

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52747; File No. SR-Amex-2005-084)

November 8, 2005

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto Relating to the Trading Pursuant to Unlisted Trading Privileges of the iShares MSCI EAFE Value Index Fund and the iShares MSCI EAFE Growth Index Fund

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 August 19, 2005 the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On September 27, 2005, Amex filed Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and is approving the proposal on an accelerated basis.

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

The Amex proposes to trade shares (the “Fund Shares” or “Shares”) of the iShares® MSCI EAFE Value Index Fund (ticker symbol: EFV) and iShares MSCI EAFE Growth Index Fund (ticker symbol: EFG) (each a “Fund” or collectively, the “Funds”),⁴ pursuant to unlisted trading privileges (“UTP”).

¹ 15 U.S.C 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange clarified and supplemented certain aspects of its proposal. Amendment No. 1 supplements the information provided in various sections, as indicated, of the Exchange’s Form 19b-4.

⁴ MSCI and MSCI Indices are registered service marks of Morgan Stanley & Co. Incorporated.

The text of the proposed rule change is available on the Exchange's Web site (www.amex.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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 Amex included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item III below, and is set forth in Sections A, B, and C below.

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

1. Purpose

The Exchange proposes to trade Fund Shares which are Index Fund Shares under Amex Rules 1000A et seq., pursuant to UTP. The Commission previously approved the original listing and trading of the Funds on the New York Stock Exchange, Inc. ("NYSE").⁵ Each Fund is a separate series of the iShares Trust (the "Trust"). Morgan Stanley Capital International ("MSCI") calculates and maintains the MSCI EAFE Growth Index and MSCI EAFE Value Index (collectively, the "Indexes"). MSCI is a partially owned subsidiary of Morgan Stanley. Additional information about the Funds is also available at www.iShares.com.

The investment objective of the iShares MSCI EAFE Value Index Fund is to provide investment results that correspond generally to the price and yield performance of the MSCI EAFE Value Index, and the investment objective of the iShares MSCI EAFE Growth Index Fund is to provide investment results that correspond generally to the price and yield performance of

⁵ See Securities Exchange Act Release No. 52178 (July 29, 2005), 70 FR 46244 (August 9, 2005) (SR-NYSE-2005-41) ("NYSE Order"). The Funds commenced trading on the NYSE on August 5, 2005.

the MSCI EAFE Growth Index. The Indexes are subsets of the MSCI EAFE Index and constituents of the Indexes include securities from Europe, Australasia (Australia and Asia), and the Far East. Each Index generally represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE Index and consists of those securities classified by MSCI as most representing the growth or value style, respectively.

(a) **Dissemination of Information About the Fund Shares**

Quotations for and last sale information regarding the Funds are disseminated through the Consolidated Tape Association (“CTA”). The net asset value (“NAV”) of each Fund is calculated each business day, normally at the close of regular trading of the NYSE, and is published in a number of places, including www.iShares.com and through the facilities of the CTA. According to the Funds’ prospectus, Investors Bank & Trust Company, the administrator, custodian and transfer agent for each Fund, determines the NAV for the Funds as of the close of regular trading on the NYSE (ordinarily 4:00 p.m., Eastern time) on each day that the NYSE is open for trading.⁶ The Funds and the index calculation methodology for the Indexes are both described in more detail in the NYSE Order.

In order to provide updated information relating to the Funds for use by investors, professionals, and persons wishing to create or redeem shares in the Funds, the NYSE disseminates, through the facilities of the CTA, the indicative optimized portfolio value (“IOPV”), calculated by Bloomberg L.P., every fifteen (15) seconds during the regular trading hours of 9:30 a.m. to 4:15 p.m. ET.

⁶ The Web site for the Trust, www.iShares.com, makes available a variety of other relevant information about the Shares.

(b) Trading Rules

The Exchange deems the Fund Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. The trading hours for the Funds on the Exchange will be 9:30 a.m. to 4:15 p.m. Eastern Time ("ET"). Shares trade with a minimum price variation of \$0.01.

Amex Rule 190 generally precludes certain business relationships between an issuer and the specialist in the issuer's securities. Exceptions in the rule permit specialists in Fund Shares to enter into Creation Unit transactions to facilitate the maintenance of a fair and orderly market. Commentary .04 to Amex Rule 190 specifically applies to Index Fund Shares listed on the Exchange, including the Shares. Commentary .04 states that nothing in Amex Rule 190(a) should be construed to restrict a specialist registered in a security issued by an investment company from purchasing and redeeming the listed security, or securities that can be subdivided or converted into the listed security, from the issuer as appropriate to facilitate the maintenance of a fair and orderly market.

Amex Rule 154, Commentary .04(c) provides that stop and stop limit orders to buy or sell a security (other than an option, which is covered by Amex Rule 950(f) and Commentary thereto) the price of which is derivatively priced based upon another security or index of securities, may with the prior approval of a Floor Official, be elected by a quotation, as set forth in Commentary .04(c)(i-v). The Exchange has designated Index Fund Shares, including the Funds Shares, as eligible for this treatment.⁷

⁷ See Securities Exchange Act Release No. 29063 (April 10, 1991), 56 FR 15652 (April 17, 1991) (SR-Amex-90-31) at note 9, regarding the Exchange's designation of equity derivative securities as eligible for such treatment under Amex Rule 154, Commentary .04(c).

The rules of the Exchange require its members to deliver a prospectus or product description to investors purchasing Shares of the Fund prior to or concurrently with the confirmation of a transaction in such Shares. The Exchange notes, however, that although Amex Rule 1000A provides for delivery of written descriptions to customers of Funds that have received an exemption from Section 24(d) of the Investment Company Act of 1940 and the Trust has received such an exemption, there is at this time no written description available for these Funds. The Exchange will advise its members and member organizations that delivery of a prospectus in lieu of a written description would satisfy the requirements of Amex Rule 1000A.

The Exchange will cease trading in the Shares if (a) the primary market stops trading the Shares because of a regulatory halt akin to a halt based on Amex Rule 117 and/or a halt because dissemination of the IOPV and/or underlying index value has ceased or (b) the primary market delists the Shares.⁸

(c) **Surveillance**

The Exchange notes that the Underlying Indexes are broad-based and have components with significant market capitalizations and liquidity.⁹ Nevertheless, the Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Shares. Specifically, the Amex will rely on its existing surveillance procedures governing Index Fund Shares.

⁸ Telephone conversation between Florence Harmon, Senior Special Counsel, Division of Market Regulation, Commission, and Marija Willen, Associate General Counsel, Amex, on November 7, 2005.

⁹ Telephone conversation between Florence Harmon, Senior Special Counsel, Division of Market Regulation, Commission, and Marija Willen, Associate General Counsel, Amex, on November 7, 2005.

(d) Information Circular

In connection with the trading of the Shares of each Fund, the Amex will inform its members in an Information Circular of the special characteristics and risks associated with trading of the Shares, such as, a description of each Fund and associated Shares, how Fund Shares are created and redeemed in Creation Units (e.g., that Fund Shares are not individually redeemable), foreign currency risks, foreign securities characteristics, applicable foreign country laws and restrictions, applicable Exchange rules, dissemination information, trading information, the applicability of suitability rules, and a discussion of any relief provided by the Commission or the staff from any rules under the Act. Additionally, in the Information Circular, the Exchange will advise its members to deliver to investors purchasing Shares of the Fund a prospectus, as described above, prior to or concurrently with the confirmation of a transaction in such Shares. The Information Circular will also discuss the information that will be publicly available about the Shares.

The Information Circular will also remind members of their suitability obligations, including Amex Rule 411, which impose a duty of due diligence on its members and member firms to learn the essential facts relating to every customer prior to trading the Shares.

2. Statutory Basis

The proposed rule change, as amended, is consistent with Section 6(b) of the Act¹⁰ in general and furthers the objectives of Section 6(b)(5)¹¹ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, and, in

¹⁰ 15 U.S.C. 78s(b).

¹¹ 15 U.S.C. 78s(b)(5).

general to protect investors and the public interest. In addition, the Exchange believes that the proposal is consistent with Rule 12f-5 under the Act¹² because it deems the Fund Shares to be equity securities, thus rendering the Shares subject to the Exchange's existing rules governing the trading of equity securities.

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

The Exchanges believes that the proposed rule change, as amended, will impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Amex-2005-084 on the subject line.

¹² 17 CFR 240.12f-5.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File Number SR-Amex-2005-084. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. 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-Amex-2005-084 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities

exchange.¹³ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁴ which requires that an exchange have rules designed, among other things, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general to protect investors and the public interest.

In addition, the Commission finds that the proposal is consistent with Section 12(f) of the Act,¹⁵ which permits an exchange to trade, pursuant to UTP, a security that is listed and registered on another exchange.¹⁶ The Commission notes that it previously approved the listing and trading of the Shares on the NYSE.¹⁷ The Commission also finds that the proposal is consistent with Rule 12f-5 under the Act,¹⁸ which provides that an exchange shall not extend UTP to a security unless the exchange has in effect a rule or rules providing for transactions in the class or type of security to which the exchange extends UTP. Amex rules deem the Shares to be equity securities, thus trading in the Shares will be subject to the Exchange's existing rules governing the trading of equity securities.¹⁹

¹³ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ 15 U.S.C. 78l(f).

¹⁶ Section 12(a) of the Act, 15 U.S.C. 78l(a), generally prohibits a broker-dealer from trading a security on a national securities exchange unless the security is registered on that exchange pursuant to Section 12 of the Act. Section 12(f) of the Act excludes from this restriction trading in any security to which an exchange "extends UTP." When an exchange extends UTP to a security, it allows its members to trade the security as if it were listed and registered on the exchange even though it is not so listed and registered.

¹⁷ See NYSE Order, supra note 5.

¹⁸ 17 CFR 240.12f-5.

¹⁹ The Commission notes that Commentary .04 to existing Amex Rule 190 will permit a specialist in the Shares to create or redeem creation units of these funds to facilitate the maintenance of a fair and orderly market. The Commission previously has found

The Commission further believes that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,²⁰ which sets forth Congress's finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotations for and last sale information regarding the Shares are disseminated through the Consolidated Quotation System. Furthermore, the NYSE disseminates through the facilities of CTA an updated IOPV for the Shares at least every 15 seconds from 9:30 a.m. to 4:15 p.m. E.T.

The Exchange will cease trading in the Shares if (a) the primary market stops trading the Shares because of a regulatory halt similar to a halt based on Amex Rule 117 and/or a halt because dissemination of the IOPV and/or underlying index value has ceased or (b) the primary market delists the Shares.

In support of this proposed rule change, the Exchange has made the following representations:

1. Amex has appropriate rules to facilitate transactions in this type of security.
2. Amex surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange.
3. Amex will distribute an Information Circular to its members prior to the commencement of trading of the Shares on the Exchange that explains the terms, characteristics, and risks of trading such shares.

Commentary .04 to Amex Rule 190 to be consistent with the Act. See Securities Exchange Act Release No. 36947 (March 8, 1996), 61 FR 10606, 10612 (March 14, 1996) (SR-Amex-95-43).

²⁰ 15 U.S.C. 78k-1(a)(1)(C)(iii).

4. Amex will require a member with a customer that purchases the Shares on the Exchange to provide that customer with a product prospectus and will note this prospectus delivery requirement in the Information Circular.

5. Amex will cease trading in the Shares if (a) the primary market stops trading the Shares because of a regulatory halt similar to a halt based on Amex Rule 117 and/or a halt because dissemination of the IOPV and/or underlying index value has ceased or (b) the primary market delists the Shares.

This approval order is conditioned on Amex's adherence to these representations.

The Commission finds good cause for approving this proposed rule change, as amended, before the thirtieth day after the publication of notice thereof in the Federal Register. As noted previously, the Commission previously found that the listing and trading of these Shares on the NYSE is consistent with the Act.²¹ The Commission presently is not aware of any issue that would cause it to revisit that earlier finding or preclude the trading of these funds on the Exchange pursuant to UTP. Therefore, accelerating approval of this proposed rule change should benefit investors by creating, without undue delay, additional competition in the market for these Shares.

²¹ See NYSE Order, supra note 5.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-Amex-2005-084), is hereby approved on an accelerated basis.²²

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²³

Jonathan G. Katz
Secretary

²² 15 U.S.C. 78s(b)(2).

²³ 17 CFR 200.30-3(a)(12).