

proposal to be effective and operative upon filing with the Commission.¹⁶

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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Comments may also be submitted electronically at the following e-mail address: rule-comments@sec.gov. All comment letters should refer to File No. SR-CSE-2003-14. 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, comments should be sent in hardcopy or by e-mail but not by both methods. 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 inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to file number SR-CSE-2003-14 and should be submitted by January 5, 2004.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48881; File No. SR-NYSE-2003-39]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to the Listing and Trading of iShares Lehman U.S. Aggregate Bond Fund and iShares Lehman TIPS Bond Fund

December 4, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934, ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 25, 2003 the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On December 3, 2003, the NYSE filed Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and is approving the proposal, as amended, on an accelerated basis.

1. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to trade pursuant to unlisted trading privileges ("UTP") iShares Lehman U.S. Aggregate Bond Fund (the "Aggregate Bond Fund") and to list and trade the iShares Lehman TIPS Bond Fund⁴ (the "TIPS Fund") and together with the Aggregate Bond Fund, (the "ETFs" or the "Funds"), each a series of iShares Trust (the "Trust"), an exchange traded fund which is a type of Investment Company Unit.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Darla Stuckey, Corporate Secretary, NYSE, to Florence Harmon, Senior Special Counsel, Division of Market Regulation ("Division"), Commission, dated December 3, 2003 ("Amendment No. 1"). Amendment No. 1 provides for certain technical changes and clarification to the original proposal, particularly settlement and clearance procedures for TIPS Fund.

⁴ Telephone conversation between Janet Kissane, Milbank, Tweed, Hadley & McCloy LLP, Counsel for NYSE, and Florence Harmon, Senior Special Counsel, Division, Commission dated December 4, 2003.

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 NYSE included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in item III below. The NYSE has prepared summaries, set forth in Sections A, B, and C below of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

Section 703.16 of the NYSE Listed Company Manual provides standards for listing and trading Investment Company Units ("ICUs"), which are securities issued by an open-end management company.⁵ The Commission previously approved amendments to section 703.16 of the NYSE Listed Company Manual to accommodate the listing and trading of ICUs based on an index of fixed income securities, but such standards are not generic listing standards. Hence, the NYSE has filed NYSE-2003-39 to accommodate the trading pursuant to UTP of the Aggregate Bond Fund and the listing and trading of the TIPS Fund under section 703.16 of the Listed Company Manual. The Funds have been approved for listing on the Amex.⁶

As set forth in detail below, the Funds will hold certain fixed income securities (the "Component Securities") selected to correspond generally to the performance of the relevant Underlying Index (the "Underlying Index") and, in the case of the Aggregate Bond Fund will also invest in mortgage pass-through securities through TBA

⁵ In 1996, the Commission approved Section 703.16 of the Listed Company Manual (the "Company Manual"), which sets forth the rules related to the listing of ICUs. See Securities Exchange Act Release No. 36923 (March 5, 1996), 61 FR 10410 (March 13, 1996). In 2000, the Commission also approved the Exchange's generic listing standards for listing and trading, or the trading pursuant to UTP, of ICUs under Section 703.16 of the Company Manual and NYSE Rule 1100. See Securities Exchange Act Release No. 43679 (December 5, 2000), 65 FR 77949 (December 13, 2000). In 2002, the Commission approved amendments to Section 703.16 of the Company Manual to accommodate the listing of ICUs based on an index of fixed income securities. See Securities Exchange Act Release No. 46306 (August 2, 2002), 67 FR 51916 (August 9, 2002).

⁶ See Securities Exchange Act Release No. 48534 (September 24, 2003), 68 FR 56353 (September 30, 2003).

¹⁶ For purposes only of accelerating the operative date of the proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁷ 17 CFR 200.30-3(a)(12).