SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69008; File No. SR-NYSEArca-2013-18)

February 28, 2013

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to List and Trade Fourteen Series of the iShares Trust under NYSE Arca Equities Rule 8.600

Pursuant to Section 19(b)(1)\(^1\) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”)\(^2\) and Rule 19b-4 thereunder,\(^3\) notice is hereby given that, on February 14, 2013, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 fourteen series of the iShares Trust under NYSE Arca Equities Rule 8.600. The text of the proposed rule change is available on the Exchange’s website at www.nysse.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 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 iShares Australian Dollar Cash Rate Fund; iShares British Pound Cash Rate Fund; iShares Canadian Dollar Cash Rate Fund; iShares Chinese Offshore Renminbi Cash Rate Fund; iShares Euro Cash Rate Fund; iShares Japanese Yen Cash Rate Fund; iShares Mexican Peso Cash Rate Fund; iShares New Zealand Dollar Cash Rate Fund; iShares Norwegian Krone Cash Rate Fund; iShares Singapore Dollar Cash Rate Fund; iShares Swedish Krona Cash Rate Fund; iShares Swiss Franc Cash Rate Fund; iShares Thai Offshore Baht Cash Rate Fund; and iShares Turkish Lira Cash Rate Fund (each, a “Fund” and, collectively, the “Funds”) under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by iShares Trust

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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.

(the “Trust”), a statutory trust organized under the laws of Delaware and registered with the Securities and Exchange Commission (the “Commission”) as an open-end management investment company.6

The investment adviser to the Funds will be BlackRock Fund Advisors (“Investment Adviser” or “BFA”), an indirect wholly-owned subsidiary of BlackRock, Inc. BlackRock Investments, LLC, an affiliate of the Investment Adviser, will serve as the distributor for the Funds (“Distributor”). State Street Bank and Trust Company will serve as the administrator, custodian and transfer agent for each Fund.

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.7 In addition, Commentary .06 further requires that personnel who make

iShares Strategic Beta U.S. Large Cap Fund and iShares Strategic Beta U.S. Small Cap Fund).

6 The Trust is registered under the 1940 Act. On August 9, 2012, the Trust filed with the Commission a post-effective amendment to Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) (“1933 Act”) and the 1940 Act relating to the Fund (File Nos. 333-92935 and 811-09729) (the “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 (January 24, 2011) (File No. 812-13601) (“Exemptive Order”).

7 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 Investment 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 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
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. The Investment Adviser 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 the Funds’ portfolio. In the event (a) the Investment Adviser or any sub-adviser becomes newly affiliated with a broker-dealer, or (b) any new manager, adviser or sub-adviser becomes affiliated with a broker-dealer, it will implement a fire wall with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

The Funds will not be index funds. The Funds will be actively managed and will not seek to replicate the performance of a specified index. Each Fund is classified as “non-diversified.”

**iShares Australian Dollar Cash Rate Fund**

According to the Registration Statement, the iShares Australian Dollar Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Australian dollar against the United States dollar and (ii) the yield of the 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.

According to the Registration Statement, each Fund will be “non-diversified” under the 1940 Act and may invest more of its assets in fewer issuers than “diversified” funds. The diversification standard is set forth in Section 5(b)(1) of the 1940 Act (15 U.S.C. 80a-5(b)(1)).
Australian dollar, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Australian dollars. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Australian dollars.

According to the Registration Statement, the Fund will be an actively managed exchange-traded fund (“ETF”) that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Australian dollar (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Australian dollar reflecting: (i) the increase or decrease in the exchange rate of the Australian dollar against the United States dollar and (ii) the yield of the Australian dollar, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Australian dollar. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and

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9 The term “under normal circumstances” includes, but is not limited to, the absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the fixed income 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.
instrumentalities, U.S. municipal variable rate demand notes,\textsuperscript{10} U.S. corporate and commercial debt instruments,\textsuperscript{11} and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Australian dollar from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one nationally recognized statistical rating organization (“NRSRO”) or, if unrated, deemed by the Investment Adviser to be of equivalent quality.\textsuperscript{12} The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if

\textsuperscript{10} According to the Registration Statement, variable rate demand obligations (also referred to as variable rate demand notes) are tax-exempt obligations that contain a floating or variable interest rate adjustment formula and a right of demand on the part of the holder thereof to receive payment of the unpaid principal balance plus accrued interest upon a short notice period not to exceed seven days.

\textsuperscript{11} The Fund will invest only in corporate bonds that the Investment Adviser deems to be sufficiently liquid at time of investment. Generally a non-U.S. corporate bond must have $200 million (or an equivalent value if denominated in a currency other than United States dollars) or more par amount outstanding and significant par value traded to be considered as an eligible investment, and a U.S. corporate bond must have $100 million (or an equivalent value if denominated in a currency other than United States dollars) or more par amount outstanding and significant par value traded to be considered as an eligible investment.

\textsuperscript{12} According to the Investment Adviser, the Investment Adviser may determine that unrated securities are of “equivalent quality” based on such credit quality factors that it deems appropriate, which may include, among other things, performing an analysis similar, to the extent possible, to that performed by an NRSRO when rating similar securities and issuers. In making such a determination, the Investment Adviser may consider internal analyses and risk ratings, third party research and analysis, and other sources of information, as deemed appropriate by the Investment Adviser.
such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Australian dollars. The Fund will enter into spot foreign exchange contracts only in Australian dollars and mainly for the purpose of taking long positions in the Australian dollar. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Australian dollar, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign

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13 According to the Registration Statement, a Fund will maintain exposure to the foreign currency identified in its name (the “FX Base Currency”) by entering into two simultaneous trades that result in the same open net long position of the FX Base Currency with the settlement date extended by one business day. The first trade will be an offsetting transaction to the original position (which is the long foreign exchange contract that the Fund has entered into on the previous day) for the same notional amount and same settlement date. This offsetting transaction may cause a Fund to realize a gain or loss on the transaction. The second trade will be for the same notional amount as the original position with the settlement date extended by one business day. Where there is an interest rate differential in the overnight “risk free” rate between the FX Base Currency and the United States dollar, there will be a difference in price between the two trades of the simultaneous transaction. This difference represents the difference in benchmark overnight interest rates between the two currencies in the position (i.e., one day of “carry” or “cost of carry”).
exchange contracts.\textsuperscript{14}

According to the Investment Adviser, the Australian dollar ("AUD") is a free floating currency. The Reserve Bank of Australia is independent, conducts monetary policy, works to maintain a strong financial system and issues the nation’s currency. The Australian dollar spot market is fully convertible and tradable 24 hours a day without restriction. Trading volume has expanded over the past few years with increased demand for commodities. The average AUD/USD bid/ask spread is 2-4 pips (.0002-.0004 USD). The average daily trading volume for Australian dollar spot transactions is $111 billion.\textsuperscript{15} The average daily volatility over the last five years was 2.887%. Trading volume is relatively deep and steady during the London session. The Australian dollar/United States dollar pair is the most heavily traded currency pair in the Australian foreign exchange markets; interest in the Australian dollar/Japanese yen exchange rate appears during the Asian session.

**iShares British Pound Cash Rate Fund**

According to the Registration Statement, the iShares British Pound Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the British pound sterling against the United States dollar and (ii) the yield of the British pound sterling, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in British pound sterling. The Fund also will seek to

\textsuperscript{14} The Investment Adviser believes that the foreign exchange contracts entered into by the Funds are properly characterized as “spot” foreign exchange transactions as of the date of this filing. However, legal requirements and interpretations surrounding such transactions may change, which may lead market participants such as the Funds’ foreign exchange counterparties to characterize such transactions as forward contracts.


preserve liquidity, and maintain stability of principal and preserve capital, each as measured in British pounds sterling.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the British pound sterling (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the British pound sterling, reflecting: (i) the increase or decrease in the exchange rate of the British pound sterling against the United States dollar and (ii) the yield of the British pound sterling, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the British pound sterling. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments, and bank notes and similar demand deposits

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16 See note 9, supra.
17 See note 10, supra.
18 See note 11, supra.
denominated in the British pound sterling from time to time when the Investment Adviser
believes these debt securities may help the Fund achieve its investment objective. All short-term
debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if
unrated, deemed by the Investment Adviser to be of equivalent quality. The Fund may also
invest its assets in money market funds (including funds that are managed by the Investment
Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired
by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated
money market securities. However, the Fund may do so, to a limited extent, such as where a
rated money market security becomes unrated, if such money market security is determined by
the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted
average portfolio maturity of between 1 and 30 days and generally will be limited to investments
with remaining maturities of 60 days or less. The Fund will not purchase any security with a
remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract
entered into by the Fund will require the Fund to purchase from a foreign exchange dealer
selected by the Investment Adviser, at a specified purchase price expressed in United States
dollars, a specified amount of British pounds sterling. The Fund will enter into spot foreign
exchange contracts only in British pounds sterling and mainly for the purpose of taking long
positions in the British pound sterling. Because the spot foreign exchange contracts entered into
by the Fund will be spot transactions and typically settle within two business days, in order to
maintain exposure to the British pound sterling, the Fund will continuously enter into new spot

19 See note 12, supra.
foreign exchange contracts by entering into two simultaneous trades.\textsuperscript{20} The Fund will not enter into forward foreign exchange contracts.\textsuperscript{21}

According to the Investment Adviser, the British pound ("GBP") is a free floating currency. The Bank of England is an independent body that controls monetary policy. Its primary objective is to deliver price stability through low inflation of 2\%. The British pound spot market is fully convertible and tradable 24 hours a day without restriction. The GBP/USD exchange market has deep liquidity. The average GBP/USD bid/ask spread is 2-4 pips (.0002-.0004 USD). The average daily trading volume for British pound spot transactions is $213 billion.\textsuperscript{22} The average daily volatility over the last five years was 2.0669\%. Trading volume is very deep from London open through New York early afternoon, with lighter volume during the late New York afternoon through Asia morning sessions, and with high currency flow around the 4:00 p.m. Greenwich Mean Time fixing.

\textbf{iShares Canadian Dollar Fund}

According to the Registration Statement, the iShares Canadian Dollar Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Canadian dollar against the United States dollar and (ii) the yield of the Canadian dollar, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Canadian dollars. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Canadian dollars.

According to the Registration Statement, the Fund will be an actively managed ETF that

\textsuperscript{20} See note 13, supra.
\textsuperscript{21} See note 14, supra.
\textsuperscript{22} See note 15, supra.
will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Canadian dollar (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Canadian dollar, reflecting: (i) the increase or decrease in the exchange rate of the Canadian dollar against the United States dollar and (ii) the yield of the Canadian dollar, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Canadian dollar. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments, and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Canadian dollar from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated,

23 See note 9, supra.
24 See note 10, supra.
25 See note 11, supra.
deemed by the Investment Adviser to be of equivalent quality. The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Canadian dollars. The Fund will enter into spot foreign exchange contracts only in Canadian dollars and mainly for the purpose of taking long positions in the Canadian dollar. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Canadian dollar, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign exchange contracts.

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26 See note 12, supra.
27 See note 13, supra.
28 See note 14, supra.
According to the Investment Adviser, the Canadian dollar (“CAD”) is a free floating currency. The Bank of Canada is responsible for Canada’s monetary policy, bank notes, financial system, and funds management. Monetary policy targets inflation of near 2%. The Bank of Canada carries out monetary policy by influencing short-term interest rates. The Canadian dollar spot market is fully convertible and tradable 24 hours a day without restriction. The USD/CAD exchange market has deep liquidity. The average USD/CAD bid/ask spread is 2-4 pips (.0002-.0004 CAD). The average daily trading volume for Canadian dollar spot transactions is $78 billion. The average daily volatility over the last five years was 2.1563%. Trading volume is relatively deep from the New York open through the New York close. There is high currency flow during the New York open and into the London close. Spikes in volume are noted at the London fixing.

iShares Chinese Offshore Renminbi Cash Rate Fund

According to the Registration Statement, the iShares Chinese Offshore Renminbi Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Chinese offshore renminbi against the United States dollar and (ii) the yield of the Chinese offshore renminbi, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Chinese offshore renminbi. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Chinese offshore renminbi.

According to the Registration Statement, the Fund will be an actively managed ETF that

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29 See note 15, supra.
will seek to achieve its investment objective by investing, under normal circumstances,\textsuperscript{30} substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Chinese offshore renminbi (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The Chinese offshore renminbi trades in Hong Kong and other markets outside mainland China. The offshore renminbi is also known as the “offshore yuan.” The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Chinese offshore renminbi, reflecting: (i) the increase or decrease in the exchange rate of the Chinese offshore renminbi against the United States dollar and (ii) the yield of the Chinese offshore renminbi, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Chinese offshore renminbi. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes,\textsuperscript{31} U.S. corporate and commercial debt instruments,\textsuperscript{32} and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Chinese offshore renminbi from time to time when the Investment Adviser believes these

\textsuperscript{30} See note 9, \textit{supra}.
\textsuperscript{31} See note 10, \textit{supra}.
\textsuperscript{32} See note 11, \textit{supra}.
securities may help the Fund to achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality.\(^{33}\) The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Chinese offshore renminbi. The Fund will enter into spot foreign exchange contracts only in Chinese offshore renminbi and mainly for the purpose of taking long positions in the Chinese offshore renminbi. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Chinese offshore renminbi, the Fund will continuously enter into

\(^{33}\) See note 12, supra.
new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign exchange contracts.

According to the Investment Adviser, the People’s Bank of China operates a managed floating exchange rate system, which is partially pegged to a basket of trade-weighted international currencies. The Chinese onshore renminbi is non-deliverable and partially convertible. Hong Kong is the only jurisdiction where Chinese offshore renminbi trading is sanctioned and regulated. Bank of China (Hong Kong) serves as the clearing bank for Chinese offshore renminbi. No fixing rate is set by authorities. The average bid/ask spread is 10-20 pips (0.001-0.002 Chinese offshore renminbi). The average daily trading volume for Chinese offshore renminbi spot transactions is $300 million. The average daily volatility over the last five years was 0.2715%. Trading volume is relatively deep from 9:00 a.m. to 5:00 p.m. Hong Kong Time.

iShares Euro Cash Rate Fund

According to the Registration Statement, the iShares Euro Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the euro against the United States dollar and (ii) the yield of the euro, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in euros. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve

34 See note 13, supra.
35 See note 14, supra.
37 Id.
capital, each as measured in euros.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances,\textsuperscript{38} substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the euro (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the euro, reflecting: (i) the increase or decrease in the exchange rate of the euro against the United States dollar and (ii) the yield of the euro, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the euro. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes,\textsuperscript{39} U.S. corporate and commercial debt instruments\textsuperscript{40} and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments, and bank notes and similar demand deposits denominated in the euro from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its

\textsuperscript{38} See note 9, supra.
\textsuperscript{39} See note 10, supra.
\textsuperscript{40} See note 11, supra.
investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality.\(^{41}\) The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of euros. The Fund will enter into spot foreign exchange contracts only in euros and mainly for the purpose of taking long positions in the euro. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions, in order to maintain exposure to the euro, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades.\(^{42}\) The Fund will not enter into forward

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\(^{41}\) See note 12, supra.

\(^{42}\) See note 13, supra.
foreign exchange contracts.  

According to the Investment Adviser, the euro (“EUR”) is a freely floating currency. The primary objective of the European Central Bank (“ECB”) is to maintain price stability in the euro area. The ECB aims for inflation rates of below, but close to, 2% over the medium term. The euro spot market is fully convertible and tradable 24 hours a day without restriction. The euro and United States dollar have the deepest liquidity of all foreign exchange pairs. The average EUR/USD bid/ask spread is 1-2 pips (.0001-.0002 USD). The average daily trading volume for euro spot transactions is $691 billion. The average daily volatility over the last five years was 2.1994%. Trading volume is extremely deep from European open through New York close, and there is high currency flow around 2:15 p.m. Central European Time, the local fixing time.

**iShares Japanese Yen Cash Rate Fund**

According to the Registration Statement, the iShares Japanese Yen Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Japanese yen against the United States dollar and (ii) the yield of the Japanese yen, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Japanese yen. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Japanese yen.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a
matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Japanese yen (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of Japanese yen, reflecting: (i) the increase or decrease in the exchange rate of the Japanese yen against the United States dollar and (ii) the yield of the Japanese yen, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Japanese yen. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments, and bank notes and similar demand deposits denominated in the Japanese yen from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one nationally recognized statistical rating organization (NRSRO) or, if unrated, deemed by the Investment Adviser to be of equivalent quality. The Fund may also invest its assets in money market funds (including funds that are managed by the

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46 See note 10, supra.
47 See note 11, supra.
48 See note 12, supra.
Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality. According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Japanese yen. The Fund will enter into spot foreign exchange contracts only in Japanese yen and mainly for the purpose of taking long positions in the Japanese yen. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Japanese yen, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign exchange contracts.

According to the Investment Adviser, the Japanese yen (“JPY”) is a free floating currency. The Bank of Japan is an independent body that carries out currency and monetary policy. The Japanese yen spot market is fully convertible and tradable 24 hours a day without

\[49\] See note 13, supra.

\[50\] See note 14, supra.
restriction. The USD/JPY exchange market has deep liquidity. The average USD/JPY bid/ask spread is 1-3 pips (.01-.03 JPY). The average daily trading volume for Japanese yen spot transactions is $300 billion.\textsuperscript{51} The average daily volatility over the last five years was 1.9879%. Trading volume in USD/JPY is deep from the London open to the New York close.

\textit{iShares Mexican Peso Cash Rate Fund}

According to the Registration Statement, the iShares Mexican Peso Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Mexican peso against the United States dollar and (ii) the yield of the Mexican peso, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Mexican peso. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Mexican pesos.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances,\textsuperscript{52} substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Mexican peso (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Mexican peso, reflecting: (i) the increase or decrease in the exchange rate of the Mexican peso against the United States dollar and (ii) the yield of the Mexican peso.

\textsuperscript{51} See note 15, supra.
\textsuperscript{52} See note 9, supra.
Mexican peso, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Mexican peso. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments and bank notes, and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Mexican peso from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality. The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments

53 See note 10, supra.
54 See note 11, supra.
55 See note 12, supra.
with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Mexican pesos. The Fund will enter into spot foreign exchange contracts only in Mexican pesos and mainly for the purpose of taking long positions in the Mexican peso. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Mexican peso, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades.\(^{56}\) The Fund will not enter into forward foreign exchange contracts.\(^ {57}\)

According to the Investment Adviser, the Mexican peso ("MXN") is a free floating currency. Banco de México ("Banxico") is responsible for regulating foreign exchange operations. It is formally independent and follows an inflation targeting policy. The Mexican peso is fully deliverable for all types of investors. There is some overnight trading, but the vast majority of trading in the Mexican peso occurs during local hours. Mexico has the most liquid spot market in Latin America. The average spot transaction is $5 million. The average bid/ask spread is 30-50 pips (0.003-0.005 MXN). The average daily trading volume for Mexican peso spot transactions is $18 billion.\(^ {58}\) The average daily volatility over the last five years was 2.3338%. Trading volume is relatively deep from the London afternoon through the New York

\(^{56}\) See note 13, supra.
\(^{57}\) See note 14, supra.
\(^{58}\) See note 15, supra.
Banxico sets the fixing rate daily from 12 p.m. Central Standard Time onwards by surveying at least four local banks.

**iShares New Zealand Dollar Cash Rate Fund**

According to the Registration Statement, the iShares New Zealand Dollar Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the New Zealand dollar against the United States dollar and (ii) the yield of the New Zealand dollar, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in New Zealand dollars. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in New Zealand dollars.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the New Zealand dollar (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the New Zealand dollar, reflecting: (i) the increase or decrease in the exchange rate of the New Zealand dollar against the United States dollar and (ii) the yield of the New Zealand dollar, minus the Fund’s fees and expenses.

59 See note 9, supra.
According to the Registration Statement, the Fund will invest in United States dollar
denominated short-term debt securities of varying maturities and spot foreign exchange contracts
in order to seek to replicate the daily return of the New Zealand dollar. The short-term debt
securities held by the Fund generally will consist of high quality debt obligations and may
include, but are not limited to, obligations issued by the U.S. government and its agencies and
instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial
debt instruments, and bank notes and similar demand deposits. The Fund’s assets also may be
invested in short-term debt instruments and bank notes and similar demand deposits denominated
in the New Zealand dollar from time to time when the Investment Adviser believes these debt
securities may help the Fund achieve its investment objective. All short-term debt securities
acquired by the Fund will be rated investment grade by at least one nationally recognized
statistical rating organization (NRSRO) or, if unrated, deemed by the Investment Adviser to be
of equivalent quality. The Fund may also invest its assets in money market funds (including
funds that are managed by the Investment Adviser or one of its affiliates), cash and cash
equivalents. All money market securities acquired by the Fund will be rated investment grade.
The Fund does not intend to invest in any unrated money market securities. However, the Fund
may do so, to a limited extent, such as where a rated money market security becomes unrated, if
such money market security is determined by the Investment Adviser to be of comparable
quality. According to the Registration Statement, the Fund generally will maintain a weighted
average portfolio maturity of between 1 and 30 days and generally will be limited to investments
with remaining maturities of 60 days or less. The Fund will not purchase any security with a

60 See note 10, supra.
61 See note 11, supra.
62 See note 12, supra.
remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of New Zealand dollars. The Fund will enter into spot foreign exchange contracts only in New Zealand dollars and mainly for the purpose of taking long positions in the New Zealand dollar. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the New Zealand dollar, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign exchange contracts.

According to the Investment Adviser, the New Zealand Dollar (“NZD”) is a freely floating currency. The Reserve Bank of New Zealand manages monetary policy to maintain price stability. The NZD trading day changes at 7:00 a.m. New Zealand time Tuesday through Friday (i.e., Monday through Thursday, Eastern Time (“E.T.”)); Friday’s trading day for the NZD lasts through 5:00 p.m., E.T. This is unique to this currency; the market convention for other currencies is to change the trading day at 5:00 p.m. E.T. The New Zealand dollar is fully convertible and tradable 24 hours a day without restriction. The average NZD/USD bid/ask spread is 3-5 pips (.0003-.0005 USD). The average daily trading volume for New Zealand dollar spot transactions is $22 billion. The average daily volatility over the last five years was 3.018%. Trading volume in NZD/USD is relatively steady from the Asian open through London

63 See note 13, supra.
64 See note 14, supra.
65 See note 15, supra.
close. Volume spikes are noted in NZD/JPY at the Tokyo open. AUD/NZD volumes are consistent during a 24 hour period in all trading centers.

**iShares Norwegian Krone Cash Rate Fund**

According to the Registration Statement, the iShares Norwegian Krone Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Norwegian krone against the United States dollar and (ii) the yield of the Norwegian krone, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Norwegian krone. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Norwegian kroner.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Norwegian krone (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Norwegian krone, reflecting: (i) the increase or decrease in the exchange rate of the Norwegian krone against the United States dollar and (ii) the yield of the Norwegian krone, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar

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66 See note 9, supra.
denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Norwegian krone. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments, and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Norwegian krone from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one nationally recognized statistical rating organization (NRSRO) or, if unrated, deemed by the Investment Adviser to be of equivalent quality. The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality. According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

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67 See note 10, supra.
68 See note 11, supra.
69 See note 12, supra.
According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Norwegian kroner. The Fund will enter into spot foreign exchange contracts only in Norwegian kroner and mainly for the purpose of taking long positions in the Norwegian krone. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Norwegian krone, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign exchange contracts.

According to the Investment Adviser, the Norwegian krone (“NOK”) is a floating currency. Norges Bank (the Norwegian Central Bank) has executive and advisory responsibilities for monetary policy and is responsible for promoting robust and efficient payment systems and financial markets. The Norwegian krone spot market is fully convertible and tradable 24 hours a day. EUR/NOK and NOK/Swedish krona have the deepest liquidity of currency pairs in the Norwegian foreign exchange markets. The average USD/NOK bid/ask spread is 25-45 pips (.0025-.0045 NOK). The average daily trading volume for Norwegian krone spot transactions is $12 billion. The average daily volatility over the last five years was 2.648%. Trading volume in EUR/NOK is relatively deep from European session open to the London close. Volumes are lighter, but well supported throughout the New York session. High trading volume is noted in NOK/USD around the Norges Bank fixing time (2:15 p.m. Central

\[70\] See note 13, supra.

\[71\] See note 14, supra.

\[72\] See note 15, supra.
iShares Singapore Dollar Cash Rate Fund

According to the Registration Statement, the iShares Singapore Dollar Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Singapore dollar against the United States dollar and (ii) the yield of the Singapore dollar, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Singapore dollars. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Singapore dollars.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Singapore dollar (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Singapore dollar, reflecting: (i) the increase or decrease in the exchange rate of the Singapore dollar against the United States dollar and (ii) the yield of the Singapore dollar, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts

73 See note 9, supra.
in order to seek to replicate the daily return of the Singapore dollar. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments, and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Singapore dollar from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality. The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract

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74 See note 10, supra.
75 See note 11, supra.
76 See note 12, supra.
entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Singapore dollars. The Fund will enter into spot foreign exchange contracts only in Singapore dollars and mainly for the purpose of taking long positions in the Singapore dollar. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Singapore dollar, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign exchange contracts.

According to the Investment Adviser, the Singapore dollar floats within an undisclosed crawling target band set against a trade-weighted basket of currencies. It is fully convertible and deliverable. The Monetary Authority of Singapore has considerable operational independence in acting as the central bank, although it is not independent. The Singapore dollar spot market is fully convertible and tradable 24 hours a day without restriction. The average spot transaction is $10 million. The average bid/ask spread is 2-5 pips (0.0002-0.0005 SGD). The average daily trading volume for Singapore dollar spot transactions is $16 billion. The average daily volatility over the last five years was 1.182%. Trading volume is relatively deep from Asia open through London close.

iShares Swedish Krona Cash Rate Fund

According to the Registration Statement, the iShares Swedish Krona Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the

77 See note 13, supra.
78 See note 14, supra.
79 See note 15, supra.
exchange rate of the Swedish krona against the United States dollar and (ii) the yield of the Swedish krona, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Swedish krona. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Swedish kronor.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Swedish krona (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Swedish krona, reflecting: (i) the increase or decrease in the exchange rate of the Swedish krona against the United States dollar and (ii) the yield of the Swedish krona, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Swedish krona. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities,

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80 See note 9, supra.
U.S. municipal variable rate demand notes,\textsuperscript{81} U.S. corporate and commercial debt instruments,\textsuperscript{82} and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Swedish krona from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality.\textsuperscript{83} The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Swedish kronor. The Fund will enter into spot foreign exchange contracts

\textsuperscript{81} See note 10, supra.
\textsuperscript{82} See note 11, supra.
\textsuperscript{83} See note 12, supra.
contracts only in Swedish kronor and mainly for the purpose of taking long positions in the Swedish krona. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Swedish krona, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades. The Fund will not enter into forward foreign exchange contracts.

According to the Investment Adviser, the Swedish krona ("SEK") is a floating currency. The independent Riksbank (the Swedish Central Bank) is responsible for monetary policy with the objective of maintaining price stability. The Swedish krona spot market is fully convertible and tradable 24 hours a day. EUR/SEK and NOK/SEK have deep liquidity. The average USD/SEK bid/ask spread is 25-40 pips (.0025-.0040 SEK). The average daily trading volume for Swedish krona spot transactions is $19 billion. The average daily volatility over the last five years was 2.736%. Trading volume is heaviest during the European session. Volumes are lighter, but well supported throughout the New York session.

**iShares Swiss Franc Cash Rate Fund**

According to the Registration Statement, the iShares Swiss Franc Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Swiss franc against the United States dollar and (ii) the yield of the Swiss franc, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Swiss francs. The Fund also will seek to preserve liquidity, and maintain

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84 See note 13, supra.
85 See note 14, supra.
86 See note 15, supra.
stability of principal and preserve capital, each as measured in Swiss francs.

According to the Registration Statement, the Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Swiss franc (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Swiss franc, reflecting: (i) the increase or decrease in the exchange rate of the Swiss franc against the United States dollar and (ii) the yield of the Swiss franc, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Swiss franc. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments, and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Swiss franc from time to time when the Investment Adviser believes these securities may help the Fund

87 See note 9, supra.
88 See note 10, supra.
89 See note 11, supra.
to achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality. The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Swiss francs. The Fund will enter into spot foreign exchange contracts only in Swiss francs and mainly for the purpose of taking long positions in the Swiss franc. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Swiss franc, the Fund will continuously enter into new spot foreign exchange contracts by

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90 See note 12, supra.
entering into two simultaneous trades.\textsuperscript{91} The Fund will not enter into forward foreign exchange contracts.\textsuperscript{92}

According to the Investment Adviser, the Swiss franc ("CHF") is a floating currency. The Swiss National Bank conducts the country’s monetary policy as an independent central bank. Its primary goal is to ensure price stability, while taking due account of economic developments. The Swiss franc spot market is fully convertible and tradable 24 hours a day without restriction. The Swiss franc is traditionally considered a safe haven currency. The average USD/CHF bid/ask spread is 2-5 pips (\textcolor{red}{.0002-.0005 CHF}). The average daily trading volume for Swiss franc spot transactions is $92 billion.\textsuperscript{93} The average daily volatility over the last five years was 2.3123\%. Trading volume in USD/CHF is deep during the London session, and there is high currency flow around the London fixing and London close.

iShares Thai Offshore Baht Cash Rate Fund

According to the Registration Statement, the iShares Thai Offshore Baht Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Thai offshore baht against the United States dollar and (ii) the yield of the Thai offshore baht, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Thai offshore baht. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Thai offshore bahts.

According to the Registration Statement, the Fund will be an actively managed ETF that

\textsuperscript{91} See note 13, supra.
\textsuperscript{92} See note 14, supra.
\textsuperscript{93} See note 15, supra.
will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Thai offshore baht (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The Thai onshore baht is the everyday currency used to purchase goods and services in Thailand. The Thai offshore baht is the foreign exchange currency for Thailand; offshore banks cannot exchange Thai onshore baht for foreign currency. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Thai offshore baht, reflecting: (i) the increase or decrease in the exchange rate of the Thai offshore baht against the United States dollar and (ii) the yield of the Thai offshore baht, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Thai offshore baht. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments and bank notes and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments, and bank notes and similar demand deposits

94 See note 9, supra.
95 See note 10, supra.
96 See note 11, supra.
denominated in the Thai offshore baht from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality.\textsuperscript{97} The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Thai offshore baht. The Fund will enter into spot foreign exchange contracts only in Thai offshore baht and mainly for the purpose of taking long positions in the Thai offshore baht. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Thai offshore baht, the Fund will continuously enter into new spot contracts.

\textsuperscript{97} See note 12, supra.
foreign exchange contracts by entering into two simultaneous trades.\textsuperscript{98} The Fund will not enter into forward foreign exchange contracts.\textsuperscript{99}

According to the Investment Adviser, the Thai baht ("THB") is a managed floating currency. It is deliverable and convertible. The Bank of Thailand ("BoT") sets and implements monetary policy. The foreign exchange market is the most competitive financial instrument market in Thailand. The BoT has important influence over the size and liquidity of the market due to onshore-offshore currency regulations. The average offshore spot transaction is $3 million. The average bid/ask spread is 1 pip (0.01 THB). The average daily trading volume for Thai baht spot transactions is $3 billion.\textsuperscript{100} The average daily volatility over the last five years was 0.976%. Trading volume is relatively deep from 9:00 a.m. to 4:00 p.m. Bangkok local time (Greenwich Mean Time plus seven hours).

\textbf{iShares Turkish Lira Cash Rate Fund}

According to the Registration Statement, the iShares Turkish Lira Cash Rate Fund will seek to provide its shareholders a daily return that reflects: (i) the increase or decrease in the exchange rate of the Turkish lira against the United States dollar and (ii) the yield of the Turkish lira, minus the Fund’s fees and expenses. “Yield” refers to the yield an investor would expect to receive if they invested in an overnight or similar cash or cash equivalent investment denominated in Turkish lira. The Fund also will seek to preserve liquidity, and maintain stability of principal and preserve capital, each as measured in Turkish lira.

According to the Registration Statement, the Fund will be an actively managed ETF that

\textsuperscript{98} See note 13, supra.
\textsuperscript{99} See note 14, supra.
\textsuperscript{100} See note 15, supra.
will seek to achieve its investment objective by investing, under normal circumstances, substantially all of its assets in short-term securities denominated in United States dollars and a matching notional amount of spot foreign exchange contracts (generally required to be settled within two business days) to purchase the Turkish lira (against delivery of the United States dollar). Under normal circumstances, there will be a 1:1 ratio between the fixed income securities and spot contracts. The strategy of combining investments in short-term fixed income securities and spot foreign exchange contracts is designed to provide financial exposure substantially similar to a purchase of the Turkish lira, reflecting: (i) the increase or decrease in the exchange rate of the Turkish lira against the United States dollar and (ii) the yield of the Turkish lira, minus the Fund’s fees and expenses.

According to the Registration Statement, the Fund will invest in United States dollar denominated short-term debt securities of varying maturities and spot foreign exchange contracts in order to seek to replicate the daily return of the Turkish lira. The short-term debt securities held by the Fund generally will consist of high quality debt obligations and may include, but are not limited to, obligations issued by the U.S. government and its agencies and instrumentalities, U.S. municipal variable rate demand notes, U.S. corporate and commercial debt instruments and bank notes, and similar demand deposits. The Fund’s assets also may be invested in short-term debt instruments and bank notes and similar demand deposits denominated in the Turkish lira from time to time when the Investment Adviser believes these debt securities may help the Fund achieve its investment objective. All short-term debt securities acquired by the Fund will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment

101 See note 9, supra.
102 See note 10, supra.
103 See note 11, supra.
Adviser to be of equivalent quality.\textsuperscript{104} The Fund may also invest its assets in money market funds (including funds that are managed by the Investment Adviser or one of its affiliates), cash and cash equivalents. All money market securities acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, the Fund generally will maintain a weighted average portfolio maturity of between 1 and 30 days and generally will be limited to investments with remaining maturities of 60 days or less. The Fund will not purchase any security with a remaining maturity of more than 397 calendar days.

According to the Registration Statement, generally, each spot foreign exchange contract entered into by the Fund will require the Fund to purchase from a foreign exchange dealer selected by the Investment Adviser, at a specified purchase price expressed in United States dollars, a specified amount of Turkish lira. The Fund will enter into spot foreign exchange contracts only in Turkish lira and mainly for the purpose of taking long positions in the Turkish lira. Because the spot foreign exchange contracts entered into by the Fund will be spot transactions and typically settle within two business days, in order to maintain exposure to the Turkish lira, the Fund will continuously enter into new spot foreign exchange contracts by entering into two simultaneous trades.\textsuperscript{105} The Fund will not enter into forward foreign exchange contracts.\textsuperscript{106}

\textsuperscript{104} See note 12, supra.
\textsuperscript{105} See note 13, supra.
\textsuperscript{106} See note 14, supra.
According to the Investment Adviser, the Turkish lira ("TRY") is a managed freely floating currency, and is freely convertible. The Central Bank of the Republic of Turkey is responsible for carrying out the government’s monetary policy. Turkey’s spot transactions market is one of the most liquid in the emerging markets, and has an Interbank minimum transaction size of $1,000. The average spot transaction is $1 million. The average bid/ask spread is 5 pips (0.0005 TRY). The average daily trading volume for Turkish lira spot transactions is $8 billion.107 The average daily volatility over the last five years was 2.579%. Emerging European currencies such as the Turkish lira are supported by the major global banks and liquidity providers. Trading volume is deepest throughout the European trading session.

Other Investments

According to the Registration Statement, in addition to the principal investments described above, each Fund will invest in other short-term instruments, including other money market instruments, on an ongoing basis to provide liquidity or for other reasons.

While each Fund may invest in money market instruments as part of its principal investment strategies, the Investment Adviser expects that, under normal circumstances, each Fund also intends to invest in money market securities (as described below) in a manner consistent with its investment objective in order to help manage cash flows in and out of the Fund, such as in connection with payment of dividends or expenses, and to satisfy margin requirements, or to provide collateral. For the Funds’ purposes, money market securities include: short-term, high-quality obligations issued or guaranteed by the U.S. Treasury or the agencies or instrumentalities of the U.S. government; short-term, high-quality securities issued or guaranteed by non-U.S. governments, agencies and instrumentalities; non-convertible corporate

107 See note 15, supra.
debt securities with remaining maturities of not more than 397 days that satisfy ratings requirements under Rule 2a-7 of the 1940 Act; repurchase agreements backed by U.S. government securities; money market mutual funds; commercial paper; U.S. municipal variable rate demand notes and deposits and other obligations of U.S. and non-U.S. banks and financial institutions. All money market securities acquired by the Funds will be rated investment grade. The Funds do not intend to invest in any unrated money market securities. However, a Fund may do so, to a limited extent, such as where a rated money market security becomes unrated, if such money market security is determined by the Investment Adviser to be of comparable quality.

According to the Registration Statement, each Fund may hold up to 15% of its net assets in securities that are illiquid (calculated at the time of investment), including Rule 144A Securities. The aggregate value of all of a Fund’s illiquid securities and Rule 144A Securities shall not exceed 15% of a Fund’s total assets. 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

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15% of the Fund’s net assets are held in illiquid securities.

According to the Registration Statement, a Fund may not concentrate its investments (i.e., invest 25% or more of its total assets in the securities of a particular industry or industry group),\textsuperscript{109} provided that this restriction does not limit a Fund’s: (i) investments in its FX Base Currency, (ii) investments in securities of other investment companies, (iii) investments in securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, certificates of deposit, and bankers’ acceptances, (iv) investments in repurchase agreements collateralized by U.S. government securities, or (v) investments in U.S. municipal securities.

Each Fund intends to qualify as a regulated investment company under Subchapter M of Subtitle A, Chapter 1, of the Internal Revenue Code.\textsuperscript{110} The Funds will not invest in any non-U.S registered equity securities. The Funds will not invest in options contracts, futures contracts or swap agreements.\textsuperscript{111} Each Fund’s investments will be consistent with the Fund’s investment objective and will not be used to enhance leverage.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. Consistent with NYSE Arca Equities Rule 8.600(d)(2)(B)(ii), the Investment Adviser will implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual

\textsuperscript{109} See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

\textsuperscript{110} 26 U.S.C. 851.

\textsuperscript{111} The Investment Adviser believes that the foreign exchange contracts entered into by the Funds are properly characterized as “spot” foreign exchange transactions as of the date of this filing. However, legal requirements and interpretations surrounding such transactions may change, which may lead market participants such as the Funds’ foreign exchange counterparties to characterize such transactions as swap agreements.
components of the Funds’ portfolios. The Exchange represents that, for initial and/or continued listing, the Funds will be in compliance with Rule 10A-3\textsuperscript{112} under the Exchange Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares 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 net asset value per Share (“NAV”)\textsuperscript{113} 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.

**Determination of Net Asset Value**

According to the Registration Statement, the 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. E.T.) 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 United States dollar will be translated into United States dollars 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 less total liabilities) by the total number of outstanding Shares of the Fund, generally rounded to the nearest cent.

The value of the securities and other assets and liabilities held by each Fund, are determined pursuant to valuation policies and procedures approved by the Trust’s Board of

\textsuperscript{112} 17 CFR 240.10A-3.

\textsuperscript{113} For more information regarding the valuation of Fund investments in calculating a Fund’s NAV, see the Registration Statement.
Trustees (the “Board”).

Generally, trading in non-U.S. securities, U.S. government securities, money market instruments 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. Non-U.S. securities held by the Funds may trade on weekends or other days when the Funds do not price their Shares. As a result, the NAV of the Funds may change on days when authorized participants will not be able to purchase or redeem Fund Shares, as described below.

When market quotations are not readily available or are believed by the Investment Adviser to be unreliable, each Fund’s investments will be valued at fair value.\textsuperscript{114} Fair value determinations will be made by the Investment Adviser in accordance with policies and procedures approved by the Funds’ Board. The Investment Adviser 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 the Investment Adviser, is likely to cause a material change to the closing market price of the asset or liability held by a Fund. Non-U.S. securities or other instruments whose values are affected

\textsuperscript{114} 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 the 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.
by volatility that occurs in U.S. markets on a trading day after the close of non-U.S. securities markets may be fair valued.

The value of assets or liabilities denominated in foreign currencies will be converted into United States dollars using prevailing or generally accepted exchange rates.

**Creations and Redemptions of Shares**

According to the Registration Statement, the Trust will issue and redeem Shares of each Fund on a continuous basis only in large specified numbers of Shares through the Distributor or its agent, without a sales load, at a price based on the Fund’s NAV next determined after receipt, on any business day, of an order received by the Distributor or its agent in proper form. The Funds generally will offer and redeem Shares solely for cash. However, each Fund may also accept securities in lieu of cash at the discretion of the Fund (“Deposit Securities”).

The consideration for purchase of Shares of a Fund will generally consist of an amount of cash equal in value to the holdings of the Fund in exchange for a specified number of Fund Shares (which must be equal to or greater than the Fund’s “Minimum Subscription Size”). It is currently anticipated that the Minimum Subscription Size for the Funds will generally be 50,000 Shares (although may range from 25,000 to 100,000 Shares, representing Minimum Subscription Sizes ranging from $1.25 million to $10 million, and may vary from Fund to Fund), though the number may change from time to time, including prior to the listing of the Funds. The exact number of Shares that will constitute each Fund’s Minimum Subscription Size will be disclosed in the Registration Statement of the Fund. In the case of an in-kind transaction, the Investment Adviser will make available through the Cürex Group’s technology platform on each business day prior to the opening of business on the Exchange, (1) the list of names and the required

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According to the Fund, the Deposit Securities would be composed of United States dollar-denominated money market instruments.
number of shares of each Deposit Security and the amount of cash necessary to purchase the shares (together, the cash and any Deposit Securities are referred to herein as the “Fund Deposit”), and (2) the designated portfolio of securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day (“Fund Securities”), and an amount of cash applicable to a redemption (the “Cash Amount,” as described below), in each case based on information as of the end of the previous business day for each Fund.

Shares may be purchased or redeemed only by or through a Depository Trust Company participant that has entered into an Authorized Purchaser Agreement with the Distributor.

To initiate an order for Shares or to submit a request to redeem Shares of a Fund (except the iShares New Zealand Dollar Cash Rate Fund), an authorized participant must submit to the Distributor or its agent an irrevocable order to purchase or redeem Shares of a Fund generally before 4:00 p.m. E.T. on any business day to receive that day’s NAV. To initiate an order for Shares or to submit a request to redeem Shares of the iShares New Zealand Dollar Cash Rate Fund, an authorized participant must submit to the Distributor or its agent an irrevocable order to purchase or redeem Shares of a Fund generally before 7:00 a.m., New Zealand Time on any business day to receive that day’s NAV.

To purchase Shares of a Fund, the authorized participant must make available on or before the contractual settlement date, by means satisfactory to a Fund, cash in immediately available or same day funds estimated by a Fund to be sufficient to pay the Fund Deposit (exclusive of any Deposit Securities) next determined after acceptance of the purchase order, together with the applicable transaction fees.

Shares of a Fund may be redeemed by authorized participants only in aggregations equal
to or greater than such Fund’s Minimum Subscription Size 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 Trust may, in its sole discretion, substitute a “cash in lieu” amount to replace
any Fund Security.

For all cash redemptions, a Fund will deliver cash to the authorized participant equal to
the NAV of the Shares being redeemed. If redemptions are not paid in cash, the redemption
proceeds for Shares generally will consist of Fund Securities, plus 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 (the “Cash Amount”),
less a redemption transaction fee.

Additional information regarding the Trust, the Funds 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.

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 the Funds 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”), 116 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 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 (9:30 a.m. E.T. to 4:00 p.m. E.T.) on the Exchange, the Funds will disclose on www.iShares.com the identities and quantities of the Funds’ portfolio holdings that will form the basis for the Funds’ calculation of NAV at the end of the business day. 117

On a daily basis, the Funds will disclose on www.iShares.com for each portfolio security and other financial instrument of the Funds the following information: ticker symbol (if applicable), name of securities and financial instruments, number of shares or dollar value of securities and financial instruments held in the portfolio, and percentage weighting of the securities and financial instruments in the portfolio. The website information will be publicly available at no charge. In addition, intra-day, closing and settlement prices or other values of the debt securities, fixed income instruments, and other investments held by the Funds are also generally readily available from the national securities exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. Foreign currency exchange rates are generally readily available from on-line information services such as Bloomberg or Reuters.

116 The Bid/Ask Price of a Fund will be determined using the midpoint of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund’s NAV. The records relating to Bid/Ask Prices will be retained by each Fund and its service providers.

117 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, a Fund 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.
In addition, a basket composition file, which includes the security names and share quantities, if applicable, required to be delivered in exchange for a Fund’s Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the NYSE via the National Securities Clearing Corporation. The NAV of the Funds will normally be determined as of the close of the regular trading session on the NYSE (ordinarily 4:00 p.m. E.T.) on each business day.

Investors can also obtain the Trust’s Statement of Additional Information (“SAI”), the Funds’ Shareholder Reports, and their Form N-CSR and Form N-SAR, filed twice a year. The Trust’s SAI and Shareholder Reports will be 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 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 will be available via the Consolidated Tape Association (“CTA”) high-speed line.

In addition, the Indicative Optimized Portfolio Value (“IOPV”),118 which is the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600 (c)(3), will be widely

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118 According to the Registration Statement, the IOPV will be based on the current value of the securities, spot foreign exchange contracts and/or cash required to be deposited in exchange for Fund Shares. 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 each Fund’s NAV, which is computed only once a day. The IOPV will be generally determined by using both current market quotations and/or price quotations obtained from broker-dealers that may trade in the portfolio securities and other instruments held by the Funds.
disseminated at least every 15 seconds during the Core Trading Session by one or more major market data vendors.\textsuperscript{119} The dissemination of the IOPV, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of the Funds on a daily basis and to provide a close estimate of that value throughout the trading day. The intra-day, closing and settlement prices or other values of the portfolio securities and other Fund investments are also generally readily available from the national securities exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters.

\textbf{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.\textsuperscript{120} 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 the relevant 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.

\textbf{Trading Rules}

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares

\textsuperscript{119} Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available Portfolio Indicative Values published on CTA or other data feeds.

\textsuperscript{120} See NYSE Arca Equities Rule 7.12, Commentary .04.
subject to the Exchange’s existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. E.T. 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.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, 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.¹²¹ 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 applicable federal securities laws.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. 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 with other markets that are members of the Intermarket Surveillance Group (“ISG”)

¹²¹ 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.
or with which the Exchange has in place a comprehensive surveillance sharing agreement.\textsuperscript{122}

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

\textbf{Information Bulletin}

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders ("ETP 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 aggregations equal to or greater than the relevant Fund’s Minimum Subscription Size (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) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated Portfolio Indicative Value will not be calculated or publicly disseminated; (4) how information regarding the Portfolio Indicative Value is disseminated; (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 Funds are 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 Exchange Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00

\textsuperscript{122} For a list of the current members of ISG, see \url{http://www.isgportal.org}. The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.
p.m. E.T. each trading day.

2. **Statutory Basis**

The basis under the Exchange Act for this proposed rule change is the requirement under Section 6(b)(5) of the Act \(^{123}\) 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 applicable federal securities laws. The Investment Adviser has implemented a “fire wall” with respect to its affiliated broker-dealers regarding access to information concerning the composition and/or changes in the Funds’ portfolios. All short-term debt and money market securities acquired by the Funds will be rated investment grade by at least one NRSRO or, if unrated, deemed by the Investment Adviser to be of equivalent quality.\(^{124}\) The Fund will invest only in corporate bonds that the Investment Adviser deems to be sufficiently liquid at time of investment. Generally a non-U.S. corporate bond must have $200 million (or an equivalent value if denominated in a currency other than United States dollars) or more par amount outstanding and significant par value traded to be considered as an eligible investment, and a U.S. corporate bond must have $100 million (or an equivalent value if denominated in a currency


\(^{124}\) See note 12, supra.
other than United States dollars) or more par amount outstanding and significant par value traded to be considered as an eligible investment. The Exchange may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. The aggregate value of all of each Fund’s illiquid securities and Rule 144A Securities shall not exceed 15% of the Fund’s total assets. The Funds will not invest in any non-U.S registered equity securities. Each Fund’s investments will be consistent with the Fund’s investment objective and will not be used to enhance leverage. The Funds will not invest in options contracts, futures contracts or swap agreements.\textsuperscript{125}

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 will be calculated daily and that the NAV and the Disclosed Portfolio 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 the Funds’ 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. Price information for the debt securities, fixed income instruments, and other

\textsuperscript{125} See note 111, supra.
investments held by the Funds will be available through major market data vendors and/or the securities exchange on which they are listed and traded. Foreign currency exchange rates are generally readily available from on-line information services such as Bloomberg or Reuters. 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 ETP 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 the Funds’ 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, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Funds’ holdings, the IOPV, the Disclosed Portfolio, and quotation and last sale information for the
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 Exchange Act. The Exchange notes that the proposed rule change 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.

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](http://www.sec.gov/rules/sro.shtml)); or
• Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2013-18 on the subject line.

Paper Comments:

• Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549–1090.

All submissions should refer to File Number SR-NYSEArca-2013-18. 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 will also 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 No. SR-NYSEArca-2013-18 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\textsuperscript{126}

Kevin M. O’Neill
Deputy Secretary

\textsuperscript{126} 17 CFR 200.30-3(a)(12).