



Information Circular: iShares® Exchange Traded Funds

To: Head Traders, Technical Contacts, Compliance Officers, Head of ETF Trading, Structured Products Traders

From: PHLX Listing Qualifications Department

Background Information on the Trust

As more fully explained in the Registration Statement (No. 333-140874) for the iShares Gold Trust (IAU) (the "Trust"), the iShares Gold Trust issues shares representing fractional undivided beneficial interests in its net assets. The assets of the Trust consist primarily of gold held by the Trust's Custodian on behalf of the Trust. The objective of the Trust is for the shares of the Trust ("Shares") to reflect the price of gold owned by the Trust less the Trust's expenses and liabilities.

Barclays Global Investors International Inc. (the "Sponsor") is the sponsor of the Trust, The Bank of New York (the "Trustee") is the trustee of the Trust, and JPMorgan Chase Bank N.A., London branch (the "Custodian"), is the custodian of the Trust. The Trust is not an investment company registered under the Investment Company Act of 1940. The Trust is not a commodity pool for purposes of the Commodity Exchange Act, and its sponsor is not subject to regulation by the Commodity Futures Trading Commission as a commodity pool operator, or a commodity trading advisor.

The Shares are backed by gold, identified on the custodian's books as the property of the trust and held by the custodian in the vicinity of New York, Toronto, Montreal, London and other locations that may be authorized in the future.

As described more fully in the prospectus and the registration statement for the Trust, the Trust issues and redeems Baskets of Shares on a continuous basis (a Basket equals 50,000 Shares). Baskets of Shares are only issued or redeemed in exchange for an amount of gold determined by the trustee on each day that the AMEX is open for regular trading. No Shares are issued unless the custodian has allocated to the trust's account (except for an unallocated amount of gold not in excess of 430 ounces), the corresponding amount of gold. Initially, a Basket required delivery of 5,000 fine ounces of gold. The amount of gold necessary for the creation of a Basket, or to be received upon redemption of a Basket, will decrease over the life of the trust, due to the payment or accrual of fees and other expenses or liabilities payable by the trust. Baskets may be created or redeemed only by Authorized Participants, who pay the trustee a transaction fee for each order to create or redeem Baskets.

The net asset value of the trust is obtained by subtracting the trust's expenses and liabilities on any day from the value of the gold owned by the trust on that day; the net asset value per Share, or NAV, is obtained by dividing the net asset value of the trust on a given day by the number of Shares outstanding on that date. On each day on which the AMEX is open for regular trading, the trustee determines the NAV as promptly as practicable after 4:00 p.m. (New York time). The trustee values the trust's gold on the basis of that day's announced COMEX settlement price for the spot month gold futures contract (the futures contract closest to maturity on that day). If there is no COMEX settlement price for spot month gold futures on that day, the trustee is authorized to use the most recently announced COMEX settlement price for spot month gold futures unless the trustee, in consultation with the sponsor, determines that such price is inappropriate as a basis for evaluation.

The sponsor's fee is accrued daily at an annualized rate equal to 0.40% of the adjusted net asset value of the trust and is payable monthly in arrears. The trustee sells gold from time to time in such quantity as is necessary to permit payment of the sponsor's fee and may also sell gold in such quantities as may be necessary to permit the payment of trust expenses and liabilities not assumed by the sponsor. The trustee is authorized to sell gold at such times and in the smallest amounts required to permit such payments as they become due, it being the intention to avoid or minimize the trust's holdings of assets other than gold. Accordingly, the amount of gold to be sold may vary from time to time depending on the level of the trust's expenses and liabilities and the market price of gold.

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

The registration statement for the Trust describes the various fees and expenses for the Shares. For a complete description of the Trust, visit <http://www.ishares.com>

Indicative Trust Value

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

Creation and Redemption of Shares

The trust issues and redeems Baskets of Shares on a continuous basis (a Basket equals 50,000 iShares). Baskets of Shares are only issued or redeemed in exchange

for an amount of gold determined by the trustee on each day that the AMEX is open for regular trading. No Shares are issued unless the custodian has allocated to the trust's account (except for an unallocated amount of gold not in excess of 430 ounces), the corresponding amount of gold. Initially, a Basket required delivery of 5,000 fine ounces of gold. The amount of gold necessary for the creation of a Basket, or to be received upon redemption of a Basket, will decrease over the life of the trust, due to the payment or accrual of fees and other expenses or liabilities payable by the trust. Baskets may be created or redeemed only by Authorized Participants, who pay the trustee a transaction fee for each order to create or redeem Baskets.

Baskets may be created or redeemed only by Authorized Participants. Each Authorized Participant must be a registered broker-dealer, a participant in DTC, have entered into an agreement with the trustee (the Authorized Participant Agreement) and be in a position to transfer gold to, and take delivery of gold from, the custodian through one or more gold accounts. The Authorized Participant Agreement provides the procedures for the creation and redemption of Baskets and for the delivery of gold in connection with such creations or redemptions. A list of the current Authorized Participants can be obtained from the trustee or the sponsor.

The Trust's prospectus and registration statement describe additional procedures and requirements that apply to creation and redemptions of Shares.

Availability of Information Regarding the Underlying Gold

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

Investment Risks

BX members are referred to the Trust's prospectus and registration statement for a description of risks associated with an investment in the Shares of the Trust. See the Registration Statement for more detail regarding these risks factors and for additional risk factors.

- Shares are created to reflect, at any given time, the market price of gold owned by the Trust at that time less the Trust's expenses and liabilities. Because the value of Shares depends on the price of gold, it is subject to fluctuations similar to those affecting gold prices. The price of gold has fluctuated widely over the past several years. If gold markets continue to be characterized by the wide fluctuations that they have shown in the past several years, the price of the Shares will change widely and in an unpredictable manner.

- The amount of gold represented by the Shares will decrease over the life of the Trust due to the sales necessary to pay the Sponsor's fee and trust expenses. To retain the Share's original price, the price of gold will have to increase. Without that increase, the lower amount of gold represented by the Share will have a correspondingly lower price.
- The value of the Shares will be adversely affected if gold owned by the Trust is lost or damaged in circumstances in which the Trust is not in a position to recover the corresponding loss.
- Owners of the Shares will not have the protections normally associated with ownership of shares in an investment company registered under the Investment Company Act of 1940 or the protections afforded by the Commodity Exchange Act to investors in CFTC-regulated commodity pools.
- The SEC has no jurisdiction over the trading of physical commodities such as gold or futures on which the value of the Shares are based, although the CFTC has regulatory jurisdiction over the trading of gold futures contracts and options on gold futures contracts.
- The Trust will have a limited duration. If certain events occur, at any time, the Trustee will be required to terminate the Trust, otherwise the Trust will terminate after forty years.
- Shares trade at market prices that may differ from NAV. The NAV of the Shares will fluctuate with changes in the market value of the Trust's assets. The trading prices of the Shares will fluctuate in accordance with changes in the NAV as well as market supply and demand.

Exchange Rules Applicable to Trading in the Shares

Trading of the Shares on PHLX's PSX system is on a UTP basis and is subject to PHLX rules.

Suitability

Members and member organizations recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

PHLX members and member organizations also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds broker-dealers 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 Hours

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on PSX between 9:00 a.m. and 5:00 p.m. ET. For trading during PSX's Pre-Market and Post-Market Sessions, market participants should note that additional risks may exist with respect to trading the

Funds during these sessions, when the underlying index's values, intraday indicative value, or similar value may not be disseminated or calculated.

Trading Halts

PHLX will halt trading in the Shares of a Fund in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the intraday indicative value of the Fund, the value of its underlying index, or a similar value are not being disseminated as required, or a halt for other regulatory reasons. In addition, PHLX will also stop trading the Shares of a Fund if the primary market de-lists the Fund.

Delivery of a Prospectus

PHLX members and member organizations 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 Funds' website. The prospectus for the Funds does not contain all of the information set forth in the Funds' 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 the Funds, please refer to the 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 1940 Act and in the future make available a written product description, PHLX Rule 803(o) requires that PHLX members and member organizations 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 Funds, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, PHLX members and member organizations 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 a PHLX member or member organization 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 Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

A PHLX member or member organization 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 PHLX members and member organizations under this rule.

Upon request of a customer, PHLX members and member organizations 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 Shares of the Trust.

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 the Shares to engage in secondary market transactions in such Shares during their participation in such a distribution. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Baskets during the continuous offering of shares.

Section 11(d)(1): SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not Authorized Participants (and, therefore, do not create Baskets) that engage in both proprietary and customer transactions in Shares in the secondary market. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Shares to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(I)(5)(A), (B) or (C). The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Shares, 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.

The SEC has also taken a no-action position under Section 11(d) of the Exchange Act if an Authorized Participant ("AP") extends or maintains or arranges for the extension or maintenance of credit on Shares in reliance on the class exemption granted in the

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

This Information Circular is not a statutory prospectus. PHLX members and member organizations should consult the iShares prospectuses and the Fund’s website at www.iShares.com for relevant information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, PHLX Listing Qualifications, at 301.978.8088
- PSX Market Sales at 800.846.0477