



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
Circular Number:	2010-168	Contact:	Jeff Rosenstock
Date:	July 14, 2010	Telephone:	(201) 942-8295

**Subject: iShares Silver Trust**

**Background Information on the Fund**

As more fully explained in the Registration Statement (No. 333-125920) for the iShares Silver Trust ("Trust"), the Trust is designed to own silver transferred to it in exchange for issued shares ("iShares" or "Shares"). Each iShare represents a fractional undivided beneficial interest in the net assets of the Trust. The assets of the Trust will consist primarily of silver held by the custodian on behalf of the Trust.

The objective of the Trust is for the value of the iShares to reflect the price of silver less the Trust's expenses and liabilities. The Trust is not registered as an investment company under the Investment Company Act of 1940. The Trust is not a commodity pool for purposes of the Commodity Exchange Act, and its sponsor is not subject to regulation by the Commodity Futures Trading Commission as a commodity pool operator, or a commodity trading advisor.

BlackRock Fund Advisors is the sponsor of the Trust ("Sponsor"), The Bank of New York is the trustee of the trust ("Trustee"), and JP Morgan Chase Bank, N.A., London Branch is the custodian of the Trust ("Custodian").

As described more fully in the prospectus and the registration statement for the Trust, the Trust intends to issue additional iShares on a continuous basis. The Trust will issue and redeem iShares only in blocks of 50,000 or integral multiples thereof. A block of 50,000 iShares is called a "Basket". These transactions will be in exchange for silver. The basket amount of silver, as measured in troy ounces, exchangeable for a Basket of iShares (the "Basket Silver Amount") will be determined on each business day by the Trustee. Initially, the Basket Silver Amount will be 500,000 ounces of silver. The Basket Silver Amount will decrease over the life of the Trust due to the payment or accrual of fees and other expenses payable by the Trust. Only registered broker-dealers that become authorized participants ("Authorized Participants") by entering into a contract with the Sponsor and the Trustee may purchase or redeem Baskets. iShares will be offered to the public from time to time at prices that will reflect, among other things, the price of silver and the trading price of the iShares on the NYSE Arca at the time of the offer. Market prices for the iShares may be different from the net asset value per iShare. Except when aggregated in Baskets, iShares are not redeemable securities.

## **Other Information**

The net asset value of the Trust is obtained by subtracting the trust's expenses and liabilities on any day from the value of the silver owned by the Trust on that day. The net asset value per iShare ("NAV"), is obtained by dividing the net asset value of the Trust on a given day by the number of iShares outstanding on that date. On each day on which the NYSE Arca is open for regular trading, as promptly as practicable after 4:00 p.m. Eastern time ("ET"), the Trustee will determine the NAV. The Trustee will value the trust's silver on the basis of that day's announced London silver fix price. At or about 4:00 p.m. ET each business day, the Trustee will determine the Basket Silver Amount for orders placed by Authorized Participants received before 4:00 p.m. ET that day. The Trustee will also at the same time determine an "Indicative Basket Silver Amount" that Authorized Participants can use as an indicative amount of silver to be deposited for issuance of the Silver Shares on the next business day. The Basket Silver Amount, the Indicative Basket Silver Amount, and the NAV are communicated by the Trustee to all Authorized Participants via facsimile or electronic mail message and will be available on the Trust's website at [www.ishares.com](http://www.ishares.com).

The Trust's expense ratio, in the absence of any extraordinary expenses and liabilities, is established at 0.50% of the net assets of the Trust. As a result, in the absence of any extraordinary expenses and liabilities, the amount of silver by which the Basket Silver Amount will decrease each day will be predictable (i.e. 1/365th of the net asset value of the Trust multiplied by 0.50%).

The Depository Trust Company ("DTC") serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding shares of the Trust.

## **Indicative Trust Value**

In order to provide updated information relating to the Trust for use by investors, professionals and persons wishing to create or redeem Shares, the NYSE Amex will disseminate through the facilities of CTA an updated Indicative Trust Value (the "Indicative Trust Value"). The Indicative Trust Value will be disseminated on a per Share basis every 15 seconds during regular trading hours of 9:30 a.m. to 4:00 p.m. ET under the index symbol "SBV". The Indicative Trust Value will be calculated based on the amount of silver required for creations and redemptions and a price of silver derived from the midpoint of updated bids and offers indicative of the dealer price of silver. It should be noted, however, that the performance of the Trust may not track the performance of silver exactly. Thus, at any give time or from time to time, the Indicative Trust Value may differ from the Trust's NAV. In addition, the Indicative Trust Value on a per Silver Share basis disseminated during NYSE Amex's trading hours should not be viewed as a real time update of the NAV, which is calculated only once a day by the Trustee.

## **Continuous Offering**

The method by which Basket aggregations of shares are created and traded may raise certain issues under applicable securities laws. Because new shares may be issued by the Trust on an ongoing basis, at any point a distribution may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the

circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus-delivery requirement and liability provisions of the Securities Act of 1933 (“Securities Act”).

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it purchases Basket aggregations, breaks them down into constituent shares, and sells such shares directly to customers, or if it chooses to couple the creation of a supply of new shares with an active selling effort involving solicitation of secondary market demand for shares. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a categorization as an underwriter.

Dealers who are not “underwriters,” but are participating in a distribution (as opposed to engaging in ordinary secondary-market transactions), and thus dealing with Trust shares as part of an “unsold allotment” within the meaning of Section 4(3)(C) of the Securities Act, will be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act. Firms that incur a prospectus-delivery obligation with respect to shares are reminded that, under Securities Act Rule 153, a prospectus delivery obligation under Section 5(b)(2) of the Securities Act owed to an exchange member in connection with a sale on Exchange is satisfied by the fact that the prospectus is available at the Exchange upon request. The prospectus delivery mechanism provided in Rule 153 is only available with respect to transactions on an exchange.

### **Creation and Redemption of Shares**

The Trust will issue and redeem iShares on a continuous basis only in Baskets of 50,000 shares or multiples thereof, by or through participants that have entered into participant agreements (each, an Authorized Participant) with the Sponsor and the Trustee. Basket aggregations will be issued in exchange for the corresponding Basket Silver Amount that will be determined on each business day by the Trustee. The Basket Silver Amount necessary for the creation of a Basket will change from day to day. The initial Basket Silver Amount is 500,000 ounces of silver. On each day that the NYSE Arca is open for regular trading, the Trustee will adjust the quantity of silver constituting the Basket Silver Amount as appropriate to reflect sales of silver, any loss of silver that may occur, and accrued expenses. These items are described in the Trust’s prospectus and registration statement.

Authorized Participants that wish to purchase a Basket must transfer the Basket Silver Amount to the Trust in exchange for a Basket. Authorized Participants that wish to redeem a Basket will receive the Basket Silver Amount in exchange for each Basket surrendered. Silver deposited with the Custodian must meet the specifications for weight, dimensions, fineness (or purity), identifying marks and appearance of silver bars as set forth in “The Good Delivery Rules for Silver and Silver Bars” published by the London Bullion Market Association. No iShares will be issued unless and until the Custodian has informed the Trustee that it has allocated to the Trust's account (except that any amounts of less than 430 ounces may be held in the trust account on an

unallocated basis). Unless otherwise agreed to by the Custodian, silver will be delivered to the redeeming Authorized Participants in the form of physical bars only.

Given the predictability of the daily decline in the Basket Silver Amount, the Trustee will provide an Indicative Basket Silver Amount for the next business day. Authorized Participants may use the Indicative Basket Silver Amount as guidance regarding the amount of silver expected to deposit with the Custodian. Before 4:00 p.m., the Authorized Participants may use the Indicative Basket Silver Amount as guidance in respect of the amount of silver that they may expect to be required to deposit in connection with the issuance of iShares on such next business day. But if the Indicative Basket Silver Amount published by BlackRock and Trustee turns out to be incorrect the amount actually determined by Trustee will control.

The Trust's prospectus and registration statement describe additional procedures and requirements that apply to creation and redemptions of Shares. Members interested in becoming an Authorized Participant, or obtaining a list of Authorized Participants, can contact the Sponsor at (415) 402-4622, (415) 402-4619, or (415) 402-4649 for more information.

### **Information About Underlying Silver**

There is a considerable amount of silver price and silver market information available on public Web sites and through professional and subscription services. In most instances, real-time information is only available for a fee, and information available free of charge is subject to delay (typically 20 minutes). Investors may obtain on a 24-hour basis silver pricing information based on the spot price for a troy ounce of silver from various financial information service providers, such as Reuters and Bloomberg. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on silver prices directly from market participants. In addition, an organization named EBS provides an electronic trading platform to institutions such as bullion banks and dealers for the trading of spot silver, as well as a feed of live streaming prices to Reuters and Moneyline Telerate subscribers.

Complete real-time data for silver futures and options prices traded on the COMEX is available by subscription from Reuters and Bloomberg. The closing price and settlement prices of the COMEX silver futures contracts are publicly available from the NYMEX at <http://www.nymex.com>, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. The NYMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its Web site.

### **Investment Risks**

Members are referred to the Trust's prospectus for a description of risks associated with an investment in shares of the Trust. Because the iShares are created to reflect the price of the silver held by the Trust, these risks include the risk that market price of iShares will be subject to fluctuations similar to those affecting silver prices. The amount of silver represented by the iShares will decrease over the life of the trust due to the sales necessary to pay the sponsor's fee and trust expenses. To retain the iShare's original price, the price of silver will have to increase. Without that increase, the lower amount of silver represented by the iShare will have a correspondingly lower price. The value of the

iShares will be adversely affected if silver owned by the trust is lost or damaged in circumstances in which the trust is not in a position to recover the corresponding loss. Owners of Shares will not have the protections normally associated with ownership of shares in an investment company registered under the Investment Company Act of 1940, or the protections afforded by the Commodity Exchange Act of 1936. The Trust will have limited duration. If certain events occur, at any time, the Trustee will be requested to terminate the Trust, otherwise the Trust will terminate automatically after forty years. In addition, as noted in the prospectus, iShares trade at market prices that may differ from NAV. The NAV of iShares will fluctuate with changes in the market value of the trust's assets. The trading prices of iShares will fluctuate in accordance with changes in their NAVs as well as market supply and demand. The amount of the discount or premium in the trading price relative to the NAV per iShare may be influenced by non-concurrent trading hours between the major silver markets and the EDGA and EDGX Exchanges (the "Exchanges"). While the iShares will trade on the Exchanges until 4:00 P.M. ET, liquidity in the market for silver will be reduced after the close of the major world silver markets, including London, Zurich and COMEX (which usually closes at 1:30 P.M. ET time). The OTC market for Silver trades on a 24-hour continuous basis and accounts for the substantial portion of global silver trading. The OTC market has no formal structure and no open-outcry meeting place. There is no direct regulation of the global OTC market in silver and no SEC jurisdiction over trading of silver as a physical commodity.

### **Exchange Rules Applicable to Trading in the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchanges' existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the shares on the Exchanges is on a UTP basis and is subject to the Exchanges equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

### **Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations**

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the "Act") regarding Shares of the Trust.

#### **Regulation M Exemptions**

Under the No-Action Letter, the Trust is exempted under paragraph (d) of Rule 101, permitting persons who may be deemed to be participating in a distribution of the Shares to bid for or purchase Shares during their participation in such distribution. The No-Action Letter also exempted the Fund under paragraph (e) of Rule 102, permitting the Trust and its affiliated purchasers to redeem Shares in Baskets during the continuous offering of the Shares.

#### **Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2**

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not Authorized Participants (and, therefore, do not create Baskets) that engage in both proprietary and customer transactions in Units in the secondary market. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Units to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(l)(5)(A), (B) or (C). The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Units, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Units that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

The SEC has also taken a no-action position under Section 11(d) of the Exchange Act if an Authorized Participant ("AP") extends or maintains or arranges for the extension or

maintenance of credit on Units in reliance on the class exemption granted in the Letter re: Derivative Products Committee of the Securities Industry Association (“SIA”) (November 21, 2005), provided (1) that the AP does not receive from the Trust, directly or indirectly, any payment, compensation or other economic incentive to promote or sell the Units to persons outside the Fund, other than non-cash compensation permitted under NASD Rule 2830(l)(5)(A), (B), or (C); and (2) the AP does not extend, maintain or arrange for the extension or maintenance of credit to or for a customer on Units before thirty days from the start of trading in the Units (except as otherwise permitted pursuant to Rule 11d1-1). (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

The exemptions from Rules 101 and 102 of Regulation M and Section 11(d)(1) and Rule 11d1-2 are subject to the condition that such transactions in Shares or any related securities are not made for the purpose of creating actual, or apparent, active trading in or raising or otherwise affecting the price of such securities. Members are referred to the full text of the No-Action Letter for additional information.

**This Regulatory Information Circular is not a statutory prospectus. Members should consult the prospectus for a Trust and the Trusts’ website at [www.ishares.com](http://www.ishares.com) for relevant information.**

**Appendix A**  
**Exchange-Traded Fund Symbol CUSIP Number**

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
SLV	iShares Silver Trust	46428Q109