

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC -27608; 812-13208]

Barclays Global Fund Advisors, et al.; Notice of Application

December 21, 2006

Agency: Securities and Exchange Commission (“Commission”)

Action: Notice of application to amend certain prior orders under section 6(c) of the Investment Company Act of 1940 (“Act”) for an exemption from sections 2(a)(32), 5(a)(1) and 22(d) of the Act and rule 22c-1 under the Act, and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (a)(2) of the Act.

Summary of Application: Applicants request an order to amend a prior order that permits: (a) an open-end management investment company, whose series are based on certain fixed income securities indices, to issue shares of limited redeemability; (b) secondary market transactions in the shares of the series to occur at negotiated prices; and (c) affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of aggregations of the series’ shares (the “Prior Fixed Income Order”).¹ Applicants seek to amend the Prior Fixed Income Order in order to offer an additional series based on a specified high-yield bond index (the “New Fund”). In addition, the order would delete a condition related to future relief in the Prior Fixed Income Order and in certain prior orders relating to other exchange-traded funds offered by iShares Trust (the “Trust”) and iShares, Inc.

¹ Barclays Global Fund Advisors, et al., Investment Company Act Release No. 25622 (June 25, 2002), as subsequently amended by iShares Trust, et al., Investment Company Act Release No. 26006 (Apr. 15, 2003), Barclays Global Fund Advisors, et al., Investment Company Act Release No. 26175 (Sept. 8, 2003), and Barclays Global Fund Advisors, et al., Investment Company Act Release No. 27417 (June 23, 2006).

(the “Corporation,” together with the Trust, the “Companies”) (the “Prior Equity Orders”, together with the Prior Fixed Income Order, the “Prior Orders”).²

Applicants: Barclays Global Fund Advisors (the “Adviser”), the Corporation, the Trust, and SEI Investments Distribution Co. (the “Distributor”).

Filing Dates: The application was filed on June 30, 2005 and amended on April 20, 2006 and November 22, 2006.

Hearing or Notification of Hearing: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on January 16, 2007, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer’s interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission’s Secretary.

Addresses: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090. Applicants: Ira Shapiro, Barclays Global Fund Advisors, c/o Barclays Global Investors, N.A., 45 Fremont Street, San Francisco, CA 94105; Peter Kronberg, iShares, Inc. and iShares Trust, c/o Investors Bank & Trust Company, 200 Clarendon Street,

² Barclays Global Fund Advisors, et al., Investment Company Act Rel. No. 24452 (May 12, 2000), iShares Trust, et al., Investment Company Act Rel. No. 25111 (Aug. 15, 2001) and iShares, Inc., et al., Investment Company Act Rel. No. 25215 (Oct. 18, 2001), each as amended by iShares, Inc., et al., Investment Company Act Rel. No. 25623 (June 25, 2002), iShares Trust, et al., Investment Company Act Rel. No. 26006 (April 15, 2003) and Barclays Global Fund Advisors, Investment Company Act Rel. No. 26626 (Oct. 5, 2004). Barclays Global Fund Advisors, et al., Investment Company Act Rel. No. 24451 (May 12, 2000), as amended by iShares, Inc., et al., Investment Company Act Rel. No. 25623 (June 25, 2002) and iShares Trust, et al., Investment Company Act Rel. No. 26006 (April 15, 2003).

Boston, MA 02116; John Munch, SEI Investments Distribution Co., One Freedom Valley Drive, Oaks, PA 19456; and W. John McGuire, Morgan, Lewis & Bockius LLP, 1111 Pennsylvania Avenue, NW, Washington, DC 20004.

For Further Information Contact: Jaea F. Hahn, Senior Counsel, at (202) 551-6870, or Michael W. Mundt, Senior Special Counsel, at (202) 551-6821 (Division of Investment Management, Office of Investment Company Regulation).

Supplementary Information: The following is a summary of the application. The complete application may be obtained for a fee at the Commission's Public Reference Branch, 100 F Street, NE, Washington, DC 20549-0102 (tel. 202-551-5850).

Applicants' Representations:

1. The Trust is an open-end management investment company registered under the Act and organized as a Delaware business trust. The Corporation is an open-end management investment company registered under the Act and organized as a Maryland corporation. The Trust and Corporation are organized as series funds with multiple series. The Adviser, an investment adviser registered under the Investment Advisers Act of 1940, will serve as investment adviser to the New Fund. The Distributor, a broker-dealer unaffiliated with the Adviser and registered under the Securities Exchange Act of 1934 ("Exchange Act"), will serve as the principal underwriter of the New Fund's shares.

2. The Trust is currently permitted to offer several series based on fixed income securities indices in reliance on the Prior Fixed Income Order. Applicants seek to amend the Prior Fixed Income Order to permit the Trust to offer the New Fund that, except as described in

the application, would operate in a manner identical to the existing series of the Trust that are subject to the Prior Fixed Income Order.³

3. The New Fund will invest in a portfolio of securities generally consisting of the component securities of the iBoxx \$ Liquid High Yield Index (formerly the GS \$ HYTopTM Index and the GS \$ InvesTop High-Yield Bond Index) (the “Underlying Index”). The Underlying Index is a rules-based index designed to reflect the 50 most liquid and tradable U.S. dollar-denominated high-yield corporate bonds registered for sale in the U.S. or exempt from registration. No entity that creates, compiles, sponsors, or maintains the Underlying Index is or will be an affiliated person, as defined in section 2(a)(3) of the Act, or an affiliated person of an affiliated person, of the Trust, the Adviser, the Distributor, or a promoter of the New Fund.

4. The investment objective of the New Fund will be to provide investment results that correspond generally to the price and yield performance of the Underlying Index. The New Fund will utilize as an investment approach a representative sampling strategy where the New Fund will seek to hold a representative sample of the component securities of the Underlying Index. The New Fund generally will invest at least 90% of its assets in the component securities of the Underlying Index, but at times may invest up to 20% of its assets in certain futures, options, and swap contracts, cash and cash equivalents, and in bonds not included in its Underlying Index which the Adviser believes will help the New Fund track the Underlying Index. Applicants state that such high-yield corporate bonds will have pricing and liquidity characteristics similar to the component securities of the Underlying Index. Applicants expect

³ If the amended order is granted, the New Fund would also be able to rely on an exemptive order granting certain relief from section 24(d) of the Act to the existing series of the Trust that are subject to the Prior Orders. *See* iShares, Inc., et al., Investment Company Act Release No. 25595 25623 (June 25, 2002) as amended by iShares Trust, et al, Investment Company Act Release No. 26006 (Apr. 15, 2003) (“Prospectus Delivery Order”).

that the New Fund will have a tracking error relative to the performance of its respective Underlying Index of no more than 5 percent.

5. Applicants state that the New Fund will comply with the federal securities laws in accepting a deposit of a portfolio of securities designed by the Adviser to correspond generally to the price and yield of the New Fund's Underlying Index ("Deposit Securities") and satisfying redemptions with portfolio securities of the New Fund ("Fund Securities"), including that the Deposit Securities and Fund Securities are sold in transactions that would be exempt from registration under the Securities Act of 1933 (the "Securities Act").⁴

6. Applicants state that all discussions contained in the application for the Prior Fixed Income Order are equally applicable to the New Fund, except as specifically noted by applicants (and summarized in this notice). Applicants believe that the requested relief continues to meet the necessary exemptive standards.

Future Relief:

7. Applicants also seek to amend the Prior Orders to modify the terms under which the Companies may offer additional series in the future based on other securities indices ("Future Funds"). The Prior Fixed Income Order is currently subject to a condition that does not permit applicants to register any Future Fund by means of filing a post-effective amendment to a Fund's registration statement or by any other means, unless applicants have requested and received with respect to such Future Fund, either exemptive relief from the Commission or a no-action letter from the Division of Investment Management of the Commission. The Prior Equity Orders are

⁴ In accepting Deposit Securities and satisfying redemptions with Fund Securities that are restricted securities eligible for resale pursuant to rule 144A under the Securities Act, the New Fund will comply with the conditions of rule 144A, including in satisfying redemptions with such rule 144A eligible restricted Fund Securities. The prospectus for the New Fund will also state that an authorized participant that is not a "Qualified Institutional Buyer" as defined in rule 144A(a)(1) will not be able to receive Fund Securities for redemption that are restricted securities eligible for resale under rule 144A.

currently subject to a similar condition related to future relief, although the condition to the Prior Equity Orders permits Future Funds to register with the Commission by means of filing a post-effective amendment to the Trust's or Corporation's registration statement if the Future Fund could be listed on a national securities exchange ("Exchange") without the need for a filing pursuant to rule 19b-4 under the Exchange Act.

8. The order would amend the Prior Orders to delete these conditions. Any Future Funds will (a) be advised by the Adviser or an entity controlled by or under common control with the Adviser; (b) track Underlying Indices that are created, compiled, sponsored or maintained by an entity that is not an affiliated person, as defined in section 2(a)(3) of the Act, or an affiliated person of an affiliated person, of the Adviser, the Distributor, the Trust or any subadviser or promoter of a Future Fund, and (c) comply with the respective terms and conditions of the Prior Orders, as amended by the present application.

9. Applicants believe that the modification of the future relief available under the Prior Orders would be consistent with sections 6(c) and 17(b) of the Act and that granting the requested relief will facilitate the timely creation of Future Funds and the commencement of secondary market trading of such Future Funds by removing the need to seek additional exemptive relief. Applicants submit that the terms and conditions of the Prior Orders have been appropriate for the exchange-traded funds advised by the Adviser ("Funds") and would remain appropriate for Future Funds. Applicants also submit that tying exemptive relief under the Act to the ability of a Future Fund to be listed on an Exchange without the need for a rule 19b-4 filing under the Exchange Act is not necessary to meet the standards under sections 6(c) and 17(b) of the Act.

Applicants' Conditions:

Applicants agree that the Prior Orders will be subject to the following conditions:

1. Each Fund's prospectus ("Prospectus") and product description ("Product Description") will clearly disclose that, for purposes of the Act, the shares of each Fund ("iShares") are issued by the Fund, which is an investment company, and that the acquisition of iShares by investment companies is subject to the restrictions of section 12(d)(1) of the Act, except as permitted by an exemptive order that permits investment companies to invest in a Fund beyond the limits in section 12(d)(1), subject to certain terms and conditions, including that the investment company enter into an agreement with the Fund regarding the terms of the investment.

2. As long as a Fund operates in reliance on the requested order, the iShares will be listed on an Exchange.

3. Neither the Trust, the Corporation, nor any Fund will be advertised or marketed as an open-end fund or a mutual fund. Each Fund's Prospectus will prominently disclose that iShares are not individually redeemable shares and will disclose that the owners of iShares may acquire those iShares from the Fund and tender those iShares for redemption to the Fund in Creation Unit Aggregations⁵ only. Any advertising material that describes the purchase or sale of Creation Unit Aggregations or refers to redeemability will prominently disclose that iShares are not individually redeemable and that owners of iShares may acquire those iShares from the Fund and tender those iShares for redemption to the Fund in Creation Unit Aggregations only.

4. The website(s) for the Trust and the Corporation, which will be publicly accessible at no charge, will contain the following information, on a per iShare basis, for each Fund: (a) the prior business day's net asset value ("NAV") and the midpoint of the bid-ask

⁵ A "Creation Unit Aggregation" is a group of 50,000 or more iShares.

spread at the time of calculation of such NAV (“Bid/Ask Price”), and a calculation of the premium or discount of such Bid/Ask Price against such NAV; and (b) 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. In addition, the Product Description for each Fund will state that the website for the Trust or the Corporation, as applicable, has information about the premiums and discounts at which that Fund’s iShares have traded.

5. The Prospectus and annual report for each Fund will also include: (a) the information listed in condition 4(b), (i) in the case of the Prospectus, for the most recently completed year (and the most recently completed quarter or quarters, as applicable) and (ii) in the case of the annual report, for the immediately preceding five years, as applicable; and (b) the following data, calculated on a per iShare basis for one, five and ten year periods (or life of the Fund), (i) the cumulative total return and the average annual total return based on NAV and Bid/Ask Price, and (ii) the cumulative total return of the relevant Underlying Index.

6. Before a Fund may rely on the Prospectus Delivery Order, the Commission will have approved, pursuant to rule 19b-4 under the Exchange Act, an Exchange rule requiring Exchange members and member organizations effecting transactions in iShares of such Fund to deliver a Product Description to purchasers of iShares.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Nancy M. Morris
Secretary