

OMB APPROVAL

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. SR - 2007 - 37

Amendment No.

Proposed Rule Change by Chicago Board Options Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		
Date Expires <input type="text"/>					

E-Filed by: [Redacted]



E-Filed by: [Redacted]

**Description**

Provide a brief description of the proposed rule change (limit 250 characters).

This filing proposes to trade on CBSX via UTP the iShares MSCI Index Funds and the Europe 350 Index Fund.

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Last Name
Title
E-mail
Telephone Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date By

(Name)

(Title)

NOTE: Clicking the button at right will digitally sign and lock
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signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") proposes to trade on its stock trading facility, the CBOE Stock Exchange ("CBSX"), fifteen international exchange-traded funds (the "Funds") pursuant to unlisted trading privileges ("UTP"). Set forth below are proposed changes to the rule text, with additions represented by underscoring and deletions represented by [bracketing].

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 52.3 Unusual Market Conditions

(a) In addition to such other powers and duties as the CBSX Board may prescribe, Trading Officials shall have the power to: (i) supervise openings and reopenings of securities; (ii) halt or reopen trading in a security; (iii) resolve market disputes submitted to such Trading Officials by members; (iv) regulate and supervise unusual situations which may arise in connection with the making of bids, offers or transactions; and (v) supervise the operation of the applications of the ITS System or any successor to the ITS System, including the authority to resolve market disputes involving those Rules arising between CBSX users and members of other participating market centers.

(b) Trading Halts for Trading Pursuant to Unlisted Trading Privileges of Exchange Traded Funds on CBSX

(1) 8:15 – 8:30 Central Time. If a security described in Rules 54.1, 54.2 and 54.3 (for purposes of this Rule, an "ETF") begins trading on CBSX and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such ETF, by a major market data vendor, CBSX may continue to trade the ETF for the remainder of the 8:15 to 8:30 session.

(2) Normal Market Hours. During normal market hours, if a temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index by a major market data vendor and the listing market halts trading in the ETF, CBSX, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in the ETF on CBSX.

(b) The Exchange does not believe that the proposed rule changes will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) CBOE's Office of the Chairman, pursuant to delegated authority, approved the proposed rule change on March 14, 2007. No further action is required.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, General Counsel, CBOE, 400 South LaSalle, Chicago, IL 60605, (312) 786-7462 or Angelo Evangelou, (312) 786-7464.

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

(a) Purpose

The purpose of the proposed rule change is to trade on CBSX fifteen international exchange-trade funds pursuant to UTP. Those funds are the iShares S&P Europe 350 Index Fund and the iShares MSCI Index Funds for the following regions: Australia, Brazil, EAFE, Emerging Markets, Germany, Hong Kong, Malaysia, Mexico, Pacific ex-Japan, Singapore, South Africa, South Korea, Taiwan, and the United Kingdom. The Funds are Index Portfolio Shares ("IPs") under CBOE Rule 1.1.03, except for the iShares S&P Europe 350 Index Fund and iShares MSCI EAFE Index Fund, which are Index Portfolio Receipts ("IPRs") under CBOE Rule 1.1.02.

The Exchange has adopted listing standards applicable to IPs and IPRs, which

are consistent with the listing criteria currently used by the American Stock Exchange, Inc. (“Amex”), New York Stock Exchange (“NYSE”), and other exchanges.

i. Description of the Funds

The Funds are currently listed on the Amex¹ or NYSE,² and are traded on those and other securities exchanges and in the over-the-counter market. The information below is intended to provide a description of how the Funds were created and are traded.³

The shares of the Funds are issued by iShares, Inc., except for iShares MSCI EAFE and S&P Europe 350, which are issued by iShares Trust. iShares, Inc. and iShares Trust are open-ended management investment companies. Each Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the applicable underlying index. The Funds utilize representative sampling to invest in a representative sample of securities in the applicable underlying index.

¹ The Funds (with the exception of the MSCI EAFE and S&P Europe 350 Funds) were formerly known as World Equity Benchmark Shares or WEBS. An initial series of WEBS, including the iShares MSCI Australia, Germany, Hong Kong, Malaysia, Mexico, Singapore, and United Kingdom Index Funds were initially approved for listing and trading on the Amex in 1996. See Securities Exchange Act Release No. 36947 (March 8, 1996), 61 FR 10606 (March 14, 1996) (SR-Amex-95-43). Additional WEBS series were approved for listing and trading in 2000, including iShares MSCI Brazil, iShares MSCI Taiwan, iShares MSCI South Africa and iShares MSCI South Korea. See Securities Exchange Act Release No. 42748 (May 2, 2000), 65 FR 30155 (May 10, 2000) (SR-Amex-98-49). iShares MSCI EAFE and iShares S&P Europe 350, issued by iShares Trust, were approved for Amex listing and trading in, respectively, Securities Exchange Release No. 44700 (August 14, 2001), 66 FR 43927 (August 21, 2001) (SR-Amex-2001-34), and Securities Exchange Act Release No. 42786 (May 15, 2000), 65 FR 33586 (May 24, 2000) (SR-Amex-99-49).

² Effective February 16, 2007, the iShares MSCI Index Funds for EAFE, Emerging Markets, Pacific ex-Japan, and South Africa transferred their primary listing to the NYSE and are no longer listed on the Amex. See Supplement dated February 16, 2007 to the Prospectus dated January 1, 2007 for the iShares MSCI Series, and Supplement dated February 16, 2007 to the Prospectus dated December 1, 2006 for the iShares Goldman Sachs Series and the iShares MSCI EAFE Series.

³ Much of the information in this filing was taken from the Prospectuses and Statements of Additional Information of iShares, Inc. dated January 1, 2007, the Prospectus of iShares S&P Europe 350, dated August 1, 2006, the Prospectus of iShares Trust MSCI EAFE, dated December 1, 2006, and the Web sites of the Amex (www.amex.com), the NYSE (www.nyse.com), and iShares (www.ishares.com). Fund information relating to net asset value (“NAV”), returns, dividends, component stock holdings and the like is updated on a daily basis on the Web sites.

Barclays Global Fund Advisors (“BGFA”), a subsidiary of Barclays Global Investors, N.A. (“BGI”), is the investment advisor for each Fund. BGI is a wholly owned indirect subsidiary of Barclays Bank PLC of the United Kingdom. BGFA and its affiliates are not affiliated with the index providers (MSCI and Standard & Poor’s). Investors Bank and Trust Company serves as administrator, custodian and transfer agent for the Funds, and SEI Investments Distribution Co. is distributor for the Funds. The distributor is not affiliated with BGFA.

iShares, Inc. and iShares Trust, as applicable, issues and redeems the shares of the Funds only in aggregations of substantial size, which varies for the various Funds but is at least 50,000 shares (each aggregation a “Creation Unit”).⁴ The size of the applicable Creation Unit Aggregation is set forth in the Fund’s prospectus and ranges from approximately \$583,500 to approximately \$7.2 million. The Funds issue and sell shares of the Funds through SEI Investments Distribution Co., the Distributor and principal underwriter, on a continuous basis at the net asset value per share next determined after an order to purchase iShares in Creation Unit size aggregations is received in proper form. Creation Unit Aggregations may be purchased only by or through a participant that has entered into a participant agreement with the Distributor (“Authorized Participant”). Each Participant must be a Depository Trust Company (“DTC”) participant. iShares will trade on CBSX like other equity securities.

Creation Unit Aggregations generally will be issued in exchange for an in-kind deposit of securities and cash. A Fund also may sell Creation Unit Aggregations on a

⁴ See *supra* footnote 5.

“cash only” basis in limited circumstances.⁵ An investor wishing to make an in-kind purchase of a Creation Unit Aggregation from a Fund will have to transfer to the Fund a “Portfolio Deposit” consisting of (a) a portfolio of securities that has been selected by Barclays Global Fund Advisors (“Advisor”) to correspond generally to the price and yield performance of the relevant underlying index (“Deposit Securities”), (b) a cash payment equal per Creation Unit Aggregation to the dividends accrued on the Portfolio Securities of the Index Fund since the last dividend payment on the Portfolio Securities, net of expenses and liabilities (the “Dividend Equivalent Payment”), and (c) an amount equal to the difference between (i) the “NAV” per Creation Unit Aggregation of the Fund and (ii) the sum of (I) the Dividend Equivalent Payment and (II) the total aggregate market value per Creation Unit Aggregation of the Deposit Securities (the “Balancing Amount,” and, together with the Dividend Equivalent Payment, the “Cash Component”). The Balancing Amount serves the function of compensating for differences, if any, between the NAV per Creation Unit Aggregation and the value of the Deposit Amount. The Deposit Amount is the sum of (a) the Dividend Equivalent Payment and (b) the market value per Creation Unit Aggregation of the Deposit Securities. If the Balancing Amount is a positive number (i.e., the NAV per Creation Unit Aggregation of the Index Fund exceeds that of the Deposit Amount), the Balancing Amount will be paid to the Fund by the Creator. If the Balancing Amount is a negative number (i.e., the NAV per Creation Unit Aggregation of the Index Fund is less than that of the Deposit Amount) the creator will receive cash in an amount equal to the differential.

⁵ See “Information Circular” Section, below.

Each Fund reserves the right to permit or require the substitution of an amount of cash or the substitution of any security to replace any Deposit Security that may be unavailable or unavailable in sufficient quantity for delivery to iShares, Inc., or which may be ineligible for trading by an Authorized Participant or the investor on whose behalf the Authorized Participant is acting.

It is anticipated that the deposit of Deposit Securities and the Cash Component in exchange for iShares will be made primarily by institutional investors, arbitrageurs, and CBSX Designated Primary Market-Makers. Creation Units are separable upon issuance into identical shares that are listed on the American Stock Exchange or the New York Stock Exchange. iShares will be traded on the Exchange by professionals as well as institutional and retail investors.

Individual iShares will not be redeemable. iShares will only be redeemable in Creation Unit Aggregations through each Index Fund. To redeem, an investor will have to accumulate enough iShares to constitute a Creation Unit Aggregation. An investor redeeming a Creation Unit Aggregation generally will receive (a) a portfolio of Portfolio Securities in effect on the date the request for redemption is made ("Redemption Securities"), which may not be identical to the Deposit Securities applicable to the purchase of Creation Unit Aggregations, and (b) a "Cash Redemption Payment," consisting of an amount calculated in the same manner as the Cash Component, although the actual amounts may differ if the Redemption Securities are not identical to the Deposit Securities. To the extent that the Redemption Securities have a value greater than the NAV of the iShares being redeemed, the redeeming beneficial owner must make

compensating cash payment to the Fund equal to the differential between the value of the Redemption Securities and the NAV of the iShares being redeemed. An investor may receive the cash equivalent of a Redemption Security in certain circumstances, such as where a redeeming entity is restrained by regulation or policy from transacting in the Redemption Security. A Fund may redeem Creation Unit Aggregations in cash in limited circumstances, such as when it is impossible to effect deliveries of Redemption Securities in the applicable jurisdiction.⁶

The Funds may make periodic distributions of dividends from net investment income, including net foreign currency gains, if any, in an amount approximately equal to accumulated dividends on securities held by the Fund during the applicable period, net of expenses and liabilities for such period. The final dividend amount for each Fund is the amount of dividends to be paid by a Fund for the appropriate period (usually annually). The final dividend amount is also disseminated by the Funds to Bloomberg and other sources. The Funds will not make the DTC book-entry Dividend Reinvestment Service (the “Service”) available for use by beneficial owners for reinvestment of their cash proceeds, but certain individual brokers may make the Service available to their clients.

ii. MSCI and S&P Indexes

The MSCI Indexes are calculated by MSCI for each trading day in the applicable foreign exchange markets based on official closing prices in such exchange markets. For each trading day, MSCI publicly disseminates the MSCI Index values for the previous day’s close. The S&P Europe 350 Index is calculated by Standard & Poor’s (“S&P”),

⁶ See “Information Circular” Section, below.

and is publicly disseminated by S&P for the previous day's close. The Indexes are reported periodically in major financial publications, and the intra-day values of the Indexes, disseminated every 15 seconds throughout the trading day, are available through vendors of financial information as further described in the Listing Approval Orders.

The underlying indexes for the Funds are market capitalization weighted. As stated in the iShares, Inc. prospectus, all single-country MSCI indices are free-float weighted, i.e., companies are included in the indices at the value of their free public float (free float multiplied by price). MSCI defines "free float" as total shares excluding shares held by strategic investors such as governments, corporations, controlling shareholders and management, and shares subject to foreign ownership restrictions.

The S&P Europe 350 Index uses "float-adjusted" market capitalization weights. That is, the value of the Index is calculated by, for each component, multiplying the number of shares in the public float of the component by the price per share of the component. The result is then divided by the divisor. Thus, the "float adjusted" market capitalization methodology will exclude blocks of stocks that do not trade from the weighting determination for a stock in the index.

iii. Funds' Assets and Industry Concentration

Each of the following Funds will invest at all times at least ninety percent (90%) of their total assets in component securities that are represented in the underlying index for such Fund. Each of these Funds will invest not more than ten percent (10%) of fund assets in ADRs that are not included in the component securities of their underlying index.

In addition, the iShares MSCI Index Funds for Brazil, South Africa, South Korea, and Taiwan will each invest at all times at least eighty percent (80%) of their total assets in component securities that are represented in the underlying index for the Fund and at least half of the remaining twenty percent (20%) of their assets in such stocks or in stocks included in the relevant market but not in the index. Each of these Funds will invest not more than twenty percent (20%) of fund assets in ADRs that are not included in the component securities of their underlying index.

Finally, each of the ADRs in which these Funds will invest shall be listed on a national securities exchange. To the extent the Funds invest in ADRs, these ADRs will be subject to the 10% and 20% levels described above.

iShares, Inc. and iShares Trust will cause to be made available daily the names and required number of shares of each of the securities to be deposited in connection with the issuance of the Funds' shares in Creation Unit size aggregations for the Funds, as well as information relating to the required cash payment representing, in part, the amount of accrued dividends for the Funds. This information will be made available to the Funds' Advisor and to any National Securities Clearing Corporation ("NSCC") participant requesting such information. In addition, other investors can request such information directly from the Funds' distributor. The NAV for the Funds will be calculated directly by the Funds' administrator. The NAV will also be available to the public on www.iShares.com, from the Fund distributor by means of a toll-free number, and to NSCC participants through data made available from the NSCC.

As disclosed in the Funds' prospectus, each of the iShares MSCI Index Funds for

Mexico, Singapore, and South Korea has the following concentration policy: With respect to the two most heavily weighted industries or groups of industries in its underlying index, the Fund will invest in securities (consistent with its investment objective and other investment policies) so that the weighting of each such industry or group of industries in the Fund does not diverge by more than 10% from the respective weighting of such industry or group of industries in its underlying index. An exception to this policy is that if investment in the stock of a single issuer would account for more than 25% of the Fund, the Fund will invest less than 25% of its net assets in such stock and will reallocate the excess to stock(s) in the same industry or group of industries, and/or to stock(s) in another industry or group of industries, in its underlying index. Each Fund will evaluate these industry weightings at least weekly, and at the time of evaluation will adjust its portfolio composition to the extent necessary to maintain compliance with the above policy.

Each of the iShares MSCI Index Funds for Australia, Brazil, Hong Kong, Malaysia, Pacific ex-Japan, South Africa, Taiwan, and the United Kingdom will not concentrate its investments (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except that, to the extent practicable, the Fund will concentrate, to approximately the same extent that its underlying index concentrates, in the stocks of such particular industry or group of industries.

For the iShares MSCI EAFE Index Fund and iShares S&P Europe 350 Index Fund, a Fund will not concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries, except that a Fund will concentrate

its investments to approximately the same extent that its underlying index is so concentrated. For purposes of this limitation, securities of the U.S. Government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. Government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

Each Fund will maintain regulated investment company compliance, which requires, among other things, that, at the close of each quarter of the Fund's taxable year, not more than 25% of its total assets may be invested in the securities of any one issuer. In order for a Fund to qualify for tax treatment as a regulated investment company, it must meet several requirements under the Internal Revenue Code. Among these is the requirement that, at the close of each quarter of the Fund's taxable year, (a) at least 50% of the market value of the Fund's total assets must be represented by cash items, U.S. government securities, securities of other regulated investment companies and other securities, with such other securities limited for purposes of this calculation in respect of any one issuer to an amount not greater than 5% of the value of the Fund's assets and not greater than 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of its total assets may be invested in the securities of any one issuer.

These requirements and policies prevent any Index Fund from being excessively weighted in any single security or small group of securities and significantly reduce concerns that trading in an Index Fund could become a surrogate for trading in unregistered securities.

iv. Tracking Error

According to the Funds' prospectuses, Barclays Global Fund Advisors expect that over time, the correlation between each Fund's performance and that of its underlying index, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation. Any correlation of less than 100% is called "tracking error." A Fund using a representative sampling strategy (which all of the Funds utilize) can be expected to have a greater tracking error than a Fund using a replication strategy. Replication is a strategy in which a Fund invests in substantially all of the securities in its underlying index in approximately the same proportions as in the underlying index.

The Funds have chosen to pursue a representative sampling strategy that, by its very nature, entails some risk of tracking error. (It should also be noted that Fund expenses, the timing of cash flows, and other factors all contribute to tracking error.) The Web site for the Funds, www.iShares.com, contains detailed information on the performance and tracking error for each Fund.

v. Availability of Information Regarding Funds

The Web site for the Funds (www.iShares.com) will contain the prior business day's NAV and the reported closing price, and a calculation of the premium or discount of such price against NAV; and data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price against the NAV.

As stated above and in the initial approval orders for the Funds, the value of each underlying index will be updated intra-day on a real time basis as individual component securities of that index change in price. The intra-day values of the indexes will be

disseminated every 15 seconds throughout the trading day by organizations authorized by the index providers and are available through major financial information vendors.

The indicative optimized portfolio value (“Value”) of each Fund will be disseminated every fifteen seconds throughout the trading day by the national securities exchange on which the Fund is listed or by other information providers or market data vendors. The Value likely will not reflect the value of all securities included in the applicable indexes. In addition, the Value will not necessarily reflect the precise composition of the current portfolio of securities held by the Funds at a particular moment. The Value disseminated throughout the trading day should not be viewed as a real-time update of the NAV of the Funds, which is calculated only once a day. It is expected, however, that during the trading day the Value will closely approximate the value per share of the portfolio of securities for the Funds except under unusual circumstances.

For the iShares MSCI Australia, Hong Kong, Malaysia, Pacific ex-Japan, Singapore, South Korea, and Taiwan Funds, there is no overlap in trading hours between the foreign and U.S. markets. Therefore, for each of these Funds, the Value calculator will utilize closing prices (denominated in the applicable foreign currency) in the principal foreign market for securities in the applicable Fund’s portfolio and convert the price to U.S. dollars. This Value will be updated every 15 seconds, during the trading hours of the national securities exchange on which the Fund is listed, to reflect changes in currency exchange rates between the U.S. dollar and the applicable foreign currency. The Value will also include the estimated cash component for each Fund.

For the iShares MSCI Brazil, EAFE, Germany, Mexico, South Africa, and United Kingdom Funds, and the S&P Europe 350 Fund, there is an overlap in trading hours between the foreign and U.S. markets. Therefore, the Value calculator will update the applicable Value every 15 seconds to reflect price changes in the applicable foreign market or markets and convert such prices into U.S. dollars based on the currency exchange rate. When the foreign market or markets are closed but U.S. markets are open, the Value will be updated every 15 seconds to reflect changes in currency exchange rates after the foreign market closes. The Value will also include the applicable cash component for each Fund.

vi. Information Circular

In connection with the trading of the Funds, the Exchange will inform members and member organizations in an Information Circular of certain characteristics of certain Funds, as discussed below. The circular will discuss the special characteristics and risks of trading this type of security. Specifically, the circular, among other things, will discuss what the Funds are, how they are created and redeemed, the requirement that members and member firms deliver a prospectus or Product Description to investors purchasing shares of the Fund prior to or concurrently with the confirmation of a transaction, applicable Exchange rules, dissemination information, trading information and the applicability of suitability rules.⁷ The circular will also discuss exemptive, no-action and interpretive relief granted by the Commission from Section 11(d)(1) and

⁷ The Commission issued an order ("Order") granting the Funds an exemption from Section 24(d) of the Investment Company Act of 1940. See, e.g., Investment Company Act Release No. 25623 (June 25, 2002). Any Product Description used in reliance on the Section 24(d) exemptive order will comply with all representations made and all conditions contained in the Application for the Order.

certain rules under the Act, including Rule 10a-1, Rule 10b-10, Rule 14e-5, Rule 10b-17, Rule 11d1-2, Rules 15c1-5 and 15c1-6, and Rules 101 and 102 of Regulation M under the Act.

Local restrictions on transfers of securities to and between certain types of investors exist in Brazil, Malaysia, South Korea, and Taiwan. These restrictions currently preclude “in kind” creations and redemptions of creation units of iShares MSCI Brazil, Malaysia, South Korea, and Taiwan Index Funds. Creations and redemptions of creation units of the iShares MSCI Brazil, Malaysia, South Korea, and Taiwan Index Funds therefore involve “for cash” transfers. In such cases, a Fund will charge creation and redemption fees intended to offset the transfer and other transaction costs incurred by the Fund, including market impact expenses (primarily associated with creation units for cash), related to investing in or disposing of the basket of securities held by the Fund.

For Funds that effect creations and/or redemptions only for cash (i.e., iShares MSCI Brazil, Malaysia, South Korea, and Taiwan), it is possible that portfolio securities transactions by iShares, Inc. in the relevant local markets for those Funds could affect the prices of those portfolio securities at the times those Funds’ NAVs are calculated.

The NAV for the iShares MSCI Malaysia, South Korea and Taiwan Index Funds will be calculated every day that the Amex is open for trading, normally as of 11 a.m. (Eastern Time). This is in contrast to the other Funds, for which the NAV is normally calculated at 4:00 p.m. (Eastern Time).

vii. Other Issues

a. Surveillance Procedures

The Exchange intends to utilize its existing surveillance procedures applicable to IPSs and IPRs to monitor trading in the Funds. The Exchange represents that these procedures are adequate to monitor Exchange trading of the Funds.

b. Trading Hours

The trading hours for the Funds on the Exchange will be 8:15 a.m. to 4:00 p.m. (Central Time), except for iShares MSCI EAFE and iShares S&P Europe 350, which will trade until 4:15 p.m.

c. Due Diligence

The Exchange represents that the Information Circular to members will note, for example, Exchange responsibilities including that before an Exchange member, member organization, or employee thereof recommends a transaction in the Funds, a determination must be made that the recommendation is in compliance with all applicable Exchange and federal rules and regulations.

d. Trading Halts

The Exchange proposes to modify Rule 52.3 to provide that (i) from 8:15 to 8:30 Central Time, if a security described in Rules 54.1, 54.2 and 54.3 (an "ETF") (the Funds are among the securities covered by this provision) begins trading on CBSX and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such ETF, by a major market data vendor, CBSX may continue to trade the ETF for the remainder of the 8:15 to 8:30 session; and, (ii) during normal market hours, if a

temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index by a major market data vendor and the listing market halts trading in the ETF, CBSX, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in the ETF on CBSX.

(b) Statutory Basis

CBOE believes that the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”)⁸ and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirements that an exchange have rules that are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

4. Self-Regulatory Organization's Statement on Burden on Competition

CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposal.

6. Extension of Time Period for Commission Action

⁸ 15 U.S.C. 78a et seq.

⁹ 15 U.S.C. 78(f)(b).

¹⁰ 15 U.S.C. 78(f)(b)(5).

CBOE does not consent to an extension of the time-period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

The Exchange requests that the Commission find good cause pursuant to Section 19(b)(2) of the Act for approving the proposed rule change prior to the 30th day after publication of the proposed rule change in the Federal Register. The Funds have an established and active trading history on the Amex and other exchanges, and present no novel issues for the Commission to consider. The Exchange anticipates that some of the Funds will be in a position to begin trading on the Exchange prior to the 30-35 day period for Commission action under Section 19(b) of the Act. Accelerated approval will enable the Exchange to accommodate the timetable for trading the Funds on the Exchange.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-____; File No. SR-CBOE-2007-37]

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change By the Chicago Board Options Exchange, Incorporated
Relating to the iShares MSCI Index Funds and the S&P Europe 350 Index Fund

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on March 14, 2007, the Chicago Board Options Exchange, Incorporated filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") proposes to trade on its subsidiary, the CBOE Stock Exchange ("CBSX"), fifteen international exchange-traded funds (the "Funds") pursuant to unlisted trading privileges ("UTP"). The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.org/Legal>), at the Exchange's Office of the Secretary, and at the Commission.

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

¹ 15 U.S.C. 78s(b)(1).

In its filing with the Commission, the Exchange 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 IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A)(i) Purpose

(a) Purpose

The purpose of the proposed rule change is to trade on CBSX fifteen international exchange-trade funds pursuant to UTP. Those funds are the iShares S&P Europe 350 Index Fund and the iShares MSCI Index Funds for the following regions: Australia, Brazil, EAFE, Emerging Markets, Germany, Hong Kong, Malaysia, Mexico, Pacific ex-Japan, Singapore, South Africa, South Korea, Taiwan, and the United Kingdom. The Funds are Index Portfolio Shares (“IPs”) under CBOE Rule 1.1.03, except for the iShares S&P Europe 350 Index Fund and iShares MSCI EAFE Index Fund, which are Index Portfolio Receipts (“IPRs”) under CBOE Rule 1.1.02.

The Exchange has adopted listing standards applicable to IPs and IPRs, which are consistent with the listing criteria currently used by the American Stock Exchange, Inc. (“Amex”), New York Stock Exchange (“NYSE”), and other exchanges.

i. Description of the Funds

The Funds are currently listed on the Amex² or NYSE,³ and are traded on those

² The Funds (with the exception of the MSCI EAFE and S&P Europe 350 Funds) were formerly known as World Equity Benchmark Shares or WEBS. An initial series of WEBS, including the iShares MSCI Australia, Germany, Hong Kong, Malaysia, Mexico, Singapore, and United Kingdom Index Funds were

and other securities exchanges and in the over-the-counter market.⁴ The information below is intended to provide a description of how the Funds were created and are traded.⁵

The shares of the Funds are issued by iShares, Inc., except for iShares MSCI EAFE and S&P Europe 350, which are issued by iShares Trust. iShares, Inc. and iShares Trust are open-ended management investment companies. Each Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the applicable underlying index. The Funds utilize representative sampling to invest in a representative sample of securities in the applicable underlying index. Barclays Global Fund Advisors (“BGFA”), a subsidiary of Barclays Global Investors, N.A. (“BGI”), is the investment advisor for each Fund. BGI is a wholly owned indirect subsidiary of Barclays Bank PLC of the United Kingdom. BGFA and its affiliates are not affiliated with the index providers (MSCI and Standard & Poor’s). Investors Bank and

initially approved for listing and trading on the Amex in 1996. See Securities Exchange Act Release No. 36947 (March 8, 1996), 61 FR 10606 (March 14, 1996) (SR-Amex-95-43). Additional WEBS series were approved for listing and trading in 2000, including iShares MSCI Brazil, iShares MSCI Taiwan, iShares MSCI South Africa and iShares MSCI South Korea. See Securities Exchange Act Release No. 42748 (May 2, 2000), 65 FR 30155 (May 10, 2000) (SR-Amex-98-49). iShares MSCI EAFE and iShares S&P Europe 350, issued by iShares Trust, were approved for Amex listing and trading in, respectively, Securities Exchange Release No. 44700 (August 14, 2001), 66 FR 43927 (August 21, 2001) (SR-Amex-2001-34), and Securities Exchange Act Release No. 42786 (May 15, 2000), 65 FR 33586 (May 24, 2000) (SR-Amex-99-49).

³ Effective February 16, 2007, the iShares MSCI Index Funds for EAFE, Emerging Markets, Pacific ex-Japan, and South Africa transferred their primary listing to the NYSE and are no longer listed on the Amex. See Supplement dated February 16, 2007 to the Prospectus dated January 1, 2007 for the iShares MSCI Series, and Supplement dated February 16, 2007 to the Prospectus dated December 1, 2006 for the iShares Goldman Sachs Series and the iShares MSCI EAFE Series.

⁴ See Securities Exchange Act Release No. 50142 (August 3, 2004), 69 FR 48539 (August 10, 2004) (SR-NYSE-2004-27).

⁵ Much of the information in this filing was taken from the Prospectuses and Statements of Additional Information of iShares, Inc. dated January 1, 2007, the Prospectus of iShares S&P Europe 350, dated August 1, 2006, the Prospectus of iShares Trust MSCI EAFE, dated December 1, 2006, and the Web sites of the Amex (www.amex.com), the NYSE (www.nyse.com), and iShares (www.ishares.com). Fund information relating to net asset value (“NAV”), returns, dividends, component stock holdings and the like is updated on a daily basis on the Web sites.

Trust Company serves as administrator, custodian and transfer agent for the Funds, and SEI Investments Distribution Co. is distributor for the Funds. The distributor is not affiliated with BGFA.

iShares, Inc. and iShares Trust, as applicable, issues and redeems the shares of the Funds only in aggregations of substantial size, which varies for the various Funds but is at least 50,000 shares (each aggregation a "Creation Unit").⁶ The size of the applicable Creation Unit Aggregation is set forth in the Fund's prospectus and ranges from approximately \$583,500 to approximately \$7.2 million. The Funds issue and sell shares of the Funds through SEI Investments Distribution Co., the Distributor and principal underwriter, on a continuous basis at the net asset value per share next determined after an order to purchase iShares in Creation Unit size aggregations is received in proper form. Creation Unit Aggregations may be purchased only by or through a participant that has entered into a participant agreement with the Distributor ("Authorized Participant"). Each Participant must be a Depository Trust Company ("DTC") participant. iShares will trade on CBSX like other equity securities.

Creation Unit Aggregations generally will be issued in exchange for an in-kind deposit of securities and cash. A Fund also may sell Creation Unit Aggregations on a "cash only" basis in limited circumstances.⁷ An investor wishing to make an in-kind purchase of a Creation Unit Aggregation from a Fund will have to transfer to the Fund a "Portfolio Deposit" consisting of (a) a portfolio of securities that has been selected by Barclays Global Fund Advisors ("Advisor") to correspond generally to the price and

⁶ See *supra* footnote 5.

⁷ See "Information Circular" Section, below.

yield performance of the relevant underlying index (“Deposit Securities”), (b) a cash payment equal per Creation Unit Aggregation to the dividends accrued on the Portfolio Securities of the Index Fund since the last dividend payment on the Portfolio Securities, net of expenses and liabilities (the “Dividend Equivalent Payment”), and (c) an amount equal to the difference between (i) the “NAV” per Creation Unit Aggregation of the Fund and (ii) the sum of (I) the Dividend Equivalent Payment and (II) the total aggregate market value per Creation Unit Aggregation of the Deposit Securities (the “Balancing Amount,” and, together with the Dividend Equivalent Payment, the “Cash Component”). The Balancing Amount serves the function of compensating for differences, if any, between the NAV per Creation Unit Aggregation and the value of the Deposit Amount. The Deposit Amount is the sum of (a) the Dividend Equivalent Payment and (b) the market value per Creation Unit Aggregation of the Deposit Securities. If the Balancing Amount is a positive number (i.e., the NAV per Creation Unit Aggregation of the Index Fund exceeds that of the Deposit Amount), the Balancing Amount will be paid to the Fund by the Creator. If the Balancing Amount is a negative number (i.e., the NAV per Creation Unit Aggregation of the Index Fund is less than that of the Deposit Amount) the creator will receive cash in an amount equal to the differential.

Each Fund reserves the right to permit or require the substitution of an amount of cash or the substitution of any security to replace any Deposit Security that may be unavailable or unavailable in sufficient quantity for delivery to iShares, Inc., or which may be ineligible for trading by an Authorized Participant or the investor on whose behalf the Authorized Participant is acting.

It is anticipated that the deposit of Deposit Securities and the Cash Component in exchange for iShares will be made primarily by institutional investors, arbitrageurs, and CBSX Designated Primary Market-Makers. Creation Units are separable upon issuance into identical shares that are listed on the American Stock Exchange or the New York Stock Exchange. iShares will be traded on the Exchange by professionals as well as institutional and retail investors.

Individual iShares will not be redeemable. iShares will only be redeemable in Creation Unit Aggregations through each Index Fund. To redeem, an investor will have to accumulate enough iShares to constitute a Creation Unit Aggregation. An investor redeeming a Creation Unit Aggregation generally will receive (a) a portfolio of Portfolio Securities in effect on the date the request for redemption is made ("Redemption Securities"), which may not be identical to the Deposit Securities applicable to the purchase of Creation Unit Aggregations, and (b) a "Cash Redemption Payment," consisting of an amount calculated in the same manner as the Cash Component, although the actual amounts may differ if the Redemption Securities are not identical to the Deposit Securities. To the extent that the Redemption Securities have a value greater than the NAV of the iShares being redeemed, the redeeming beneficial owner must make compensating cash payment to the Fund equal to the differential between the value of the Redemption Securities and the NAV of the iShares being redeemed. An investor may receive the cash equivalent of a Redemption Security in certain circumstances, such as where a redeeming entity is restrained by regulation or policy from transacting in the Redemption Security. A Fund may redeem Creation Unit Aggregations in cash in limited

circumstances, such as when it is impossible to effect deliveries of Redemption Securities in the applicable jurisdiction.⁸

The Funds may make periodic distributions of dividends from net investment income, including net foreign currency gains, if any, in an amount approximately equal to accumulated dividends on securities held by the Fund during the applicable period, net of expenses and liabilities for such period. The final dividend amount for each Fund is the amount of dividends to be paid by a Fund for the appropriate period (usually annually). The final dividend amount is also disseminated by the Funds to Bloomberg and other sources. The Funds will not make the DTC book-entry Dividend Reinvestment Service (the “Service”) available for use by beneficial owners for reinvestment of their cash proceeds, but certain individual brokers may make the Service available to their clients.

ii. MSCI and S&P Indexes

The MSCI Indexes are calculated by MSCI for each trading day in the applicable foreign exchange markets based on official closing prices in such exchange markets. For each trading day, MSCI publicly disseminates the MSCI Index values for the previous day’s close. The S&P Europe 350 Index is calculated by Standard & Poor’s (“S&P”), and is publicly disseminated by S&P for the previous day’s close. The Indexes are reported periodically in major financial publications, and the intra-day values of the Indexes, disseminated every 15 seconds throughout the trading day, are available through vendors of financial information as further described in the Listing Approval Orders.

The underlying indexes for the Funds are market capitalization weighted. As

⁸ See “Information Circular” Section, below.

stated in the iShares, Inc. prospectus, all single-country MSCI indices are free-float weighted, i.e., companies are included in the indices at the value of their free public float (free float multiplied by price). MSCI defines “free float” as total shares excluding shares held by strategic investors such as governments, corporations, controlling shareholders and management, and shares subject to foreign ownership restrictions.

The S&P Europe 350 Index uses “float-adjusted” market capitalization weights. That is, the value of the Index is calculated by, for each component, multiplying the number of shares in the public float of the component by the price per share of the component. The result is then divided by the divisor. Thus, the “float adjusted” market capitalization methodology will exclude blocks of stocks that do not trade from the weighting determination for a stock in the index.

iii. Funds’ Assets and Industry Concentration

Each of the following Funds will invest at all times at least ninety percent (90%) of their total assets in component securities that are represented in the underlying index for such Fund. Each of these Funds will invest not more than ten percent (10%) of fund assets in ADRs that are not included in the component securities of their underlying index.

In addition, the iShares MSCI Index Funds for Brazil, South Africa, South Korea, and Taiwan will each invest at all times at least eighty percent (80%) of their total assets in component securities that are represented in the underlying index for the Fund and at least half of the remaining twenty percent (20%) of their assets in such stocks or in stocks included in the relevant market but not in the index. Each of these Funds will invest not

more than twenty percent (20%) of fund assets in ADRs that are not included in the component securities of their underlying index.

Finally, each of the ADRs in which these Funds will invest shall be listed on a national securities exchange. To the extent the Funds invest in ADRs, these ADRs will be subject to the 10% and 20% levels described above.

iShares, Inc. and iShares Trust will cause to be made available daily the names and required number of shares of each of the securities to be deposited in connection with the issuance of the Funds' shares in Creation Unit size aggregations for the Funds, as well as information relating to the required cash payment representing, in part, the amount of accrued dividends for the Funds. This information will be made available to the Funds' Advisor and to any National Securities Clearing Corporation ("NSCC") participant requesting such information. In addition, other investors can request such information directly from the Funds' distributor. The NAV for the Funds will be calculated directly by the Funds' administrator. The NAV will also be available to the public on www.iShares.com, from the Fund distributor by means of a toll-free number, and to NSCC participants through data made available from the NSCC.

As disclosed in the Funds' prospectus, each of the iShares MSCI Index Funds for Mexico, Singapore, and South Korea has the following concentration policy: With respect to the two most heavily weighted industries or groups of industries in its underlying index, the Fund will invest in securities (consistent with its investment objective and other investment policies) so that the weighting of each such industry or group of industries in the Fund does not diverge by more than 10% from the respective

weighting of such industry or group of industries in its underlying index. An exception to this policy is that if investment in the stock of a single issuer would account for more than 25% of the Fund, the Fund will invest less than 25% of its net assets in such stock and will reallocate the excess to stock(s) in the same industry or group of industries, and/or to stock(s) in another industry or group of industries, in its underlying index. Each Fund will evaluate these industry weightings at least weekly, and at the time of evaluation will adjust its portfolio composition to the extent necessary to maintain compliance with the above policy.

Each of the iShares MSCI Index Funds for Australia, Brazil, Hong Kong, Malaysia, Pacific ex-Japan, South Africa, Taiwan, and the United Kingdom will not concentrate its investments (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except that, to the extent practicable, the Fund will concentrate, to approximately the same extent that its underlying index concentrates, in the stocks of such particular industry or group of industries.

For the iShares MSCI EAFE Index Fund and iShares S&P Europe 350 Index Fund, a Fund will not concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries, except that a Fund will concentrate its investments to approximately the same extent that its underlying index is so concentrated. For purposes of this limitation, securities of the U.S. Government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. Government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

Each Fund will maintain regulated investment company compliance, which requires, among other things, that, at the close of each quarter of the Fund's taxable year, not more than 25% of its total assets may be invested in the securities of any one issuer. In order for a Fund to qualify for tax treatment as a regulated investment company, it must meet several requirements under the Internal Revenue Code. Among these is the requirement that, at the close of each quarter of the Fund's taxable year, (a) at least 50% of the market value of the Fund's total assets must be represented by cash items, U.S. government securities, securities of other regulated investment companies and other securities, with such other securities limited for purposes of this calculation in respect of any one issuer to an amount not greater than 5% of the value of the Fund's assets and not greater than 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of its total assets may be invested in the securities of any one issuer.

These requirements and policies prevent any Index Fund from being excessively weighted in any single security or small group of securities and significantly reduce concerns that trading in an Index Fund could become a surrogate for trading in unregistered securities.

iv. Tracking Error

According to the Funds' prospectuses, Barclays Global Fund Advisors expect that over time, the correlation between each Fund's performance and that of its underlying index, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation. Any correlation of less than 100% is called "tracking error." A Fund

using a representative sampling strategy (which all of the Funds utilize) can be expected to have a greater tracking error than a Fund using a replication strategy. Replication is a strategy in which a Fund invests in substantially all of the securities in its underlying index in approximately the same proportions as in the underlying index.

The Funds have chosen to pursue a representative sampling strategy that, by its very nature, entails some risk of tracking error. (It should also be noted that Fund expenses, the timing of cash flows, and other factors all contribute to tracking error.) The Web site for the Funds, www.iShares.com, contains detailed information on the performance and tracking error for each Fund.

v. Availability of Information Regarding Funds

The Web site for the Funds (www.iShares.com) will contain the prior business day's NAV and the reported closing price, and a calculation of the premium or discount of such price against NAV; and data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price against the NAV.

As stated above and in the initial approval orders for the Funds, the value of each underlying index will be updated intra-day on a real time basis as individual component securities of that index change in price. The intra-day values of the indexes will be disseminated every 15 seconds throughout the trading day by organizations authorized by the index providers and are available through major financial information vendors.

The indicative optimized portfolio value ("Value") of each Fund will be disseminated every fifteen seconds throughout the trading day by the national securities exchange on which the Fund is listed or by other information providers or market data

vendors. The Value likely will not reflect the value of all securities included in the applicable indexes. In addition, the Value will not necessarily reflect the precise composition of the current portfolio of securities held by the Funds at a particular moment. The Value disseminated throughout the trading day should not be viewed as a real-time update of the NAV of the Funds, which is calculated only once a day. It is expected, however, that during the trading day the Value will closely approximate the value per share of the portfolio of securities for the Funds except under unusual circumstances.

For the iShares MSCI Australia, Hong Kong, Malaysia, Pacific ex-Japan, Singapore, South Korea, and Taiwan Funds, there is no overlap in trading hours between the foreign and U.S. markets. Therefore, for each of these Funds, the Value calculator will utilize closing prices (denominated in the applicable foreign currency) in the principal foreign market for securities in the applicable Fund's portfolio and convert the price to U.S. dollars. This Value will be updated every 15 seconds, during the trading hours of the national securities exchange on which the Fund is listed, to reflect changes in currency exchange rates between the U.S. dollar and the applicable foreign currency. The Value will also include the estimated cash component for each Fund.

For the iShares MSCI Brazil, EAFE, Germany, Mexico, South Africa, and United Kingdom Funds, and the S&P Europe 350 Fund, there is an overlap in trading hours between the foreign and U.S. markets. Therefore, the Value calculator will update the applicable Value every 15 seconds to reflect price changes in the applicable foreign market or markets and convert such prices into U.S. dollars based on the currency

exchange rate. When the foreign market or markets are closed but U.S. markets are open, the Value will be updated every 15 seconds to reflect changes in currency exchange rates after the foreign market closes. The Value will also include the applicable cash component for each Fund.

vi. Information Circular

In connection with the trading of the Funds, the Exchange will inform members and member organizations in an Information Circular of certain characteristics of certain Funds, as discussed below. The circular will discuss the special characteristics and risks of trading this type of security. Specifically, the circular, among other things, will discuss what the Funds are, how they are created and redeemed, the requirement that members and member firms deliver a prospectus or Product Description to investors purchasing shares of the Fund prior to or concurrently with the confirmation of a transaction, applicable Exchange rules, dissemination information, trading information and the applicability of suitability rules.⁹ The circular will also discuss exemptive, no-action and interpretive relief granted by the Commission from Section 11(d)(1) and certain rules under the Act, including Rule 10a-1, Rule 10b-10, Rule 14e-5, Rule 10b-17, Rule 11d1-2, Rules 15c1-5 and 15c1-6, and Rules 101 and 102 of Regulation M under the Act.

Local restrictions on transfers of securities to and between certain types of investors exist in Brazil, Malaysia, South Korea, and Taiwan. These restrictions

⁹ The Commission issued an order ("Order") granting the Funds an exemption from Section 24(d) of the Investment Company Act of 1940. See, e.g., Investment Company Act Release No. 25623 (June 25, 2002). Any Product Description used in reliance on the Section 24(d) exemptive order will comply with all representations made and all conditions contained in the Application for the Order.

currently preclude “in kind” creations and redemptions of creation units of iShares MSCI Brazil, Malaysia, South Korea, and Taiwan Index Funds. Creations and redemptions of creation units of the iShares MSCI Brazil, Malaysia, South Korea, and Taiwan Index Funds therefore involve “for cash” transfers. In such cases, a Fund will charge creation and redemption fees intended to offset the transfer and other transaction costs incurred by the Fund, including market impact expenses (primarily associated with creation units for cash), related to investing in or disposing of the basket of securities held by the Fund.

For Funds that effect creations and/or redemptions only for cash (i.e., iShares MSCI Brazil, Malaysia, South Korea, and Taiwan), it is possible that portfolio securities transactions by iShares, Inc. in the relevant local markets for those Funds could affect the prices of those portfolio securities at the times those Funds’ NAVs are calculated.

The NAV for the iShares MSCI Malaysia, South Korea and Taiwan Index Funds will be calculated every day that the Amex is open for trading, normally as of 11 a.m. (Eastern Time). This is in contrast to the other Funds, for which the NAV is normally calculated at 4:00 p.m. (Eastern Time).

vii. Other Issues

a. Surveillance Procedures

The Exchange intends to utilize its existing surveillance procedures applicable to IPSs and IPRs to monitor trading in the Funds. The Exchange represents that these procedures are adequate to monitor Exchange trading of the Funds.

b. Trading Hours

The trading hours for the Funds on the Exchange will be 8:15 a.m. to 4:00 p.m.

(Central Time), except for iShares MSCI EAFE and iShares S&P Europe 350, which will trade until 4:15 p.m.

c. Due Diligence

The Exchange represents that the Information Circular to members will note, for example, Exchange responsibilities including that before an Exchange member, member organization, or employee thereof recommends a transaction in the Funds, a determination must be made that the recommendation is in compliance with all applicable Exchange and federal rules and regulations.

d. Trading Halts

The Exchange proposes to modify Rule 52.3 to provide that (i) from 8:15 to 8:30 Central Time, if a security described in Rules 54.1, 54.2 and 54.3 (an "ETF") (the Funds are among the securities covered by this provision) begins trading on CBSX and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such ETF, by a major market data vendor, CBSX may continue to trade the ETF for the remainder of the 8:15 to 8:30 session; and, (ii) during normal market hours, if a temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index by a major market data vendor and the listing market halts trading in the ETF, CBSX, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in the ETF on CBSX.

(A)(ii) Statutory Basis

CBOE believes that the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”)¹⁰ and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.¹¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirements that an exchange have rules that are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposal.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

¹⁰ 15 U.S.C. 78a *et seq.*

¹¹ 15 U.S.C. 78(f)(b).

¹² 15 U.S.C. 78(f)(b)(5).

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2007-37 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2007-37. 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, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). 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, Station Place, 100 F Street NE, Washington, DC 20549-1090. Copies of such filing also will be available for inspection and copying at the principal office of the Chicago Board Options Exchange, Incorporated. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2007-37 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Secretary

¹³

17 CFR 200.30-3(a)(12).