

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67804; File No. TP 12-10)

September 7, 2012

Order Granting Limited Exemptions from Exchange Act Rule 10b-17 and Rules 101 and 102 of Regulation M to iShares, Inc. and iShares MSCI Frontier 100 Index Fund Pursuant to Exchange Act Rule 10b-17(b)(2) and Rule 101(d) and 102(e) of Regulation M

By letter dated September 7, 2012 (the “Letter”), as supplemented by conversations with the staff of the Division of Trading and Markets, counsel for iShares, Inc. (the “Company”) on behalf of the Company, the iShares MSCI Frontier 100 Index Fund (the “Fund”), any national securities exchange on or through which shares issued by the Fund (“Shares”) may subsequently trade, and persons or entities engaging in transactions in Shares (collectively, the “Requestors”) requested exemptions, or interpretive or no-action relief, from Rule 10b-17 of the Securities Exchange Act of 1934, as amended (“Exchange Act”) and Rules 101 and 102 of Regulation M in connection with secondary market transactions in Shares and the creation or redemption of aggregations of Shares of at least 50,000 shares (“Creation Units”).

The Company was organized on August 31, 1994, as a Maryland corporation. The Company is registered with the Commission under the Investment Company Act of 1940, as amended (“1940 Act”), as an open-end management investment company. The Company currently consists of approximately 50 investment series or portfolios. The Requestors request relief related to the Fund, a newly created series of the Company. The Fund will invest in stocks consisting of the component securities of the MSCI Frontier Markets 100 Index (the “Index”), consistent with the Fund’s investment strategy. The Fund will use a “passive” or indexing approach to try to achieve the Fund’s investment objectives. The Index is a free float-adjusted market-capitalization index designed to measure equity market performance of a subset of the MSCI Frontier Markets index while putting greater emphasis on tradability and liquidity as compared to the larger MSCI Frontier Markets index.

The Requestors represent, among other things, the following:

- Shares of the Fund will be issued by the Company, an open-end management investment company that is registered with the Commission;
- The Company will continuously redeem Creation Units at net asset value (“NAV”) and the secondary market price of the Shares should not vary substantially from the NAV of such Shares;
- Shares of the Fund will be listed and traded on the NYSE Arca (the “Exchange”);
- The Fund will hold 20 or more portfolio securities with no one portfolio security constituting more than 25% of the Fund;
- The Fund will be managed to track a particular index all the components of which have publicly available last sale trade information;
- The intra-day proxy value of the Fund per share and the value of the Index will be publicly disseminated by a major market data vendor throughout the trading day;
- On each business day before the opening of business on the Exchange (normally 9:30 a.m., Eastern time), BlackRock Fund Advisors (an investment advisor registered under the Investment Advisors Act of 1940 that serves as the Fund’s advisor) and Blackrock Investments, LLC (a broker-dealer who is registered with the Commission under the Exchange Act and acts as the Fund’s principal underwriter as defined in Section 2(a)(29) of the 1940 Act), through the National Securities Clearing Corporation, will make available the identities and quantities of the securities and other assets held by the Fund which will form the basis for their calculation of NAV at the end of the business day;
- The Exchange or other market information provider will disseminate every 15 seconds throughout the trading day through the facilities of the Consolidated Tape Association an

amount representing on a per-share basis, the current value of the securities and cash to be deposited as consideration for the purchase of Creation Units;

- The arbitrage mechanism will be facilitated by the transparency of the Fund’s portfolio and the availability of the intra-day indicative value, the liquidity of securities and other assets held by the Fund, ability to acquire such securities, as well as the arbitrageurs’ ability to create workable hedges;
- The Fund will invest solely in liquid securities;
- The Fund will invest in securities that will facilitate an effective and efficient arbitrage mechanism and the ability to create workable hedges;
- The Requestors believe that arbitrageurs are expected to take advantage of price variations between the Fund’s market price and its NAV; and
- A close alignment between the market price of Shares and the Fund’s NAV is expected.

Regulation M

While redeemable securities issued by an open-end management investment company are excepted from the provisions of Rule 101 and 102 of Regulation M, the Requestors may not rely upon that exception for the Shares.¹ However, we find that it is appropriate in the public interest and is consistent with the protection of investors to grant a conditional exception from Rules 101 and 102 to persons who may be deemed to be participating in a distribution of Shares and the Fund as described in more detail below.

Rule 101 of Regulation M

¹ While ETFs operate under exemptions from the definitions of “open-end company” under Section 5(a)(1) of the 1940 Act and “redeemable security” under Section 2(a)(32) of the 1940 Act, the ETFs and their securities do not meet those definitions.

Generally, Rule 101 of Regulation M is an anti-manipulation rule that, subject to certain exceptions, prohibits any “distribution participant” and its “affiliated purchasers” from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in the rule. Rule 100 of Regulation M defines “distribution” to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods. The provisions of Rule 101 of Regulation M apply to underwriters, prospective underwriters, brokers, dealers, or other persons who have agreed to participate or are participating in a distribution of securities. The Shares are in a continuous distribution and, as such, the restricted period in which distribution participants and their affiliated purchasers are prohibited from bidding for, purchasing, or attempting to induce others to bid for or purchase extends indefinitely.

Based on the representations and facts presented in the Letter, particularly that the Company is a registered open-end management investment company that will continuously redeem at the NAV Creation Unit size aggregations of the Shares of the Fund and that a close alignment between the market price of Shares and the Fund’s NAV is expected, the Commission finds that it is appropriate in the public interest and consistent with the protection of investors to grant the Company an exemption under paragraph (d) of Rule 101 of Regulation M with respect to the Fund, thus permitting persons who may be deemed to be participating in a distribution of

Shares of the Fund to bid for or purchase such Shares during their participation in such distribution.²

Rule 102 of Regulation M

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder.

Based on the representations and facts presented in the Letter, particularly that the Company is a registered open-end management investment company that will redeem at the NAV Creation Units of Shares of the Fund and that a close alignment between the market price of Shares and the Fund's NAV is expected, the Commission finds that it is appropriate in the public interest and consistent with the protection of investors to grant the Company an exemption under paragraph (e) of Rule 102 of Regulation M with respect to the Fund, thus permitting the Fund to redeem Shares of the Fund during the continuous offering of such Shares.

Rule 10b-17

Rule 10b-17, with certain exceptions, requires an issuer of a class of publicly traded securities to give notice of certain specified actions (for example, a dividend distribution) relating to such class of securities in accordance with Rule 10b-17(b). Based on the representations and facts in the Letter, in particular that the concerns that the Commission raised in adopting Rule 10b-17 generally will not be implicated if exemptive relief, subject to the

² Additionally, we confirm the interpretation that a redemption of Creation Unit size aggregations of Shares of the Fund and the receipt of securities in exchange by a participant in a distribution of Shares of the Fund would not constitute an "attempt to induce any person to bid for or purchase, a covered security during the applicable restricted period" within the meaning of Rule 101 of Regulation M and therefore would not violate that rule.

conditions below, is granted to the Company because market participants will receive timely notification of the existence and timing of a pending distribution,³ we find that it is appropriate in the public interest, and consistent with the protection of investors to grant the Company a conditional exemption from Rule 10b-17.

Conclusion

IT IS HEREBY ORDERED, pursuant to Rule 101(d) of Regulation M, that the Company, based on the representations and facts presented in the Letter and subject to the condition contained in this order, is exempt from the requirements of Rules 101 with respect to the Fund, thus permitting persons who may be deemed to be participating in a distribution of Shares of the Fund to bid for or purchase such Shares during their participation in such distribution.

This exemptive relief is subject to the condition that such transactions in Shares of the Fund or any related securities including those deposited with the Fund or received from the Fund as part of the creation or redemption process are not made for the purpose of creating actual, or apparent, active trading in or raising or otherwise affecting the price of such securities.

IT IS FURTHER ORDERED, pursuant to Rule 102(e) of Regulation M, that the Company, based on the representations and the facts presented in the Letter and subject to the condition contained in this order, is exempt from the requirements of Rule 102 with respect to the Fund, thus permitting the Fund to redeem Shares of the Fund during the continuous offering of such Shares.

³ We also note that timely compliance with Rule 10b-17(b)(1)(v)(a) and (b) would be impractical in light of the nature of the Fund. This is because it is not possible for the Fund to accurately project ten days in advance what dividend, if any, would be paid on a particular record date.

This exemptive relief is subject to the condition that such transactions in Shares of the Fund or any related securities including those deposited with the Fund or received from the Fund as part of the creation or redemption process are not made for the purpose of creating actual, or apparent, active trading in or raising or otherwise affecting the price of such securities.

IT IS FURTHER ORDERED, pursuant to Rule 10b-17(b)(2), that the Company, based on the representations and the facts presented in the Letter and subject to the conditions contained in this order, is exempt from the requirements of Rule 10b-17 with respect to transactions in the shares of the Fund.

This exemptive relief is subject to the following conditions:

- The Company will comply with Rule 10b-17 except for Rule 10b-17(b)(1)(v)(a) and (b); and
- The Company will provide the information required by Rule 10b-17(b)(1)(v)(a) and (b) to the Exchange as soon as practicable before trading begins on the ex-dividend date, but in no event later than the time when the Exchange last accepts information relating to distributions on the day before the ex-dividend date.

This exemptive relief is subject to modification or revocation at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. Persons relying upon this exemption shall discontinue transactions involving the Shares of the Fund under the circumstances described above and in the Letter, pending presentation of the facts for the Commission's consideration, in the event that any material change occurs with respect to any of the facts or representations made by the Requestors. In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, particularly Sections 9(a), 10(b), and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal

securities laws must rest with the persons relying on this exemption. This order should not be considered a view with respect to any other question that the proposed transactions may raise, including, but not limited to the adequacy of the disclosure concerning, and the applicability of other federal or state laws to, the proposed transactions.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴

Kevin M. O'Neill
Deputy Secretary

⁴ 17 CFR 200.30-3(a)(6) and (9).