

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75662; File No. SR-NYSEARCA-2015-67)

August 11, 2015

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Holdings By the iShares Interest Rate Hedged Corporate Bond ETF and iShares Interest Rate Hedged High Yield Bond ETF

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on August 3, 2015, 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 and II below, which Items have been prepared by the self-regulatory organization. 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 reflect a change to the holdings to be implemented by the iShares Interest Rate Hedged Corporate Bond ETF and iShares Interest Rate Hedged High Yield Bond ETF relating to the use of interest rate futures contracts, and interest rate swaps. The text of the proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Commission has approved a proposal to list and trade on the Exchange shares (“Shares”) of the iShares Interest Rate Hedged Corporate Bond ETF and iShares Interest Rate Hedged High Yield Bond ETF (each a “Fund” and, together, the “Funds”) under NYSE Arca Equities Rule 8.600⁴, which governs the listing and trading of Managed Fund Shares.⁵

The Shares of the Funds are offered by iShares U.S. ETF Trust (the “Trust”).⁶ The Trust is registered with the Commission as an open-end management investment company. BlackRock

⁴ See Securities Exchange Act Release Nos. 71778 (March 24, 2014), 79 FR 17585 (March 28, 2014) (SR-NYSEArca-2014-23) (Notice of Filing of Proposed Rule Change to List and Trade Shares of the iShares Interest Rate Hedged Corporate Bond ETF and iShares Interest Rate Hedged High Yield Bond ETF under NYSE Arca Equities Rule 8.600) (“Prior Notice”); 72138 (May 9, 2014), 79 FR 27958 (May 15, 2014) (SR-NYSEArca-2014-23) (order approving listing and trading on the Exchange of Shares of the iShares Interest Rate Hedged Corporate Bond ETF and iShares Interest Rate Hedged High Yield Bond ETF under NYSE Arca Equities Rule 8.600) (“Prior Order” and, together with the Prior Notice, the “Prior Release”).

⁵ 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.

⁶ The Trust is registered under the 1940 Act. On August 22, 2013, the Trust filed with the Commission post-effective amendments on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) and under the 1940 Act relating to the iShares Interest Rate Hedged Corporate Bond ETF (the “Corporate Bond Registration Statement”) and the iShares

Fund Advisors (“BFA”) serves as the investment adviser to the Funds (the “Adviser”). BFA is an indirect wholly-owned subsidiary of BlackRock, Inc. BlackRock Investments, LLC is the principal underwriter and distributor of the Funds’ Shares. State Street Bank and Trust Company serves as administrator, custodian and transfer agent for the Funds. The Funds’ Shares are currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.600.

The Exchange proposes to revise the representations made in the Prior Release regarding the Funds’ investments to accommodate use of interest rate futures contracts⁷ and interest rate swaps by the Funds, as described below, consistent with the use of such financial instruments permitted for other funds of the Trust previously approved by the Commission for Exchange listing and trading.⁸

iShares Interest Rate Hedged Corporate Bond ETF

As described in the Prior Release, according to the Corporate Bond Registration Statement, the Fund seeks to mitigate the interest rate risk of a portfolio composed of U.S. dollar-denominated, investment grade corporate bonds. The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets in U.S. dollar-

Interest Rate Hedged High Yield Bond ETF (the “High Yield Registration Statement” and together with the Corporate Bond Registration Statement, the “Registration Statements”) (File Nos. 333-179904 and 811-22649). In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29571 (File No. 812-13601) (“Exemptive Order”).

⁷ As described in the Prior Release, both Funds may use U.S. Treasury futures contracts to mitigate interest rate risk. In this proposed rule change, the Exchange proposes, among other things, to accommodate use by the Funds of other interest rate futures to mitigate interest rate risk.

⁸ See Securities Exchange Act Release No. 74058 (January 15, 2015), 80 FR 3294 (January 22, 2015) (SR-NYSEArca-2014-114), (order approving listing and trading on the Exchange of shares of the iShares Interest Rate Hedged 0-5 Year High Yield Bond ETF, iShares Interest Rate Hedged 10+ Year Credit Bond ETF, and the iShares Interest Rate Hedged Emerging Markets Bond ETF under NYSE Arca Equities Rule 8.600).

denominated investment grade bonds, in one or more investment companies (exchange-traded and non-exchange-traded funds) that principally invest in investment-grade bonds, in U.S. Treasury securities (or cash equivalents), and by taking short positions in U.S. Treasury futures and other interest rate futures contracts.

The Exchange proposes to amend this statement to provide that, going forward, the Fund will seek to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets in U.S. dollar-denominated investment grade bonds, in one or more investment companies (exchange-traded and non-exchange-traded funds) that principally invest in investment-grade bonds, in U.S. Treasury securities (or cash equivalents), and by taking short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps.⁹

The Prior Release also stated that, according to the Corporate Bond Registration Statement, the Fund initially intends to invest a substantial portion of its assets in the iShares iBoxx \$ Investment Grade Corporate Bond ETF (the “Underlying Corporate Bond Fund”). The Fund attempts to mitigate interest rate risk primarily through the use of U.S. Treasury futures contracts.

The Exchange proposes to amend the statement in the last sentence of the preceding paragraph to state that, going forward, the Fund will attempt to mitigate interest rate risk primarily through the use of U.S. Treasury futures contracts, interest rate futures, and interest rate swaps.

The Prior Release stated that BFA will utilize a model-based proprietary investment process to assemble an investment portfolio comprised of (i) long positions in the Underlying

⁹ The Funds will invest only in futures contracts that are traded on an exchange that is a member of the Intermarket Surveillance Group (“ISG”) or with which the Exchange has in place a comprehensive surveillance sharing agreement. Swaps will be centrally cleared. All derivatives held by the Funds will be collateralized.

Corporate Bond Fund, (ii) long positions in U.S. dollar-denominated investment-grade corporate bonds, (iii) long positions in U.S. Treasury securities and (iv) short positions in U.S. Treasury futures and other interest rate futures contracts.

The Exchange proposes to amend the statement in item (iv) of the preceding paragraph to provide that, going forward, the investment portfolio referred to in the preceding paragraph may be comprised of short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps.

iShares Interest Rate Hedged High Yield Bond ETF

According to the High Yield Registration Statement, the Fund seeks to mitigate the interest rate risk of a portfolio composed of U.S. dollar-denominated, high yield corporate bonds. The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets in U.S. dollar-denominated high yield corporate bonds, in one or more investment companies (exchange-traded and non-exchange-traded funds) that principally invest in high yield bonds, in U.S. Treasury securities (or cash equivalents), and by taking short positions in U.S. Treasury futures and other interest rate futures contracts.

The Exchange proposes to amend this statement to provide that, going forward, the Fund will seek to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets in U.S. dollar-denominated high yield corporate bonds, in one or more investment companies (exchange-traded and non-exchange-traded funds) that principally invest in high yield bonds, in U.S. Treasury securities (or cash equivalents), and by taking short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps.¹⁰

¹⁰ See note 9, supra.

The Prior Release also stated that, according to the High Yield Registration Statement, the Fund initially intends to invest a substantial portion of its assets in the iShares iBoxx \$ High Yield Corporate Bond ETF. The Fund will attempt to mitigate interest rate risk primarily through the use of U.S. Treasury futures contracts.

The Exchange proposes to amend the last sentence of the preceding paragraph to provide that, going forward, the Fund will attempt to mitigate interest rate risk primarily through the use of U.S. Treasury futures contracts, other interest rate futures contracts, and interest rate swaps.

The Prior Release stated that BFA will utilize a model-based proprietary investment process to assemble an investment portfolio comprised of (i) long positions in the Underlying High Yield Bond Fund, (ii) long positions in U.S. dollar-denominated high yield corporate bonds, (iii) long positions in U.S. Treasury securities and (iv) short positions in U.S. Treasury futures and other interest rate futures contracts.

The Exchange proposes to amend the statement in item (iv) of the preceding paragraph to provide that, going forward, the investment portfolio referred to in the preceding paragraph may be comprised of short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps.

The section “Determination of Net Asset Value” in the Prior Release did not include reference to swaps. The Exchange proposes to state that swaps and other derivatives will generally be valued based upon quotations from market makers or by a pricing service in accordance with valuation procedures approved by Trust’s Board of Directors.

On a daily basis, each of the Funds will disclose for each portfolio security or other financial instrument the following information on the Funds’ website: ticker symbol, if any; CUSIP number or other identifier, if any; a description of the holding (including the type of

holding, such as the type of swap); the identity of the security or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; market value of the holding; and the percentage weighting of the holding in the portfolio. The website information will be publicly available at no charge.

The Adviser represents that the proposed changes relating to the Funds' holdings in interest rate swaps, as described above, are consistent with the Fund's investment objective, and will further assist the Adviser to achieve such investment objective. In addition, such proposed changes are consistent with the use of swaps permitted for shares of other funds of the Trust previously approved by the Commission for Exchange listing and trading.¹¹

Except for the changes noted above, all other representations made in the Prior Release remain unchanged. The Funds will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹² 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

¹¹ See note 8, *supra*.

¹² 15 U.S.C. 78f(b)(5).

Funds will invest only in futures contracts that are traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. Swaps will be centrally cleared. All derivatives held by the Funds will be collateralized.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest. The Adviser represents that the proposed changes relating to the Funds' holdings in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps, as described above, are consistent with each Fund's investment objective, and will further assist the Adviser to achieve each such investment objective. In addition, such proposed changes are consistent with the use of U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps permitted for shares of other funds of the Trust previously approved by the Commission for Exchange listing and trading.¹³

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. The Adviser represents that the proposed changes relating to the Funds' holdings in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps, as described above, are consistent with each Fund's investment objective, and will further assist the Adviser to achieve each such investment objective. In addition, such proposed changes are consistent with the use of U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps permitted for shares of other funds of the Trust previously approved by the Commission for Exchange listing and trading.¹⁴ Such changes would enhance the ability of the Funds to mitigate interest rate risk. The Funds will invest only in futures contracts that are traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. Swaps

¹³ See note 8, supra.

¹⁴ See note 8, supra.

will be centrally cleared. All derivatives held by the Funds will be collateralized. The Adviser represents that the investment objective of each Fund has not changed. Except for the changes noted above, all other representations made in the Prior Release remain unchanged. The Funds will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange believes the proposed rule change, in permitting each Fund to utilize other interest rate futures and interest rate swaps as part of its portfolio to achieve its investment objective, will enhance competition among issues of Managed Fund Shares that invest principally in fixed income securities.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to

¹⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁶ 17 CFR 240.19b-4(f)(6).

Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2015-67 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEArca-2015-67. 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 such 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 Number SR-NYSEArca-2015-67 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Brent J. Fields
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).