

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57320; File No. SR-NYSEArca-2008-15)

February 13, 2008

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Continue to List and Trade the Shares of the iShares MSCI Mexico 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 January 28, 2008, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”), through its wholly owned subsidiary, NYSE Arca Equities, Inc. (“NYSE Arca Equities”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. NYSE Arca filed the proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 continue to list and trade the shares (“Shares”) of the iShares MSCI Mexico Index Fund (“Fund”). The Fund seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in the aggregate in the Mexican market, as represented by the MSCI Mexico Investable Market Index (“Index”). The text of the proposed rule change is available at the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

Exchange, the Commission’s Public Reference Room, and www.nyse.com.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these 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 aspects of such statements.

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

1. Purpose

The Exchange proposes to continue to list and trade the Shares of the Fund under NYSE Arca Equities Rule 5.2(j)(3), the Exchange’s listing standards for Investment Company Units (“ICUs”).⁵ Although the Shares are currently listed and traded on NYSE Arca, the Exchange submits this proposed rule change because, as a result of revisions to the methodology for calculating the Index that were implemented on December 1, 2007, the Shares no longer satisfy all of the “generic” listing requirements of Commentary .01(a)(B) to NYSE Arca Equities Rule 5.2(j)(3) applicable to ICUs based on an international or global index or portfolio.⁶

⁵ ICUs are securities that represent an interest in a registered investment company or similar entity that (1) holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities, or (2) holds securities in another registered investment company that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities. See NYSE Arca Equities Rule 5.2(j)(3)(A)(i).

⁶ The generic listing requirements under NYSE Arca Equities Rule 5.2(j)(3) permit the listing and trading of ICUs pursuant to Rule 19b-4(e) under the Act (17 CFR 240.19b-4(e)). Rule 19b-4(e) provides that the listing and trading of a new derivative securities product by a self-regulatory organization (“SRO”) shall not be deemed a proposed rule change, pursuant to Rule 19b-4(c)(1), if the Commission has approved, pursuant to

Specifically, the revised Index fails to satisfy the provisions of Commentary .01(a)(B)(3) to NYSE Arca Equities Rule 5.2(j)(3), which requires that: (1) the most heavily weighted component shall not exceed 25% of the weight of the Index; and (2) the five most heavily weighted component stocks shall not exceed 60% of the weight of the Index.⁷ The Exchange represents that, except for Commentary .01(a)(B)(3) to NYSE Arca Equities Rule 5.2(j)(3), the Shares currently satisfy all of the generic listing standards under NYSE Arca Equities Rule 5.2(j)(3), and the continued listing standards under NYSE Arca Equities Rules 5.2(j)(3) and 5.5(g)(2) applicable to ICUs continue to apply to the Shares. The Exchange further represents that iShares, Inc. is required to comply with Rule 10A-3 under the Act⁸ for the initial and continued listing of the Shares.

Detailed descriptions of the Fund, Index (including the methodology used to determine the composition of the Index), procedures and payment requirements for creating and redeeming Shares, transaction fees and expenses, dividends, distributions, taxes, and reports to be distributed to beneficial owners of the Shares can be found in the Registration Statement⁹ or on the Internet Web site for the Fund (www.iShares.com), as applicable.

Section 19(b) of the Act, the SRO's trading rules, procedures, and listing standards for the product class that would include the new derivatives securities product, and the SRO has a surveillance program for the product class.

⁷ The Exchange represents that, as of December 3, 2007, the most heavily weighted component of the Index represented 32.2% of the Index weight, and the five most heavily weighted component stocks represented 65.2% of the Index weight.

⁸ 17 CFR 240.10A-3.

⁹ See Registration Statement on Form N-1A (Post-Effective Amendment) filed by iShares, Inc. with the Commission on December 28, 2007 (File Nos. 033-97598 and 811-09102) ("Registration Statement").

Availability of Information Regarding the Shares and the Index

Morgan Stanley Capital International, Inc. (“MSCI”) calculates the Index value for each trading day in the Mexican exchange market, the Bolsa Mexicana de Valores, based on official closing prices in such exchange market and publicly disseminates the Index values for the previous day’s close.¹⁰ The Index values are reported periodically in major financial publications and are also available through vendors of financial information. MSCI or another third-party major market data vendor makes available at least every 60 seconds an updated Index value when the Mexican exchange market trading hours overlap with the NYSE Arca Marketplace (as defined in NYSE Arca Equities Rule 1.1(e)) Core Trading Session (9:30 a.m. to 4:15 p.m. Eastern Time or “ET”).¹¹ Otherwise, when the Bolsa Mexicana de Valores is closed during NYSE Arca Marketplace trading hours, the Fund provides closing Index values on www.ishares.com. iShares, Inc. causes to be made available daily the names and required number of shares of each of the securities to be deposited in connection with the issuance of the

¹⁰ The Exchange notes that, when a broker-dealer or its affiliate, such as MSCI, is involved in the development and maintenance of a stock index upon which a product such as iShares is based, the broker-dealer or its affiliate should have procedures designed specifically to address the improper sharing of information. See Securities Exchange Act Release No. 52178 (July 29, 2005), 70 FR 46244, 46246 n.18 (August 9, 2005) (SR-NYSE-2005-41) (describing the procedures which must be in place to prevent the improper sharing of information). The Exchange represents that MSCI has procedures in place that comply with the requirements of Commentary .01(b)(1) to NYSE Arca Equities Rule 5.2(j)(3), which relate to restricted access of information concerning changes and adjustments to the Index.

¹¹ See Commentary .01(b)(2)(b) to NYSE Arca Equities Rule 5.2(j)(3) (providing that index values for ICUs based on international or global equity portfolios will be widely disseminated by one or more major market data vendors at least every 60 seconds during the Core Trading Session). See also NYSE Arca Equities Rule 7.34 (describing the hours of trading during three trading sessions on the Exchange: Opening Session; Core Trading Session; and Late Trading Session).

Shares,¹² as well as information relating to the required cash payment representing, in part, the amount of accrued dividends for the Fund.

In addition, an independent third party calculates and disseminates the Indicative Optimized Portfolio Value or “IOPV” on a per-Share basis through the facilities of the Consolidated Tape Association (“CTA”) at least every 15 seconds during the Core Trading Session.¹³ The Fund administrator, State Street Bank and Trust Company, calculates the net asset value (“NAV”) for the Fund once a day on each day that the New York Stock Exchange LLC is open for trading, generally at 4:00 p.m. ET. The NAV is also available to the public on www.iShares.com, from the Fund distributor by means of a toll-free phone number, and to participants of the National Securities Clearing Corporation.

There is also disseminated a variety of data with respect to the Fund on a daily basis by means of CTA and Consolidated Quote High Speed Lines, which is made available prior to the opening of the Core Trading Session on the NYSE Arca Marketplace. Specifically, information with respect to recent NAV, number of shares outstanding, and the estimated and total cash amount per Creation Unit¹⁴ aggregation are made available prior to the opening of the Core

¹² The closing prices of the securities to be deposited are readily available from, as applicable, the relevant exchanges, automated quotation systems, published or other public sources in Mexico, or online information services such as Bloomberg or Reuters. The exchange rate information required to convert such information into U.S. dollars is also readily available in newspapers and other publications and from a variety of on-line services.

¹³ The Exchange notes that there is an overlap in trading hours between the Mexican and U.S. markets for the Fund; trading hours on the Bolsa Mexicana de Valores, where the Index stocks are traded, are from 8:30 a.m. to 3:00 p.m. Central Standard Time. Therefore, the IOPV calculator updates the applicable IOPV at least every 15 seconds to reflect price changes in the Mexican market, and converts such prices into U.S. dollars based on the currency exchange rate. When the Mexican market is closed, but U.S. markets are open from 9:30 a.m. to 4:15 p.m. ET, the IOPV is updated at least every 15 seconds to reflect changes in currency exchange rates after the Mexican market closes.

¹⁴ See Registration Statement, supra note 9 (defining Creation Unit).

Trading Session. The Exchange disseminates quotation and last-sale information for the Shares through the facilities of the CTA. In addition, the Web site for the Fund, which is publicly accessible at no charge, contains the following information, on a per-Share basis, for the Fund: (1) the prior business day's NAV and the mid-point of the bid-ask price at the time of calculation of such NAV ("Bid/Ask Price")¹⁵ and a calculation of the premium or discount of such price against such NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. The Fund's holdings are available on the Fund's Web site, and components of the Index are available to subscribers at www.mscibarra.com. The information on the Fund's Web site will be available to all market participants at the same time. If the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.¹⁶

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 Exchange from 4:00 a.m. to 8:00 p.m. ET in accordance with NYSE Arca Equities Rule 7.34. The Exchange represents that it has appropriate rules to facilitate transactions in the Shares during all trading sessions, including rules governing trading halts, as provided in NYSE Arca Equities Rules 5.5(g)(2) and 7.12.

¹⁵ The Bid-Ask Price of the Fund is determined using the highest bid and lowest offer on the NYSE Arca Marketplace as of the time of calculation of the Fund's NAV.

¹⁶ E-mail from Michael Cavalier, Assistant General Counsel, NYSE Euronext, to Edward Cho and Christopher Chow, Special Counsels, Division of Trading and Markets, Commission, dated February 12, 2008.

Surveillance

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products, including ICUs, to monitor trading in the Shares.¹⁷ 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. The Exchange's current trading surveillance focuses on detecting when securities trade outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange states that it may obtain information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliate members of ISG. In addition, the Exchange has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Bulletin

The Exchange will inform its ETP Holders¹⁸ 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 required 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 ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) how information

¹⁷ Telephone conversation between Michael Cavalier, Assistant General Counsel, NYSE Euronext, and Christopher Chow, Special Counsel, Division of Trading and Markets, Commission, dated February 12, 2008.

¹⁸ See NYSE Arca Equities Rule 1.1 (defining ETP Holder as a registered broker or dealer that is a sole proprietorship, partnership, corporation, limited liability company, or other organization in good standing that has been issued an Equity Trading Permit or "ETP").

regarding the IOPV is disseminated; (4) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated Index value and IOPV will not be calculated or publicly available; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

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

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁰ 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

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

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

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

The Exchange states that written comments on the proposed rule change were neither solicited nor received.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²¹ and Rule 19b-4(f)(6) thereunder.²²

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay so that the Exchange can continue to list and trade the Shares without interruption. The Exchange states that it has developed adequate trading rules, procedures, surveillance programs, and listing standards for the continued listing and trading of the Shares.

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has fulfilled this requirement.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.²³ Given that the Shares, which are currently listed and trading on the Exchange, comply with all of NYSE Arca's initial generic listing standards for ICUs (except for narrowly missing two requirements of Commentary .01(a)(B)(3) to NYSE Arca Equities Rule 5.2(j)(3)), the continued listing and trading of the Shares by NYSE Arca does not appear to present any novel or significant regulatory issues or impose any significant burden on competition. For these reasons, the Commission designates the proposed rule change as operative upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-2008-15 on the subject line.

²³ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Paper Comments:

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

All submissions should refer to File Number SR-NYSEArca-2008-15. 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, 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-2008-15 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.²⁴

Florence E. Harmon
Deputy Secretary

²⁴ 17 CFR 200.30-3(a)(12).