



Investors Exchange Product Information Circular 2016 - 0079

Date: August 31, 2016

Re: iShares Funds

Investors Exchange LLC commenced operating as a national securities exchange on August 19, 2016 followed by a two-week security-by-security phase-in period. This Information Circular is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Exchange as UTP Derivative Securities pursuant to IEX Rule 16.160, and will begin trading on IEX during the phase-in period. See [the Exchange’s Website](#) for the phase-in schedule.

Exchange-Traded Fund	Symbol	CUSIP
iShares Russell Midcap® Index Fund	IWR	464287 49 9
iShares Russell Midcap® Growth Index Fund	IWP	464287 48 1
iShares Russell Midcap® Value Index Fund	IWS	464287 47 3
iShares Cohen & Steers Realty Majors Index Fund	ICF	464287 56 4
iShares Russell 1000 Index Fund	IWB	464287 62 2
iShares Russell 1000 Growth Index Fund	IWF	464287 61 4
iShares Russell 1000 Value Index Fund	IWD	464287 59 8
iShares Russell 2000 Index Fund	IWM	464287 65 5
iShares Russell 2000 Growth Index Fund	IWO	464287 64 8
iShares Russell 2000 Value Index Fund	IWN	464287 63 0
iShares Russell 3000 Index Fund	IWV	464287 68 9
iShares Dow Jones U.S. Oil & Gas Exploration & Production Index Fund	IEO	464288 85 1
iShares Dow Jones U.S. Oil Equipment & Services Index Fund	IEZ	464288 84 4
iShares Dow Jones U.S. Pharmaceuticals Index Fund	IHE	464288 83 6
iShares Dow Jones U.S. Health Care Providers Index Fund	IHF	464288 82 8
iShares Dow Jones U.S. Medical Devices Index Fund	IHI	464288 81 0
iShares Dow Jones U.S. Broker-Dealers Index Fund	IAI	464288 79 4
iShares Dow Jones U.S. Insurance Index Fund	IAK	464288 78 6
iShares Dow Jones U.S. Regional Banks Index Fund	IAT	464288 77 8
iShares Dow Jones U.S. Aerospace & Defense Index Fund	ITA	464288 76 0
iShares Dow Jones U.S. Home Construction Index Fund	ITB	464288 75 2
iShares Russell Miccap Index Fund	IWC	464288 86 9
iShares KLD 400 Social Index Fund	DSI	464288 57 0

Background Information on the Funds

Barclays Global Fund Advisors (“BGFA”) (the “Advisor”) is the investment advisor for the Funds and is registered under the Investment Advisers Act of 1940. The Advisor is a wholly owned subsidiary of Barclays Global Investors, N.A., which is in turn a wholly owned indirect subsidiary of Barclays Bank PLC of the United Kingdom. SEI Investments Distribution Co. (the “Distributor”), a Pennsylvania corporation and broker-dealer registered under the Securities Exchange Act of 1934, is the principal underwriter and distributor of Creation Unit Aggregations (as defined below) of iShares Funds. Investors Bank Trust



Company (“IBT”) is the administrator, custodian and transfer agent for each Fund.

The investment objective of the Funds is to provide investment results that correspond generally to the price and yield performance of a specified underlying index. The Funds use a “representative sampling” strategy to track the applicable underlying index. A Fund utilizing a representative sampling strategy generally will hold a basket of the component securities of its underlying index, but it may not hold all of the component securities of its underlying index.

As described more fully in the prospectus and the Statement of Additional Information (“SAI”) for a Fund, the Funds offer and issue shares (“Shares”) at their net asset value (“NAV”) only in large blocks of 50,000 iShares or multiples thereof. These “groups” of shares are called “Creation Unit Aggregations.”

All orders to purchase Shares in Creation Unit Aggregations must be placed through an Authorized Participant. An Authorized Participant must be either a “Participating Party”, *i.e.*, a broker-dealer or other participant in the clearing process through the National Securities Clearing Corporation Continuous Net Settlement System (the “Clearing Process”), a clearing agency that is registered with the SEC, or a Depository Trust Company participant, and in each case, must enter into a Participant Agreement. As detailed in the prospectus for each Fund, the Funds impose a transaction fee in connection with the issuance and redemption of Shares to offset transfer and other transaction costs.

The NAV for the Funds will be calculated and disseminated daily. The Funds’ NAV will be calculated by IBT. IBT will disseminate the information to BGI, SEI and others, including the NYSE. The Funds’ NAV will be published in a number of places, including www.iShares.com and on the Consolidated Tape.

The registration statement for a Fund describes the various fees and expenses for the Fund’s shares. For a more complete description of the Funds and the underlying indexes, visit www.iShares.com.

Purchases and Redemptions in Creation Unit Size

Members of IEX Exchange, Inc. (“Members”) are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the prospectus and SAI for a Fund, and that Shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

Principal Risks

Interested persons are referred to the discussion in the prospectus for a Fund of the principal risks of an investment in that Fund. These include tracking error risk (factors causing a Fund’s performance to not match the performance of the underlying index), market trading risk (for example, trading halts, trading above or below net asset value), stock market risk, investment style risk, interest rate risk, investment approach risk, concentration risk, non-diversification risk, issuer-specific risk, management risk, lack of market liquidity, lack of governmental insurance or guarantee and fiscal policy risk. Please note that trading in the Fund’s Shares during the pre-opening session may result in additional trading risks which include: (1) lower liquidity in the pre-opening session may impact pricing, (2) higher volatility in the pre-opening session may impact pricing, (3) wider spreads may occur in the pre-opening session.



Exchange Rules Applicable to Trading in the Shares

Trading in the Shares on IEX is subject to IEX trading rules.

Trading Hours

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during the Regular Trading Session.

The Shares will trade on IEX between 8:00 a.m. and 5:00 p.m. Please note that trading in the Shares during the Exchange's Pre-Market and Post-Market Sessions ("Extended Market Sessions") may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

Suitability

Trading in the securities on the Exchange will be subject to the provisions of IEX Rule 3.170 and other applicable suitability rules. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

Trading Halts

The Exchange will halt trading in the Shares of a Fund in accordance with the Exchange Rules. The grounds for a halt under the Exchange Rules include a halt by the primary market because the intraday indicative value of the Fund and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, the Exchange will stop trading the Shares of a Fund if the primary market de-lists the Fund.

Delivery of a Prospectus

Exchange Members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Funds. Prospectuses may be obtained through the Fund's website at www.iShares.com. The prospectus for a Fund does not contain all of the information set forth in the Fund's registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). For further information about a Fund, please refer to its registration statement.

In the event that the Funds rely upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and in the future make available a written product description, Exchange Rules requires that Exchange Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust for the Fund, no later than the time a confirmation of the first transaction in



the Shares is delivered to such purchaser. In addition, Exchange Members shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by an Exchange member to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of [*the UTP Derivative Securities*] has been prepared by the [*open-ended management investment company name*] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [*the UTP Derivative Securities*]."

An Exchange member carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to Exchange member under this rule.

Upon request of a customer, Exchange Members also shall provide a copy of the Prospectus.

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

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the "Act") regarding trading in the above mentioned exchange-traded funds.

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 SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Funds to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of shares of the above-mentioned Funds (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and to (ii) tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Funds for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant 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 Unit size 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

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Funds to (1) 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 position has been taken under Rule 14e-5 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, if 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 underlying 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 SEC 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 the Funds 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 the



ETF to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.) The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Shares of the Funds, 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 SEC has taken a no-action position 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. (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

This Information Circular is not a statutory prospectus. Members should consult the prospectus for a Fund and the Funds' website at www.iShares.com for relevant information.

Please contact IEX Regulation at 646-343-2000 with any inquiries regarding this Information Circular.