



EDGA Exchange, Inc. & EDGX Exchange, Inc.			
Regulatory Information Circular			
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**Subject:       iShares MSCI USA Momentum Factor ETF**  
**iShares MSCI USA Size Factor ETF**  
**iShares MSCI USA Value Factor ETF**

**Background Information on the Funds**

As more fully explained in the Registration Statement (Nos. 333-92935 and 811-09729) for [iShares MSCI USA Momentum Factor ETF](#), [iShares MSCI USA Size Factor ETF](#) and [iShares MSCI USA Value Factor ETF](#), the iShares Trust (the “Trust”) is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), consisting of several investment portfolios. This regulatory information circular relates only to the Funds listed above (each, a “Fund” and together, the “Funds”). The shares of the Funds are referred to herein as “Shares.”

BlackRock Fund Advisors (“BFA” or the “Adviser”), serves as investment adviser of each of the Funds. BlackRock Investments, LLC serves as the Distributor for the Funds (the “Distributor”). State Street Bank and Trust Company acts as the administrator, custodian and transfer agent for the Funds.

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
MTUM	iShares MSCI USA Momentum Factor ETF	46432F396
SIZE	iShares MSCI USA Size Factor ETF	46432F370
VLUE	iShares MSCI USA Value Factor ETF	46432F388

**Description of the Funds**

*iShares MSCI USA Momentum Factor ETF*

The iShares MSCI USA Momentum Factor ETF (MTUM) seeks to track the performance of an index that measures the performance of U.S. large- and mid-capitalization stocks exhibiting relatively higher momentum characteristics, before fees and expenses.

The MSCI USA Momentum Index (the “Underlying Index”) consists of stocks exhibiting relatively higher momentum characteristics than the traditional market capitalization-weighted parent index, the MSCI USA Index, which includes U.S. large- and mid- capitalization stocks.

Momentum is defined as a security's standard deviation of daily returns over the past year (expressed as a positive number, with securities that have the highest positive standard deviations receiving the highest scores). The main variable used to construct the Underlying Index is each security's price momentum over the previous 6-12 months. Daily local returns are used to compute the price momentum. The results are then standardized at +/-3 standard deviations and the standardized z-scores are translated into a momentum score. Securities with the highest momentum scores are selected for inclusion in the Underlying Index. As of February 28, 2013, there were 125 securities in the Underlying Index. The weight of each index constituent is determined by multiplying the security's momentum score by its free-float market capitalization. Components primarily include consumer discretionary, consumer staples and healthcare companies. The components of the Underlying Index, and the degree to which these components represent certain industries, may change over time.

The Fund will concentrate its investments (*i.e.*, hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the Underlying Index is concentrated. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities) and repurchase agreements collateralized by U.S. government securities are not considered to be issued by members of any industry.

For more information, please see the Fund's [Prospectus](#) and [Statement of Additional Information](#) ("SAI").

#### *iShares MSCI USA Size Factor ETF*

The iShares MSCI USA Size Factor ETF (SIZE) seeks to track the performance of an index that measures the performance of U.S. large- and mid-capitalization stocks with relatively smaller average market capitalization, before fees and expenses.

The MSCI USA Risk Weighted Index (the "Underlying Index") is based on a traditional market capitalization-weighted parent index, the MSCI USA Index, which includes U.S. large- and mid- capitalization stocks. The Underlying Index considers the "size" (market capitalization) of individual stocks in the parent index and generally is expected to have a smaller average market capitalization than the parent index. The Underlying Index reweights each security of the parent index using a rules-based methodology so that stocks with relatively smaller average market capitalization and lower risk weightings based on the index provider's methodology constitute a higher percentage of the index. The risk weighting of each security is calculated using the inverse of its historical variance, estimated based on three years of weekly return data. The Underlying Index seeks to provide negative exposure to two systematic factors, the size factor and volatility factor, by emphasizing stocks with smaller average market capitalization and lower realized volatility than its parent index. As of February 28, 2013, there were 604 issues in the Underlying Index. Components primarily include consumer discretionary, consumer staples, financial and utilities companies. The components of the Underlying Index, and the degree to which these components represent certain industries, may change over time.

For more information, please see the Fund's [Prospectus](#) and [SAI](#).

## *iShares MSCI USA Value Factor ETF*

The iShares MSCI USA Value Factor ETF (the “Fund”) seeks to track the performance of an index that measures the performance of U.S. large- and mid-capitalization stocks with value characteristics and relatively lower valuations, before fees and expenses.

The MSCI USA Value Weighted Index (the “Underlying Index”) is based on a traditional market capitalization-weighted parent index, the MSCI USA Index, which includes U.S. large- and mid- capitalization stocks. The Underlying Index reweights each security of the parent index to emphasize stocks with higher accounting values compared to the accounting values of the constituents in the parent index. The value weighting of each security is determined using four accounting variables based on publicly reported financial data: book value and three-year moving averages of sales, earnings, and cash earnings. Components primarily include consumer discretionary, financial, healthcare and information technology companies. As of February 28, 2013, there were 604 issues in the Underlying Index. The components of the Underlying Index, and the degree to which these components represent certain industries, may change over time.

For more information, please see the Fund’s [Prospectus](#) and [SAI](#).

BFA uses a “passive” or indexing approach to try to achieve the Funds’ investment objectives. Unlike many investment companies, the Funds do not try to “beat” the index they track and do not seek temporary defensive positions when markets decline or appear overvalued.

Indexing may eliminate the chance that the Funds will substantially outperform the Underlying Index but also may reduce some of the risks of active management, such as poor security selection. Indexing seeks to achieve lower costs and better after-tax performance by keeping portfolio turnover low in comparison to actively managed investment companies.

BFA uses a representative sampling indexing strategy to manage the Fund. “Representative sampling” is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Underlying Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Underlying Index. The Fund may or may not hold all of the securities in the Underlying Index.

The Funds generally invests at least 90% of their assets in the securities of their respective Underlying Index or in depositary receipts representing securities in its Underlying Index. The Funds may invest the remainder of their assets in certain futures, options and swap contracts, cash and cash equivalents, including money market funds advised by BFA or its affiliates, as well as in securities not included in the Underlying Index, but which BFA believes will help the Funds track the Underlying Index.

The Funds may lend securities representing up to one-third of the value of each Fund's total assets (including the value of the collateral received).

The Underlying Indices are sponsored by an organization (the “Index Provider”) that is independent of the Funds and BFA. The Index Provider determines the composition and relative weightings of the securities in the Underlying Index and publishes information regarding the market value of the Underlying Index. The Funds’ Index Provider is MSCI Inc.

As with any investment, you could lose all or part of your investment in the Funds, and the Funds’ performance could trail that of other investments. The Funds are subject to the principal risks noted below, any of which may adversely affect the Fund's net asset value per share (“NAV”), trading price, yield, total return and ability to meet its investment objective. Unlike many ETFs, the Funds are not index-based ETFs.

As described more fully in each Trust’s Prospectus and SAI, all the Funds will issue and redeem Shares on a continuous basis at their NAV only in large blocks of 50,000 Shares (each, a “Creation Unit”). Creation Units will be issued and redeemed principally in-kind for securities included in the underlying index. Except when aggregated in Creation Units, the Shares may not be redeemed with the Fund.

Dividends from net investment income, if any, generally are declared and paid monthly by the Fund. Distributions of net realized securities gains, if any, generally are declared and paid once a year. Shares are held in book-entry form, which means that no Share certificates are issued. The Depository Trust Company or its nominee is the record owner of all outstanding Shares of the Funds and is recognized as the owner of all Shares for all purposes.

The NAV per Share for the Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day after the close of trading (ordinarily 4:00 p.m., Eastern Time) of the New York Stock Exchange. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

For a more complete description of the Funds and the Underlying Indices, please visit the website at [www.ishares.com](http://www.ishares.com).

### **Principal Risks**

Interested persons are referred to the discussion in each Fund’s Prospectus for the principal risks of an investment in the Funds. As with any investment, you could lose all or part of your investment in the Funds, and the Funds’ performance could trail that of other investments. The Funds are subject to the principal risks noted below, any of which may adversely affect the Fund's NAV, trading price, yield, total return and ability to meet its investment objective.

For *iShares MSCI USA Momentum Factor ETF*, the risks include asset class risk, concentration risk, consumer discretionary sector risk, consumer staples sector risk, equity securities risk, healthcare sector risk, index-related risk, issuer risk, management risk, market

risk, market trading risk, mid-capitalization companies risk, momentum securities risk, passive investment risk, securities lending risk, and tracking error risk.

For *iShares MSCI USA Size Factor ETF*, the risks include asset class risk, concentration risk, consumer discretionary sector risk, consumer staples sector risk, equity securities risk, financial sector risk, index-related risk, issuer risk, management risk, market risk, market trading risk, mid-capitalization companies risk, passive investment risk, securities lending risk, and tracking error risk.

For *iShares MSCI USA Value Factor ETF*, the risks include asset class risk, concentration risk, consumer discretionary sector risk, equity securities risk, financial sector risk, healthcare sector risk, index-related risk, information technology sector risk, issuer risk, management risk, market risk, market trading risk, mid-capitalization companies risk, passive investment risk, securities lending risk, tracking error risk, valuation risk, and value securities risk.

Further information about the risks of investing in the Funds is available at [www.ishares.com](http://www.ishares.com).

### **Trading Hours**

Trading in the Shares on EDGA Exchange, Inc. and EDGX Exchange, Inc. (together, 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. ET. 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 Index value or intraday indicative value (“IIV”). For certain derivative securities products, an updated Index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the 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.

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

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

### **Suitability**

Trading in the Shares on the Exchanges will be subject to the provisions of EDGA and EDGX Exchange Rules 3.7. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, Members must possess sufficient information to satisfy the “know your customer” obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds Members of their obligations to: (1) conduct adequate due

diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

### **Trading Halts**

The Exchanges will halt trading in the Shares 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 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 Funds' [website](#). The Prospectuses do not contain all of the information set forth in each Fund's 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 Funds, please refer to the Trusts' Registration Statement.

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

The Commission has issued letters (together, the "No- Action Letters") dated June 27, 2007, April 9, 2007, October 24, 2006, and November 21, 2005 granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for exchange-traded funds listed and traded on a registered national securities exchange that meet certain criteria. Members should refer to the No Action Letters, available at [www.sec.gov](http://www.sec.gov), for additional information.

### **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M prohibit 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 Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The Commission issued a No-Action Letter by which persons participating in a

distribution of shares of a fund may engage in secondary market transactions in such shares during their participation in such a distribution, despite the requirements of from Rule 101 under Regulation M. In addition, the SEC has permitted persons who may be deemed to be participating in the distribution of shares of a fund (i) to purchase securities for the purpose of purchasing creation unit aggregations of fund shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the Commission has clarified that the tender of fund shares to the Fund for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The Commission has issued a No-Action Letter relating to paragraph (e) of Rule 102 under Regulation M to allow the redemption of fund shares in creation unit aggregations during the continuous offering of shares.

### **Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)**

Broker-dealers who handle purchases or redemptions of Fund shares in Creation Units for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing creation unit aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

1. confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
2. any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
3. except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

### **SEC Rule 14e-5**

The Commission has permitted any person acting as a dealer-manager of a tender offer for a component security of fund (1) to redeem fund shares in creation unit aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase fund shares during such tender offer. In addition, a No-Action has been issued under Rule 14e-5 states that if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more creation unit aggregations of shares, it must be made in conformance with the following:

1. such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a

- distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
2. purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the Index; and
  3. such bids or purchases are not effected for the purpose of facilitating such tender offer.

### **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 Commission has clarified that Section 11(d)(1) does not apply to broker-dealers that are not authorized participants (and, therefore, do not create creation unit aggregations) that engage in both proprietary and customer transactions in shares of a fund in the secondary market, and for broker-dealer authorized participants that engage in creations of creation unit aggregations. 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 shares of a fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). See letter dated November 22, 2005 from Brian A Bussey, Assistant Chief Counsel, SEC Division of Market Regulation, to Barclays Global Investors, N.A., dated November 22, 2005. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act stating that broker-dealers may treat shares of a fund, 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 shares 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.

### **SEC Rule 15c1-5 and 15c1-6**

The Commission has issued a No-Action letter with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of fund shares and secondary market transactions therein.

**This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trusts' Registration Statements, SAIs, Prospectuses and the Funds' [website](#) for relevant information.**