using a proprietary, model-based investment process that seeks to maximize returns for the Fund's stated risk/return profile through investments in Underlying Funds.

The Fund intends to hold investments which in the aggregate have a moderate growth risk/return profile as determined by BFA. A "moderate growth" risk allocation typically emphasizes exposure to equity securities, while maintaining some exposure to fixed income securities, in an effort to provide an opportunity for moderate capital appreciation and some capital preservation. As of June 30, 2013, BFA's model recommended an allocation of

¹³ See note 11, *supra*. Top sectors of the iShares Core Allocation Moderate Growth ETF primarily include consumer discretionary, financial companies, industrials, information technology companies, and treasury securities. The top sectors of the Fund, and the degree to which they represent certain industries, may change over time.

approximately 60% to Underlying Funds that invest primarily in equity securities and 40% to Underlying Funds that invest primarily in fixed income securities.

The Fund may lend securities representing up to one-third of the value of the Fund's total assets (including the value of the collateral received).

iShares Core Allocation Growth ETF

The iShares Core Allocation Growth ETF seeks to create a portfolio with a growth risk profile by allocating its assets among the iShares Core suite of equity and fixed income ETFs, as described below.

The Fund will be a fund of funds and will seek to achieve its investment objective by investing under normal circumstances generally at least 80% of its net assets in the securities of Underlying Funds that themselves seek investment results corresponding to their own underlying indexes.¹⁴ The Underlying Funds will invest primarily in distinct asset classes, such as large-capitalization, mid-capitalization and small-capitalization U.S. equity, international developed market and emerging market equity, short-term U.S. government and corporate debt, long-term U.S. government and corporate debt, or the U.S. aggregate bond market; each such asset class has its own risk profile.

The Fund will be an actively managed ETF that will not seek to replicate the performance of a specified index. BFA will select securities for the Fund using a proprietary, model-based investment process that seeks to maximize returns for the Fund's stated risk/return profile through investments in Underlying Funds.

¹⁴ See note 11, supra. Top sectors of the iShares Core Allocation Growth ETF primarily include consumer discretionary, financial companies, industrials, and information technology companies. The top sectors of the Fund, and the degree to which they represent certain industries, may change over time.

The Fund intends to hold investments which in the aggregate have a growth risk/return profile as determined by BFA. A “growth” risk allocation typically emphasizes significant exposure to equity securities, while also allocating a smaller portion of exposure to fixed income securities, in an effort to provide an opportunity for long-term capital appreciation. As of June 30, 2013, BFA’s model recommended an allocation of approximately 85% to Underlying Funds that invest primarily in equity securities and 15% to Underlying Funds that invest primarily in fixed income securities.

The Fund may lend securities representing up to one-third of the value of the Fund’s total assets (including the value of the collateral received).

Other Investments

While each Fund, under normal circumstances, generally will invest at least 80% of its assets in Underlying Funds, as described above, each Fund may invest in other securities and financial instruments, as described below.

Each Fund may invest in other exchange-traded products (“ETPs”) in addition to the Underlying Funds described above.¹⁵

Each Fund may invest in short-term instruments on an ongoing basis to provide liquidity or for other reasons. Short-term instruments are generally short-term investments, including (i) shares of money market funds (including those advised by BFA or otherwise affiliated with

¹⁵ For purposes of this proposed rule change, the term “ETP” includes Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); Commodity Futures Trust Shares (as described in NYSE Arca Equities Rule 8.204); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). All ETPs will be listed and traded on a U.S. national securities exchange.

BFA); (ii) obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities (including government-sponsored enterprises); (iii) negotiable certificates of deposit (“CDs”), bankers’ acceptances, fixed-time deposits and other obligations of U.S. and non-U.S. banks (including non-U.S. branches) and similar institutions; (iv) commercial paper rated, at the date of purchase, “Prime-1” by Moody’s[®] Investors Service, Inc., “F-1” by Fitch Inc., or “A-1” by Standard & Poor’s[®] Financial Services LLC, or if unrated, of comparable quality as determined by BFA; (v) non-convertible corporate debt securities (e.g., bonds and debentures) with remaining maturities at the date of purchase of not more than 397 days and that satisfy the rating requirements set forth in Rule 2a-7 under the 1940 Act; (vi) repurchase agreements; and (vii) short-term U.S. dollar-denominated obligations of non-U.S. banks (including U.S. branches) that, in the opinion of BFA, are of comparable quality to obligations of U.S. banks which may be purchased by a Fund.

Other Restrictions

Each Fund will be classified as “non-diversified.” A non-diversified fund is a fund that is not limited by the 1940 Act with regard to the percentage of its assets that may be invested in the securities of a single issuer.¹⁶

Each Fund intends to maintain the required level of diversification and otherwise conduct its operations so as to qualify as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code.¹⁷

A Fund may hold up to an aggregate amount of 15% of its net assets (calculated at the time of investment) in assets deemed illiquid by the Adviser, consistent with Commission

¹⁶ The diversification standard is set forth in Section 5(b)(1) of the 1940 Act.

¹⁷ 26 U.S.C. 851 et seq.

guidance.¹⁸ Each Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of a Fund's net assets are held in illiquid assets. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.¹⁹

Net Asset Value

The net asset value ("NAV") for each Fund normally will be determined once daily Monday through Friday, generally as of the regularly scheduled close of business of the New York Stock Exchange ("NYSE") (normally 4:00 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 Fund assets or liabilities denominated in currencies other than the U.S. dollar will be translated into U.S. dollars

¹⁸ In reaching liquidity decisions, the Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

¹⁹ The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933).

at the prevailing market rates on the date of valuation as quoted by one or more data service providers, and (b) U.S. fixed-income assets may be valued as of the announced closing time for trading in fixed-income instruments in a particular market or exchange. The NAV of each Fund will be calculated by dividing the value of the net assets of a Fund (i.e., the value of its total assets, which includes the values of the Underlying Fund shares in which a Fund invests, less total liabilities) by the total number of outstanding Shares of a Fund, generally rounded to the nearest cent.

The value of the securities and other assets and liabilities held by each Fund will be determined pursuant to valuation policies and procedures approved by the Trust's Board of Trustees ("Board").

Equity investments, including the shares of Underlying Funds and shares of other ETPs, will be valued at market value, which will generally be determined using the last reported official closing price or last trading price on the exchange or market on which the security is primarily traded at the time of valuation.

Generally, trading in U.S. government securities and certain fixed-income securities is substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the NAV of the Funds will be determined as of such times.

Repurchase agreements will generally be valued at par. Other short-term instruments will generally be valued at the last available bid price received from independent pricing services. In determining the value of a fixed income investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed

in the market between investments, and calculated yield measures. In certain circumstances, short-term instruments may be valued on the basis of amortized cost.

When market quotations are not readily available or are believed by BFA to be unreliable, a Fund's investments will be valued at fair value. Fair value determinations will be made by BFA in accordance with policies and procedures approved by the Trust's Board. BFA may conclude that a market quotation is not readily available or is unreliable if a security or other asset or liability does not have a price source due to its lack of liquidity, if a market quotation differs significantly from recent price quotations or otherwise no longer appears to reflect fair value, where the security or other asset or liability is thinly traded, or where there is a significant event subsequent to the most recent market quotation. A "significant event" is an event that, in the judgment of BFA, is likely to cause a material change to the closing market price of the asset or liability held by a Fund.²⁰

Creations and Redemptions

According to the Registration Statement, the consideration for purchase of Creation Units of Shares of a Fund generally will consist of the in-kind deposit of a designated portfolio of securities (including any portion of such securities for which cash may be substituted) ("Deposit Securities") and the Cash Component computed as described below. Together, the Deposit Securities and the Cash Component constitute the "Fund Deposit," which will be applicable (subject to possible amendment or correction) to creation requests received in proper form. The

²⁰ According to the Registration Statement, fair value represents a good faith approximation of the value of an asset or liability. The fair value of an asset or liability held by a Fund is the amount a Fund might reasonably expect to receive from the current sale of that asset or the cost to extinguish that liability in an arm's-length transaction. Valuing a Fund's investments using fair value pricing will result in prices that may differ from current market valuations and that may not be the prices at which those investments could have been sold during the period in which the particular fair values were used.

Fund Deposit represents the minimum initial and subsequent investment amount for a Creation Unit of a Fund. A Creation Unit will consist of 50,000 Shares of a Fund. The Creation Unit size for a Fund may change.

The “Cash Component” will be an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the “Deposit Amount,” which is an amount equal to the market value of the Deposit Securities, and serves to compensate for any differences between the NAV per Creation Unit and the Deposit Amount.

Creation Units may be purchased only by or through a DTC participant that has entered into an authorized participant agreement (as described in the Registration Statement) with the Distributor (such DTC participant, an “Authorized Participant”). Except as noted below, creation orders must be received by the Distributor in proper form generally before the closing time of the regular trading session of the Exchange (normally 4:00 p.m., Eastern time) in each case on the date such order is placed in order for creation of Creation Units to be effected based on the NAV of Shares of a Fund as next determined on such date after receipt of the order in proper form. On days when the Exchange or other markets close earlier than normal, a Fund may require orders to create Creation Units to be placed earlier in the day. A standard creation transaction fee will be imposed to offset the transfer and other transaction costs associated with the issuance of Creation Units.

Although the Trust will not ordinarily permit partial or full cash purchases of Creation Units of Shares of a Fund, when partial or full cash purchases of Creation Units are available or specified for a Fund, they will be effected in essentially the same manner as in-kind purchases thereof. In the case of a partial or full cash purchase, the Authorized Participant must pay the

cash equivalent of the Deposit Securities it would otherwise be required to provide through an in-kind purchase, plus the same Cash Component required to be paid by an in-kind purchaser.

BFA will make available through the National Securities Clearing Corporation (“NSCC”) on each business day prior to the opening of business on the Exchange, the list of names and the 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 as of the end of the previous business day for each Fund). Such Fund Deposit will be applicable, subject to any adjustments as described below, to purchases of Creation Units of shares of a given Fund until such time as the next-announced Fund Deposit is made available.

The identity and number of shares of the Deposit Securities will change pursuant to changes in the composition of a Fund’s portfolio and as rebalancing adjustments and corporate action events are reflected from time to time by BFA with a view to the investment objective of a Fund. The composition of the Deposit Securities may also change in response to adjustments to the weighting or composition of the component securities constituting a Fund’s portfolio.

The Funds reserve the right to permit or require the substitution of a “cash in lieu” amount to be added to the Cash Component to replace any Deposit Security that may not be available in sufficient quantity for delivery or that may not be eligible for transfer through the Depository Trust Company (“DTC”). The Funds also reserve the right to permit or require a “cash in lieu” amount in certain circumstances, including circumstances in which (i) the delivery of the Deposit Security by the Authorized Participant would be restricted under applicable securities or other local laws or (ii) 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 applicable securities or other local laws, or in certain other situations.

Shares of a Fund may be redeemed by Authorized Participants only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor or its agent and only on a business day. The Funds will not redeem shares in amounts less than Creation Units. Each Fund generally will redeem Creation Units for Fund Securities, as defined below.

Except as noted below, redemption orders must be received by the Distributor in proper form generally before the closing time of the regular trading session of the Exchange (normally 4:00 p.m., Eastern time) in each case on the date such order is placed in order for redemption of Creation Units to be effected based on the NAV of Shares of a Fund as next determined on such date after receipt of the order in proper form. On days when the Exchange or other markets close earlier than normal, a Fund may require orders to redeem Creation Units to be placed earlier in the day. A standard redemption transaction fee will be imposed to offset the transfer and other transaction costs associated with the redemption of Creation Units.

BFA will make available through the NSCC, prior to the opening of business on the Exchange on each business day, the designated portfolio of securities (including any portion of such securities for which cash may be substituted) that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day (“Fund Securities”) and a Cash Amount (as defined below). Fund Securities received on redemption may not be identical to Deposit Securities that are applicable to creations of Creation Units.

Unless cash redemptions are available or specified for a Fund, the redemption proceeds for a Creation Unit generally will consist of Fund Securities, plus the Cash Amount, which is an amount equal to the difference between the NAV of the Shares being redeemed, as next

determined after the receipt of a redemption request in proper form, and the value of Fund Securities, less a redemption transaction fee.

The Trust may, in its sole discretion, substitute a “cash in lieu” amount to replace any Fund Security. The Funds also reserve the right to permit or require a “cash in lieu” amount in certain circumstances, including circumstances in which (i) the delivery of a Fund Security to the Authorized Participant would be restricted under applicable securities or other local laws or (ii) the delivery of a Fund Security to the Authorized Participant would result in the disposition of the Fund Security by the Authorized Participant becoming restricted under applicable securities or other local laws, or in certain other situations. The amount of cash paid out in such cases will be equivalent to the value of the substituted security listed as a Fund Security. In the event that the Fund Securities have a value greater than the NAV of the Shares, a compensating cash payment equal to the difference is required to be made by or through an Authorized Participant by the redeeming shareholder.

Availability of Information

The Funds’ website (www.ishares.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for a Fund that may be downloaded. The Funds’ website will include additional quantitative information updated on a daily basis, including, for the Funds, (1) the prior business day’s reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the “Bid/Ask Price”),²¹ and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of

²¹ The Bid/Ask Price of Shares of each Fund will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of a Fund’s NAV. The records relating to Bid/Ask Prices will be retained by the Funds and their service providers.

the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, each Fund will disclose on its website the Disclosed Portfolio that will form the basis for such Fund's calculation of NAV at the end of the business day.²²

On a daily basis, each Fund will disclose for each portfolio security or other financial instrument of each Fund the following information on the Funds' website: ticker symbol (if applicable), name of security and financial instrument, number of shares and dollar value of securities and financial instruments held in the portfolio, and percentage weighting of the security and financial instrument in the portfolio. The website information will be publicly available at no charge.

In addition, a basket composition file, which includes the security names and share quantities required to be delivered in exchange for each Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the NYSE via NSCC. The basket represents one Creation Unit of a Fund.

Investors can also obtain the Trust's Statement of Additional Information ("SAI"), each Fund's Shareholder Reports, and the Trust's Form N-CSR and Form N-SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N-CSR and Form N-SAR may be viewed on-screen or downloaded from the Commission's website at www.sec.gov. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information

²² Under accounting procedures followed by the Funds, trades made on the prior business day ("T") will be booked and reflected in NAV on the current business day ("T+1"). Accordingly, the Funds will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares of each Fund, shares of the Underlying Funds and shares of other ETPs will be available via the Consolidated Tape Association ("CTA") high-speed line. In addition, the Indicative Optimized Portfolio Value ("IOPV"),²³ which is the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600 (c)(3), will be widely disseminated at least every 15 seconds during the Core Trading Session by one or more major market data vendors.²⁴ The dissemination of the IOPV, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of each Fund on a daily basis and to provide a close estimate of that value throughout the trading day. The intra-day, closing and settlement prices of repurchase agreements and short-term instruments will also be readily available from published or other public sources, or on-line information services such as Bloomberg or Reuters.

Additional information regarding the Trust and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions and taxes is included in the Registration Statement. All terms relating to the Funds that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

²³ The IOPV will be based on the current value of the securities and other assets held by the Funds using market data converted into U.S. dollars at the current currency rates. The IOPV price will be based on quotes and closing prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. Premiums and discounts between the IOPV and the market price may occur. The IOPV will not necessarily reflect the precise composition of the current portfolio of securities held by a Fund at a particular point in time or the best possible valuation of the current portfolio. Therefore, the IOPV should not be viewed as a "real-time" update of a Fund's NAV, which will be calculated only once a day.

²⁴ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IOPVs taken from CTA or other data feeds.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Funds.²⁵ Trading in Shares of a Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of a Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m. Eastern time in accordance with NYSE Arca Equities Rule 7.34 (Opening, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

²⁵ See NYSE Arca Equities Rule 7.12.

The Shares of each Fund will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, the Funds will be in compliance with Rule 10A-3²⁶ under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares for each Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share of each Fund will be calculated daily and that the NAV and the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) will be made available to all market participants at the same time.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing surveillance procedures administered by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.²⁷ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

The Exchange’s current trading surveillance focuses 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.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares of each Fund, shares of the Underlying Funds, and shares of other ETPs with other

²⁶ 17 CFR 240.10A-3.

²⁷ FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares of each Fund, shares of the Underlying Funds, and shares of other ETPs, from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares of the Funds, shares of the Underlying Funds, and shares of other ETPs from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.²⁸

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin (“Bulletin”) of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Unit aggregations (and that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IOPV will not be calculated or publicly disseminated; (4) how information regarding the IOPV is disseminated; (5) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

²⁸ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that, with the exception of short-term instruments, as described above, all components of the Disclosed Portfolio for a Fund will trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

In addition, the Bulletin will reference that each Fund is subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00 p.m. Eastern time each trading day.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)²⁹ that an exchange have rules that are designed 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.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. The Adviser has implemented a “fire wall” with respect to its affiliated broker-dealers regarding access to information concerning the composition and/or changes to a Fund’s portfolio. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares of the Funds, shares of the Underlying Funds, and shares of other ETPs with markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the

²⁹ 15 U.S.C. 78f(b)(5).

Shares of the Funds, shares of the Underlying Funds, and shares of other ETPs from such markets and other entities. The Exchange may obtain information regarding trading in the Shares of the Funds, shares of the Underlying Funds, and shares of other ETPs from ISG member markets or markets with which the Exchange has in place a comprehensive surveillance sharing agreement. A Fund may hold up [sic] an aggregate amount of 15% of its net assets (calculated at the time of investment) in assets deemed illiquid by the Adviser, consistent with Commission guidance.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share of each Fund will be calculated daily and that the NAV and the Disclosed Portfolio for each Fund will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Funds and the Shares, thereby promoting market transparency. Moreover, the IOPV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds will disclose on their website the Disclosed Portfolio that will form the basis for a Fund's calculation of NAV at the end of the business day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. The website for the Funds will include a form of the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its

Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of a Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted. In addition, as noted above, investors will have ready access to information regarding a Fund's holdings, the IOPV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of additional types of actively-managed exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares of the Funds, shares of the Underlying Funds, and shares of other ETPs with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, shares of the Underlying Funds, and shares of other ETPs from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares as well as shares of the Underlying Funds, and shares of other ETPs from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. As noted above, investors will have ready access to information regarding a Fund's holdings, the IOPV, the Disclosed Portfolio, and quotation and last sale information for the Shares. The proposed rule

change would benefit investors by providing them with additional choices of transparent and tradeable products.

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 purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of other actively-managed exchange-traded products that hold equity securities and will enhance competition among market participants, to the benefit of investors and the marketplace.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. 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 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 Number SR-NYSEArca-2014-19 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NYSEArca-2014-19. 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 website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-NYSEArca-2014-19 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Kevin M. O'Neill
Deputy Secretary

³⁰ 17 CFR 200.30-3(a)(12).