

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-57456; File No. SR-NYSEArca-2007-91)

March 7, 2008

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to the Listing and Trading of Six iShares<sup>®</sup> S&P GSCI<sup>™</sup> Commodity-Indexed Trusts

On August 30, 2007, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”), through its wholly-owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities”), filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares (“Shares”) of the following trusts pursuant to NYSE Arca Equities Rule 8.203: iShares<sup>®</sup> S&P GSCI<sup>™</sup> Energy Commodity-Indexed Trust; iShares<sup>®</sup> S&P GSCI<sup>™</sup> Natural Gas Commodity-Indexed Trust; iShares<sup>®</sup> S&P GSCI<sup>™</sup> Industrial Metals Commodity-Indexed Trust; iShares<sup>®</sup> S&P GSCI<sup>™</sup> Light Energy Commodity-Indexed Trust; iShares<sup>®</sup> S&P GSCI<sup>™</sup> Livestock Commodity-Indexed Trust; and iShares<sup>®</sup> S&P GSCI<sup>™</sup> Non-Energy Commodity-Indexed Trust (collectively, the “Trusts”).<sup>3</sup> On February 11, 2008, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as amended, was published for comment in the Federal Register on February 20, 2008, for a 15-day comment period.<sup>4</sup> The Commission received no comments on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> iShares<sup>®</sup> is a registered trademark of Barclays Global Investors, N.A. “S&P GSCI” is a trademark of Standard & Poor’s (“S&P”), a division of The McGraw-Hill Companies, Inc.

<sup>4</sup> See Securities Exchange Act Release No. 57318 (February 12, 2008), 73 FR 9381 (“Notice”).

I. Description of the Proposal

NYSE Arca proposes to list and trade Shares, which are units of beneficial interest representing fractional undivided beneficial interests in the net assets of the Trusts.<sup>5</sup> The objective of each Trust is for the performance of the Shares to correspond generally to the performance of the Total Return Indexes.<sup>6</sup> To achieve this goal, the Trusts will hold interests in certain commodity pools, which in turn will hold long positions in futures contracts on the Excess Return Indexes.

The Notice contains a more detailed description of the Trusts (including information about their management and operation, holdings, fees, and expenses), the Total Return Indexes, the Excess Return Indexes, procedures and payment requirements for creating and redeeming Shares, and reports to be distributed to beneficial owners of the Shares.

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<sup>5</sup> The Commission approved for listing on the New York Stock Exchange LLC (“NYSE”) shares of the iShares GS Commodity Light Energy Indexed Trust, shares of the iShares GS Commodity Industrial Metals Indexed Trust, shares of the iShares GS Commodity Livestock Indexed Trust, and shares of the iShares GS Commodity Non-Energy Indexed Trust. See Securities Exchange Act Release No. 55585 (April 5, 2007), 72 FR 18500 (April 12, 2007) (SR-NYSE-2006-75). Subsequently, S&P acquired the S&P GSCI (formerly known as the “Goldman Sachs Commodity Index”), the S&P GSCI-ER and the Total Return Indexes from Goldman Sachs & Co., the prior Index Sponsor, effective May 2007. According to the Registration Statements, S&P has represented that it will not modify the determination methodology for the S&P GSCI Total Return Indexes from that existing on the date of transfer (May 9, 2007) for at least one year. Thereafter, there can be no assurance as to whether the methodology will be changed. To date, the Registration Statements for iShares GS Commodity Light Energy Indexed Trust and iShares GS Commodity Livestock Indexed Trust have not been updated to reflect S&P’s index acquisitions from Goldman Sachs. The Sponsor of the Trusts, Barclays Global Investors International, Inc., has represented that the Registration Statements for iShares GS Commodity Light Energy Indexed Trust and iShares GS Commodity Livestock Indexed Trust will be updated to reflect S&P’s acquisitions prior to commencement of secondary market trading of Shares of such Trusts. None of the Trusts commenced trading on the NYSE. Pursuant to this proposed rule change, the Shares will be listed on NYSE Arca rather than on NYSE, and will not trade on NYSE.

<sup>6</sup> Terms not otherwise defined herein have the same meaning as the meaning given in the Notice, supra at note 4.

## II. Discussion and Commission's Findings

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>7</sup> In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act,<sup>8</sup> which requires that the Exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. As noted above, the Commission previously approved the listing and trading of shares of four of the Trusts on NYSE.<sup>9</sup>

The Commission further believes that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,<sup>10</sup> which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. For each Trust, one or more major market data vendors will disseminate between 9:30 a.m. and 4:15 p.m. New York Time ("NYT") an IIV on a per Share

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<sup>7</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> See supra at note 5.

<sup>10</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

basis, which will be updated at least every 15 seconds.<sup>11</sup> Additionally, the Trusts' Web site ([www.ishares.com](http://www.ishares.com)), which will be publicly accessible at no charge, will contain the following information for each Trust: (a) the prior Business Day's NAV on a per Share basis and the reported closing price; (b) the Bid-Ask Price; (c) calculation of the premium or discount of such price against such NAV; (d) data in chart form displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV, within appropriate ranges for each of the four previous calendar quarters; (e) the prospectus; (f) the holdings of the Trusts; (g) the Basket Amount; and (h) other applicable quantitative information. The Exchange's Web site ([www.nyse.com](http://www.nyse.com)) will include a hyperlink to the Trusts' Web site at [www.ishares.com](http://www.ishares.com). Further, NYSE Arca represented that: (1) futures quotes and last-sale information for the commodities underlying the applicable indexes are widely disseminated through a variety of market data vendors worldwide, including Bloomberg and Reuters; (2) complete real-time data for such futures is available by subscription from Reuters and Bloomberg; (3) the futures exchanges on which the underlying commodities and CERFs trade also provide delayed futures information on current and past trading sessions and market news, generally free of charge, on their respective Web sites; and (4) the specific contract specifications for the futures contracts are also available from the futures exchanges on their Web sites as well as other financial informational sources.

The Commission believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. The Commission also believes that the Exchange's trading halt rules are reasonably designed to

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<sup>11</sup> During the NYSE Arca Core Trading Session (9:30 a.m. to 4:15 p.m., NYT) for the Trusts, one or more major market data vendors will also disseminate information with respect to recent NAV and Shares outstanding on a daily basis.

prevent trading in the Shares when transparency is impaired. Trading on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. The Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. These may include: (1) the extent to which trading is not occurring in CERFs or the futures contracts included in the applicable Index or Indexes; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading may be halted because of extraordinary market volatility pursuant to the Exchange’s “circuit breaker” rule.<sup>12</sup> If the value of the Total Return Index associated with a Trust’s Shares or the applicable IIV is not being disseminated on at least a 15 second basis during the hours the Shares trade on the Exchange, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or the Index value occurs. If the interruption to the dissemination of the IIV or the Index value persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. Additionally, if the Exchange becomes aware that the NAV is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

The Commission further believes that the trading rules and procedures to which the Shares will be subject pursuant to this proposal are consistent with the Act. The Exchange has represented that the Shares will be traded on the Exchange similar to other equity securities.<sup>13</sup>

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<sup>12</sup> See NYSE ARCA Equities Rule 7.12.

<sup>13</sup> The Commission notes that NYSE Arca Equities Rules 8.203(g) - (i) set forth certain restrictions on ETP Holders acting as registered Market Makers in Commodity Index Trust Shares to facilitate surveillance. NYSE Arca Equities Rule 8.203(h) requires that the ETP Holder acting as a registered Market Maker in the Shares provide the Exchange

In support of this proposal, the Exchange has made the following representations:

- (1) It has obtained from the Sponsor a representation that the Trustee will make the NAV per Share available to all market participants at the same time.
- (2) The Exchange will utilize its existing surveillance procedures applicable to derivative products to monitor trading in the Shares. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules. The Exchange is able to obtain information regarding trading in the Shares, the physical commodities included in, or options, futures or options on futures on, an index underlying an issue of Commodity Index Trust Shares or any other derivatives based on such index, through ETP Holders, in connection with such ETP Holders' proprietary or customer trades which they effect on any relevant market. With regard to the Index components, the Exchange can obtain market surveillance information, including customer identity information, with respect to transactions occurring on the NYM, the Kansas City Board of Trade, ICE and the LME, pursuant to its comprehensive information sharing agreements with each of

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with information relating to its trading in the applicable physical commodities included in, or options, futures or options on futures on, the applicable Index or any other derivatives based on the Index. NYSE Arca Equities Rule 8.203(i) prohibits the ETP Holder acting as a registered Market Maker in the Shares from using any material nonpublic information received from any person associated with an ETP Holder or employee of such person regarding trading by such person or employee in the applicable physical commodities included in, or options, futures or options on futures on, the Index or any other derivatives based on the Index (including the Shares). In addition, as stated above, NYSE Arca Equities Rule 8.203(g) prohibits the ETP Holder acting as a registered Market Maker in the Shares from being affiliated with a market maker in the applicable physical commodities included in, or options, futures or options on futures on, the Index or any other derivatives based on the Index unless adequate information barriers are in place, as provided in NYSE Arca Equities Rule 7.26.

those exchanges. All of the other trading venues on which current Index components are traded are members of the ISG, and the Exchange therefore has access to all relevant trading information with respect to those contracts without any additional action being required on the part of the Exchange.

- (3) 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, including risks inherent with trading the Shares during the Opening and Late Trading Sessions when the updated IIV is not calculated and disseminated, and suitability recommendation requirements.<sup>14</sup>

This approval order is based on the Exchange's representations.

The Commission finds good cause for approving the proposed rule change before the 30th day after the date of publication of notice of filing thereof in the Federal Register. The Commission notes that it has previously approved the listing on NYSE of four of the proposed products and that no comments were received during the 15-day comment period. The Commission believes that the proposed rule change, as modified by Amendment No. 1, does not raise any novel regulatory issues. Consequently, the Commission believes that it is appropriate to permit investors to benefit from these additional investment choices without delay.

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<sup>14</sup> The Notice describes in greater detail the information that will be included in the Information Bulletin.

III. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>15</sup> that the proposed rule change (SR-NYSEArca-2007-91), as modified by Amendment No. 1 thereto, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>15</sup> 15 U.S.C. 78s(b)(2).

<sup>16</sup> 17 CFR 200.30-3(a)(12).