

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25969; 812-12932]

iShares Trust, et al.; Notice of Application

March 21, 2003.

AGENCY: Securities and Exchange Commission ("Commission")

ACTION: Notice of an application for an order under section 12(d)(1)(f) of the Investment Company Act of 1940 (the "Act") for exemption from sections 12(d)(1)(A) and (B) and under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

SUMMARY: The order would permit certain registered management investment companies and unit investment trusts to acquire shares of other registered open-end management investment companies and unit investment trusts that operate as exchange-traded funds and are outside the same group of investment companies. The order also would amend a condition in two prior orders.

Applicants: iShares Trust ("Trust"), iShares, Inc. ("Corporation") and Barclays Global Fund Advisors ("BGFA").

DATES: The application was filed on February 26, 2003. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and servicing 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 April 14, 2003, 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, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants: Trust and Corporation, c/o Investors Bank & Trust Company, 200 Clarendon Street, Boston, MA 02116; BGFA, 45 Fremont Street, San Francisco, CA 94105.

FOR FURTHER INFORMATION CONTACT: John L. Sullivan, Senior Counsel, and Michael W. Mundt, Senior Special Counsel, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

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, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. 202-942-8090).

Applicants' Representations

1. The Trust and the Corporation are open-end management investment companies registered under the Act and are comprised of separate series that seek to provide investment results that correspond generally to the performance of specified market indices and that operate as exchange-traded funds ("ETFs"). BGFA is a registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act") and serves as investment adviser to each existing iShares Fund (as defined below).

2. Applicants request relief to permit registered management investment companies and unit investment trusts to acquire shares of series of the Trust or the Corporation beyond the limitations in section 12(d)(1)(A) and (B). Applicants request that the relief apply to (i) each registered open-end management investment company or unit investment trust that operates as an ETF, is currently or subsequently part of the same "group of investment companies" as the Trust or the Corporation within the meaning of section 12(d)(1)(G)(ii) of the Act, and is advised or sponsored by BGFA or an entity controlling, controlled by or under common control with BGFA (such open-end ETFs are referred to as "Open-End iShares Funds"; such unit investment trust ETFs are referred to as "UIT iShares Funds" Open-End iShares Funds and UIT iShares Funds are collectively referred to as "iShares Funds"),¹ as well as any broker-dealer selling shares of an iShares Fund to an Investing Fund (as defined below); and

(ii) each registered management investment company or unit investment trust that is not part of the same "group of investment companies" as the iShares Funds within the meaning of section 12(d)(1)(G)(ii) of the Act and that enters into a participation agreement ("Participation Agreement") with an iShares Fund (such management investment companies are referred to as "Investing management Companies"; such unit investment trusts are referred to as "Investing Trusts," and Investing Management Companies and Investing trusts are collectively referred to as "Investing Funds").² Each Investing Management Company will be advised by an investment adviser that is registered under the Advisers Act or exempt from registration ("Advisor").

3. Applicants state that the iShares Funds will offer the Investing Funds simple and efficient vehicles to achieve their asset allocation, diversification and other investment objectives, and to implement various investment strategies. Among other purposes, applicants assert that the iShares Funds provide instant and highly liquid exposure to a broad range of markets, sectors or subsectors, geographic regions and industries, and permit investors to achieve such exposure through a single transaction instead of the many transactions that might otherwise be needed to obtain comparable market exposure.

Applicants' Legal Analysis

A. Section 12(d)(1)

1. Section 12(d)(1)(A) of the Act prohibits a registered investment company from acquiring shares of an investment company if the securities represent more than 3% of the total outstanding voting stock of the acquired company, more than 5% of the total assets of the acquiring company, or, together with the securities of any other investment companies, more than 10% of the total assets of the acquiring company. Section 12(d)(1)(B) of the Act prohibits a registered open-end investment company, its principal underwriter, or any broker or dealer registered under the Securities Exchange Act of 1934, from selling its shares to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the

² All entities that currently intend to rely on the requested order are named as applicants. Any other entity that relies on the order in the future will comply with the terms and conditions of the application. An Investing Fund may rely on the requested order only to invest in iShares Funds and not in any other registered investment company.

⁵ 17 CFR 200.30-3(a)(1).

¹ All existing iShares Funds are open-end management investment companies.