

**IMPORTANT:** If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

Application was made to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 April 2006 for permission to list and deal in and for quotation of all the units of the iShares MSCI India Index ETF (the "MSCI India ETF") which may be issued from time to time. Such permission has been granted by SGX-ST and the MSCI India ETF has been admitted to the Official List of the SGX-ST. SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of the MSCI India ETF or its units.

## **iSHARES SOUTHEAST ASIA TRUST**

A Singapore unit trust with the following sub-fund authorised under  
Section 286 of the Securities and Futures Act, Chapter 289 of Singapore

### **PROSPECTUS**

**iSHARES MSCI INDIA INDEX ETF**  
(formerly known as iShares MSCI India)  
(Stock Codes: I98 and QK9)

Managed by  
BlackRock (Singapore) Limited  
24 March 2017



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## PRELIMINARY

It is possible that the iShares MSCI India Index ETF (the “**MSCI India ETF**”) may suffer greater tracking error than typical exchange traded index funds due to amongst other things foreign ownership restrictions on certain constituent stocks, the fees payable by the MSCI India ETF and the possible need for the manager, BlackRock (Singapore) Limited (the “**Manager**”) to adjust the constraints in a Representative Sampling Strategy. In particular, potential investors should note that the MSCI India ETF may invest in financial derivative instruments for hedging and/or efficient portfolio management purposes.

This Prospectus relates to the offer in Singapore of units in the MSCI India ETF (“**Units**”), which is a sub-fund of the iShares Southeast Asia Trust (the “**Trust**”), an umbrella unit trust established under Singapore law by a trust deed dated 31 May 2006 between the Manager and HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”) (as amended from time to time).

The directors of the Manager accept full responsibility for the accuracy of information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading.

The collective investment scheme offered in this Prospectus, the MSCI India ETF, is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the MSCI India ETF.

Applicants for Units should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in the MSCI India ETF is appropriate to them.

The Units of the MSCI India ETF are listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and traded on SGX-ST at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value. Listing for quotation of the Units on the SGX-ST does not guarantee a liquid market for the Units.

Applications may be made to list units in additional Index Funds constituted under the Trust in future on the SGX-ST.

No action has been taken to permit an offering of Units of the MSCI India ETF or the distribution of this Prospectus in any jurisdiction other than Singapore and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Investors in the primary market should be a “person regulated by an appropriate foreign regulatory

authority" (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 22 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 ("**FPI Regulations**")) (an "**Appropriately Regulated Entity**").

Units in the MSCI India ETF have not been and will not be registered under the laws of India and are not intended to benefit from any laws in India promulgated for the protection of Unitholders. Units in the MSCI India ETF are not being offered to, and may not be, directly or indirectly, sold or delivered within India, subscribed or acquired or dealt in by, transferred to or held by or for the benefit of (i) any "Person Resident in India" as such term is defined in the Income Tax Act, 1961 (as amended or supplemented from time to time) ("**Income Tax Act**"), (ii) any person who is a "Non-Resident Indian" or a "Person of Indian Origin" as such terms are defined in the Income Tax Act, (iii) any person for re-offering or re-sale, directly or indirectly, in India or to a resident of India or any entity incorporated or registered in India, (iv) Category II unregulated broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated (as such term is defined under Regulation 5(b)(iii) of FPI Regulations, (v) Category III foreign portfolio investors (as such term is defined under Regulation 5(c) of FPI Regulations) and/or (vi) any person who has the intention of purchasing Units in the MSCI India ETF to circumvent or otherwise avoid any requirements applicable under the FPI Regulations and/or any other subsidiary regulations or circulars issued pursuant thereto, each a "Restricted Entity". The Manager does not knowingly permit the sale of Units in the MSCI India ETF or any beneficial interests therein to Restricted Entities.

A prospective investor in the MSCI India ETF may be required at the time of acquiring Units (or subsequently) to represent that such investor is not a Restricted Entity and is not acquiring Units for or on behalf of a Restricted Entity. Unitholders in the MSCI India ETF are required to notify the Manager immediately in the event that they become Restricted Entities or hold Units for the benefit of Restricted Entities. If it comes to the attention of the Manager that any Units in the MSCI India ETF are legally or beneficially owned, directly or indirectly, by any person in breach of the above restrictions, whether alone or in conjunction with any other person, it will, to the extent the Units can be identified and redeemed, compulsorily redeem the Units so held.

The Trustee and the Manager may be required by an IAP Issuer, in accordance with the requirements or requests of SEBI or any other Indian governmental or regulatory authority, to provide information relating to the Unitholders and/or beneficial owners of Units in the MSCI India ETF. By investing in the MSCI India ETF (whether directly or indirectly), investors are deemed to consent to any such disclosure. The Trustee or the Manager may request the required information from investors. Unitholders may be required to provide information on themselves and the beneficial owners of the Units for the purpose of determining whether or not the Unitholders or the beneficial owners are Restricted Entities. If any Unitholder or beneficial owner fails to disclose the requested information and, due to such non-disclosure or inadequate disclosure, the Manager believes there is an issue regarding such person being a Restricted Entity, the Manager will, to the extent the Units can be identified and redeemed, compulsorily redeem the Units in the MSCI India ETF held by or for the benefit of such person.

In particular:

- (a) Units of the MSCI India ETF have not been registered under the United States Securities Act of 1933 (as amended) (the "**Act**") and except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of such Act).

- (b) The MSCI India ETF has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "**1940 Act**"). Accordingly, Units may not, except pursuant to an exemption from, or in a transaction not subject to, the regulatory requirements of the 1940 Act, be acquired by a person who is deemed to be a US Person under the 1940 Act and regulations.
- (c) Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

Where the Manager becomes aware that the Units are directly or indirectly beneficially owned by any person in breach of the above restrictions, the Manager may give notice to such person requiring him to transfer such Units to a person who would not thereby be in contravention of such restrictions or to request in writing the redemption of such Units in accordance with the Trust Deed.

Investors should note that any amendment or supplement to, or replacement of, this Prospectus will be posted on the Manager's website (<https://www.blackrock.com/sg/en/ishares>). Investors should refer to the "Information available on the Internet" section of this Prospectus for more details.

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# DIRECTORY

## Manager

BlackRock (Singapore) Limited  
#18-01, Twenty Anson  
20 Anson Road,  
Singapore 079912  
Company Registration No. 200010143N

## Sub-Manager

BlackRock Asset Management North Asia Limited  
16/F Champion Tower  
3 Garden Road  
Central  
Hong Kong

## Auditors

PricewaterhouseCoopers  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424

## Directors of the Manager

Kevin Shane Lee Hardy  
Lynda Hall  
Robert William Lamb  
Shane Andrew Flatman  
Toby Cameron Robert Ritch

## Trustee and Registrar

HSBC Institutional Trust Services (Singapore)  
Limited  
21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320  
Company Registration No. 194900022R

## Custodian

The Hong Kong and Shanghai Banking  
Corporation Limited  
1, Queen's Road Central  
Hong Kong



## INTRODUCTION

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the MSCI India ETF. It contains important facts about the Trust as a whole and the MSCI India ETF offered in accordance with this Prospectus.

The information in this Prospectus generally relates to equity Index Funds established under the Trust, and unless the context indicates otherwise, hereinafter a reference to an Index Fund shall be construed as a reference to an equity Index Fund. Please note that information relating to the offer of fixed income Index Funds (and any other type of Index Funds) established under the Trust will be set out in a separate prospectus.

### The Trust and the MSCI India ETF

The Trust is a Singapore-constituted umbrella unit trust created by a trust deed dated 31 May 2006 made under Singapore law between BlackRock (Singapore) Limited (formerly known as Barclays Global Investors Southeast Asia Limited) as Manager and HSBC Institutional Trust Services (Singapore) Limited as Trustee (the "**Principal Deed**"). The Principal Deed has been amended by a supplemental deed dated 15 June 2006, an amending and restating deed dated 24 June 2010, a second amending and restating deed dated 6 May 2011, a third amending and restating deed dated 11 November 2011, a fourth amending and restating deed dated 30 March 2012, a second supplemental deed dated 15 November 2012, a fifth amending and restating deed dated 1 July 2013 and a third supplemental deed dated 27 April 2015, each made between the Manager and the Trustee (as amended, the "**Trust Deed**"). The Trustee shall establish a separate pool of assets within the Trust for each Index Fund (each such separate pool of assets constituting a sub-fund). The assets of each Index Fund shall at all times belong to that Index Fund and be segregated from the other Index Funds, and shall not be used to discharge the liabilities of or claims against any other Index Fund. The Manager reserves the right to establish additional Index Funds (whether equity Index Funds or otherwise) in the future.

As at the date of this Prospectus, there are three Index Funds established under the Trust. Two former Index Funds, the iShares Barclays Asia Local Currency Bond Index ETF and the iShares Barclays Asia Local Currency 1-3 Year Bond Index ETF were terminated on 27 April 2015. This Prospectus relates to one of the Index Funds, iShares MSCI India Index ETF, which is an exchange traded fund (or "**ETF**").

The iShares J.P. Morgan USD Asia Credit Bond Index ETF and iShares Barclays USD Asia High Yield Bond Index ETF (which are fixed income Index Funds) are offered in a separate prospectus and will not be offered in this Prospectus.

ETFs are funds that are designed to track an index. Investors should note that the Index Funds differ from a typical unit trust offered in Singapore. The Units of the MSCI India ETF are listed on the SGX-ST and trade like any other equity security listed on the SGX-ST. Only Participating Dealers may subscribe or redeem Units directly from the MSCI India ETF at Net Asset Value. All other investors may only purchase and sell Units in the MSCI India ETF on the SGX-ST.

PRICES FOR THE MSCI INDIA ETF ON THE SGX-ST ARE BASED ON SECONDARY MARKET TRADING FACTORS AND MAY DIFFER SIGNIFICANTLY FROM THE NET ASSET VALUE OF THE MSCI INDIA ETF.

## **Registration and Expiry Date**

A copy of this Prospectus has been lodged with and registered by the Authority on 24 March 2017. This Prospectus shall be valid for a period of 12 months after the date of registration (up to and including 23 March 2018) and shall expire on 24 March 2018.

## **Investment Objective**

The investment objective of each Index Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Index relevant to the Index Fund. For the MSCI India ETF, its Underlying Index is the MSCI India Index.

An index is a group of securities which an Index Provider selects as representative of a market, market segment or specific industry sector. The Index Provider is independent of the Manager and determines the relative weightings of the Securities in the Underlying Index and publishes information regarding the market value of the Underlying Index.

There can be no assurance that the MSCI India ETF will achieve its investment objective.

In certain circumstances the Underlying Index of the MSCI India ETF may be changed with the prior approval of the Authority and SGX-ST and notice to Unitholders.

## **Investment Strategy**

The Manager uses a passive or indexing approach to try to achieve the MSCI India ETF's investment objective. The investment objective is to track the performance of the Underlying Index in US dollar terms.

The Manager does not try to beat or perform better than the Underlying Index.

The MSCI India ETF aims to invest at least 95 per cent of its assets in achieving the investment objective. The MSCI India ETF may invest, either directly or indirectly, in Securities included in the Underlying Index, or in Securities that are not included in its Underlying Index, but which the Manager believes will help the MSCI India ETF achieve its investment objective.

The MSCI India ETF may also invest in other investments including but not limited to money market instruments or funds that invest exclusively in money market instruments, in repurchase agreements, in stocks that are in the relevant market but not the Underlying Index (as indicated above), and/or in combinations of stock index futures contracts, options on futures contracts, stock index options, stock index swaps, cash, local currency and forward currency exchange contracts and cash and cash equivalents that the Manager believes will help the MSCI India ETF achieve its investment objective.

The Manager may attempt to reduce tracking error by using futures contracts whose behaviour is expected to represent the market performance of the Underlying Index. The Manager will not use these instruments to leverage, or borrow against, the MSCI India ETF's securities holdings or for speculative purposes. In some cases, the use of these special investment techniques can adversely affect the performance of the MSCI India ETF.

The Manager may, in the future, invest the MSCI India ETF in Securities contracts and investments other than those listed herein, provided they are consistent with the MSCI India ETF's investment objective and do not violate any investment restrictions or policies.

Currently, the Manager uses a representative sampling strategy for the MSCI India ETF. A representative sampling strategy may be more appropriate in view of the comparative illiquidity and possible settlement difficulties which may be experienced with certain Securities comprised in the Underlying Index. In managing the MSCI India ETF, the Manager may adjust the constituents in a representative sampling strategy.

Potential investors should note that the Manager may swap from a representative sampling strategy to a replication strategy, without prior notice to Unitholders, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the MSCI India ETF. Any swap in such strategies will be announced on SGXNET as soon as practicable.

### **Representative Sampling Strategy**

"Representative Sampling" is an indexing strategy that involves investing, directly or indirectly, in a representative sample of the Securities in the Underlying Index that collectively has an investment profile that reflects the profile of the Underlying Index. The MSCI India ETF when adopting a Representative Sampling Strategy, may or may not hold all of the Securities that are included in the Underlying Index, and may hold Securities which are not included in the Underlying Index, provided that the sample closely reflects the overall characteristics of the Underlying Index.

### **Replication Strategy**

"Replication" is an indexing strategy that involves investing in substantially all of the Securities in the Underlying Index, either directly or indirectly, in substantially the same weightings (i.e. proportions) as these Securities have in the Underlying Index.

### **Correlation**

An index is a theoretical financial calculation based on the performance of particular components that make up the index, whereas the MSCI India ETF is an actual investment portfolio. The performance of the MSCI India ETF and its Underlying Index may be different due to transaction costs, asset valuations, corporate actions (such as mergers and spin-offs), timing variances and differences between the MSCI India ETF's portfolio and the Underlying Index. These differences may result for example from legal restrictions affecting the ability of the MSCI India ETF to purchase or dispose of Securities or the employment of a representative sampling strategy.

The Manager expects that, over time, the correlation between the MSCI India ETF's performance and that of its Underlying Index, before fees and expenses, will be 95% or better. A correlation of 100% would indicate perfect correlation. The use of a Representative Sampling Strategy can be expected to result in greater tracking error than a replication strategy. The consequences of "tracking error" are described in more detail in the "Risk Factors" section of this Prospectus.

### **Investment and Borrowing Restrictions**

The MSCI India ETF must comply with the investment and borrowing restrictions as summarised in Schedule 1 of this Prospectus (which includes a summary of the investment restrictions set out in the Trust Deed, if any).

### **Index Licence Agreement**

The Manager has been granted a licence by MSCI Inc. to use the Underlying Index to create the MSCI India ETF. The initial term of the licence commenced on 23 February 2006. On 5 February 2010, the licence has been renewed for the period from 19 March 2010 through 18 March 2015. Thereafter, the

licence would be renewed for successive terms of one year unless either party to the licence agreement provides written notice of its intention not to renew the licence at least 90 days prior to the end of the then current term to the other party.

Investors' attention is drawn to "Risk Factors Relating to the Underlying Index" on page 44.

## DESCRIPTION OF THE MSCI INDIA ETF

### Key Information

The following table is a summary of key information in respect of the MSCI India ETF, and should be read in conjunction with the full text of this Prospectus.

<b>Product Type</b>	Exchange Traded Fund and EIP
<b>Underlying Index</b>	Index: MSCI India Launch Date: 31 May 1993 Number of constituents: 76 (as of 24 February 2017) Total Market Capitalisation: approximately USD362,796.51 million Base Currency: USD
<b>Listing Date (SGX-ST)</b>	15 June 2006
<b>Exchange Listing</b>	SGX-ST
<b>Stock Codes</b>	I98 and QK9
<b>Trading Board Lot Size</b>	100 Units
<b>Base Currency (i.e. currency the ETF is denominated in)</b>	US dollars (USD)
<b>Trading Currency</b>	Primary Currency: US dollars (USD) Secondary Currency: Singapore dollars (SGD)
<b>Distribution Policy</b>	Currently no dividend distributions.
<b>Application Unit size (only Participating Dealers)</b>	Minimum 500,000 Units (or multiples thereof)
<b>Management Fee</b>	0.99% p.a. of Net Asset Value calculated daily
<b>Investment strategy</b>	Representative sampling strategy (refer to the “Introduction” section above and “Investment Strategy” section below)
<b>Financial year end</b>	31 December
<b>Website</b>	<a href="https://www.blackrock.com/sg/en/ishares">https://www.blackrock.com/sg/en/ishares</a>

### Investment Objective

The investment objective of the MSCI India ETF is to track the performance of the MSCI India Index in US dollar terms. There can be no assurance that the MSCI India ETF will achieve its investment objective.

### Investment Strategy

The MSCI India ETF will carry out its investment strategy by investing substantially all of its assets in a

wholly owned subsidiary incorporated in Mauritius (the "**Mauritius subsidiary**"). Investments into the Indian market will be made by the Mauritius subsidiary. The Mauritius subsidiary is registered as a Foreign Portfolio Investor ("FPI") with the Securities Exchange Board of India, allowing the Mauritius subsidiary to invest directly in Indian Securities. Please see Schedule 2 for information on the Mauritius subsidiary and Schedule 3 for information on the FPI regime.

The Manager intends to pursue a Representative Sampling Strategy to achieve the MSCI India ETF's investment objective by investing in Indian Securities via the Mauritius subsidiary. As such, the Manager may overweight the holdings of Indian Securities of the MSCI India ETF relative to the respective weightings of the underlying Securities in the Underlying Index. For example such overweighting of holdings may occur if the Manager considers certain Securities in the Underlying Index should be excluded in view of the comparative illiquidity and possible settlement difficulties which may be experienced with such Securities. In addition, it may occur because no single FPI may hold more than 10 per cent of the total issued capital of an Indian company and the aggregate FPI holding in an Indian company may not exceed 24 per cent of the total issued equity capital of the company and/or resulting from any change in the applicable laws and regulations affecting the investment capacity of the FPI. In pursuing a Representative Sampling Strategy, the Manager will select underlying Securities, based on their contribution to certain capitalisation, industry and fundamental investment characteristics.

As a result, the MSCI India ETF may not from time to time have exposure to all of the constituent companies of the Underlying Index. The basis for adopting any Representative Sampling Strategy is so that the MSCI India ETF can meet its investment objective, which is to provide investment results that closely correspond with the performance of the Underlying Index. However a Representative Sampling Strategy entails certain additional risks, in particular a possible increased tracking error at the time of the switch. Tracking error is where the performance of MSCI India ETF diverges from the performance of the Underlying Index. The possible sources of tracking errors by the MSCI India ETF include the fees payable, transaction costs, foreign ownership limits, the possible imposition of Indian taxes on FIIs increasing the transaction costs and Representative Sampling Strategy. In this regard the attention of prospective investors is drawn to the "*Specific Risks*" section below.

The MSCI India ETF may also invest in India Access Products ("**IAPs**"), being derivative instruments linked to Indian Securities issued by third parties, if such investment is solely for the purpose of compliance with any applicable written law, regulations, directions, rules or non-statutory instrument of the jurisdiction where the MSCI India ETF is constituted, operating in or investing in and which restrict or prohibit the Manager from investing directly in Indian Securities. An IAP represents only an obligation of the IAP Issuer to provide the economic performance of the underlying Indian Security, and is a financial derivative subject to the risks relating to derivatives in the "*Risk Factors*" section of this Prospectus. If applicable, the relative exposures of the MSCI India ETF to the IAP issuers will be published on the website <https://www.blackrock.com/sg/en/ishares>.

The MSCI India ETF will be subject to the investment and borrowing restrictions as summarized in Schedule 1 of this Prospectus.

### **Suitability**

The MSCI India ETF is only suitable for investors who:

- prefer capital growth rather than income;
- seek an investment that tracks the performance of the Underlying Index in US dollar terms; and
- are comfortable with a passively managed index tracking fund which value will rise and fall in

correlation with its underlying index.

## **Index and Indian Share Market**

### **Underlying Index**

The Underlying Index is a total return index. A total return index measures the market performance, including price performance and income from regular cash distributions (cash dividend payments or capital repayments), i.e. the Underlying Index assumes that any cash distributions, such as dividends, are reinvested back into the Underlying Index.

The Underlying Index (USD) is a free-float adjusted market capitalization weighted index that is designed to track the equity market performance of Indian securities listed on the National Stock Exchange and the BSE (formerly known as the Bombay Stock Exchange). The Underlying Index is constructed based on the MSCI Global Investable Market Indices Methodology (as described in Schedule 4) targeting a free float-market capitalization coverage of 85% of the Indian equity universe.

The National Stock Exchange was established at the behest of the Government of India in November 1992. The capital markets segment commenced operations in November 1994. Trades executed on the National Stock Exchange are cleared and settled by a clearing corporation, the National Securities Clearing Corporation Limited, which acts as counterparty and guarantees settlement.

BSE is the oldest stock exchange in Asia. It was first established as "The Native Share & Stock Brokers Association" in 1875. It is the first stock exchange in India to obtain permanent recognition in 1956 from the Government in India under the Securities Contracts (Regulation) Act, 1956.

### **Index Provider**

The Index Provider is MSCI, Inc. ("**MSCI**"). The Manager has the non-exclusive right to use the Underlying Index in connection with the MSCI India ETF. MSCI is independent of, and is not a related corporation<sup>1</sup> of, the Manager or any of the Manager's respective affiliates. MSCI's sole purpose is to facilitate the creation of real time indices for the India market. The MSCI indices, including the Underlying Index, are used as performance benchmarks and as the basis for derivative trading as well as index tracking funds such as the MSCI India ETF.

### **Index Construction**

Securities eligible for inclusion in the Underlying Index include equity securities issued by companies incorporated in India. The Securities are mainly traded on the National Stock Exchange (NSE). However, in cases where such prices are not available due to the delisting from the NSE, official closing prices from the BSE may be used.

The weighting of a company in the Underlying Index is intended to be a reflection of the current importance of that company in the market as a whole. Stocks are selected and weighted according to market capitalisation according to the same consistent methodology that is applied to all MSCI Global Investable Market indices. The reason for a company being heavily weighted reflects the fact that it has a relatively larger market capitalisation than other, smaller, constituents in the Underlying Index. The constituents of the Index are frequently reviewed to ensure that the Index continues to reflect the state

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<sup>1</sup> Within the meaning of section 6 of the Companies Act.

and structure of the underlying market it measures. Please see Schedule 4 for a description of the MSCI Global Investable Market Indices Methodology.

### Constituent Securities of the Underlying Index

As at 24 February 2017, the 10 largest constituent stocks of the Underlying Index represented 45.38% of the total market capitalisation, based on total shares in issue of the Underlying Index. The composition of the Underlying Index is reviewed quarterly every February, May, August and November.

As at 24 February 2017, the complete list of constituent stocks of the Underlying Index are as follows:

Rank	Constituent Name	USD Market Cap. (Free Float Adj MMUSD)	% of Index
1.	Housing Dev Finance Corp	31,180.41	8.59
2.	Infosys	27,739.31	7.65
3.	Reliance Industries	22,958.44	6.33
4.	Tata Consultancy	17,561.72	4.84
5.	ITC	13,466.91	3.71
6.	Axis Bank	13,212.66	3.64
7.	Tata Motors	10,937.82	3.01
8.	Sun Pharmaceutical Ind	9,686.59	2.67
9.	Maruti Suzuki India	9,541.31	2.63
10.	Hindustan Unilever	8,338.26	2.30
11.	Mahindra & Mahindra	7,276.07	2.01
12.	HCL Technologies	7,117.68	1.96
13.	Larsen & Toubro	7,051.37	1.94
14.	Yes Bank	6,748.65	1.86
15.	State Bank Of India	6,282.94	1.73
16.	Bharti Airtel	5,476.76	1.51
17.	Bharat Petroleum Corp	5,435.36	1.50
18.	Ultratech Cement	4,975.38	1.37
19.	Eicher Motors	4,961.04	1.37
20.	Dr Reddy'S Laboratories	4,939.70	1.36
21.	Lupin	4,795.53	1.32
22.	ICICI Bank	4,705.59	1.30



Rank	Constituent Name	USD Market Cap. (Free Float Adj MMUSD)	% of Index
23.	Zee Entertainment Ent	4,471.41	1.23
24.	Wipro	4,420.20	1.22
25.	Asian Paints	4,344.59	1.20
26.	NTPC	4,083.87	1.13
27.	Vedanta	4,081.17	1.12
28.	Indiabulls Housing Fin	3,820.29	1.05
29.	UPL	3,812.27	1.05
30.	Oil & Natural Gas Corp	3,763.75	1.04
31.	Adani Ports And Sez	3,684.52	1.02
32.	Bajaj Auto	3,533.58	0.97
33.	Hindustan Petroleum Corp	3,471.90	0.96
34.	Coal India	3,348.17	0.92
35.	Cipla	3,063.08	0.84
36.	Hindalco Industries	3,038.46	0.84
37.	Godrej Consumer Prdcts	2,974.10	0.82
38.	Aurobindo Pharma	2,625.19	0.72
39.	Bajaj Finance	2,583.25	0.71
40.	Lic Housing Finance	2,520.39	0.69
41.	Bharti Infratel	2,473.43	0.68
42.	Gail India	2,455.86	0.68
43.	Bosch	2,410.34	0.66
44.	Hero Motocorp	2,373.06	0.65
45.	Jsw Steel	2,366.67	0.65
46.	United Spirits	2,281.38	0.63
47.	Idea Cellular	2,255.49	0.62
48.	Nestle India	2,209.70	0.61
49.	Motherson Sumi Systems	2,200.74	0.61
50.	Bajaj Finserv	2,198.57	0.61
51.	Tata Steel	2,188.36	0.60

Rank	Constituent Name	USD Market Cap. (Free Float Adj MMUSD)	% of Index
52.	Piramal Enterprises	2,172.62	0.60
53.	Dabur India	2,131.42	0.59
54.	Ambuja Cements	2,067.95	0.57
55.	Shriram Transport Fin	2,060.35	0.57
56.	Shree Cement	2,050.55	0.57
57.	Titan Company	2,013.00	0.55
58.	Glenmark Pharmaceuticals	1,931.18	0.53
59.	Cairn India	1,927.77	0.53
60.	Marico	1,816.91	0.50
61.	Tech Mahindra	1,757.50	0.48
62.	Bharat Forge	1,679.59	0.46
63.	Tata Motors A	1,603.21	0.44
64.	Ashok Leyland	1,542.39	0.43
65.	Havells India	1,530.40	0.42
66.	Apollo Hospitals	1,515.49	0.42
67.	Tata Power Co	1,384.67	0.38
68.	Bharat Heavy Electricals	1,348.80	0.37
69.	Cadila Healthcare	1,319.54	0.36
70.	Siemens India	1,280.34	0.35
71.	Power Finance Corp	1,278.52	0.35
72.	IDFC Bank	1,275.10	0.35
73.	M & M Financial Svcs	1,214.36	0.33
74.	ACC	969.83	0.27
75.	Divi'S Laboratories	893.23	0.25
76.	Container Corp Of India	588.47	0.16

Source: MSCI

Investors should note that, in tracking the Underlying Index, the Manager may adjust the constraints in a Representative Sampling Strategy for the MSCI India ETF. A Representative Sampling Strategy may be more appropriate in view of the comparative illiquidity and possible settlement difficulties which may be

experienced with certain stocks comprised in the Underlying Index. This means that the MSCI India ETF may not hold all the constituents of the Underlying Index. However, the Manager may swap from a Representative Sampling Strategy to a Replication Strategy, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the MSCI India ETF by tracking the Underlying Index as closely as possible for the benefit of investors. Any swap in such strategies will be announced on SGXNET as soon as practicable.

### **Underlying Index Calculation Times**

The Underlying Index opens at 9:15 am (Mumbai time) (11:45 am (Singapore time)) and closes at 3:30 pm (Mumbai time) (6:00 pm (Singapore time)) each day on which the National Stock Exchange is open. The Underlying Index is calculated and is updated continuously until the market closes. The Underlying Index is published as end of day values in US dollars and Rupees. The composition of the Underlying Index is reviewed quarterly every February, May, August and November.

The table below sets out the various commencement and closing times of the relevant exchanges and the Underlying Index:

	<b>Trading of the MSCI India ETF on the SGX-ST</b>	<b>National Stock Exchange</b>	<b>Underlying Index</b>
<b>Commencement time (Morning)</b>	9:00 am (Singapore time)	11:45 am (Singapore time)	11:45 am (Singapore time)
<b>Closing time (Afternoon)</b>	5:00 pm (Singapore time)	6:00 pm (Singapore time)	6:00 pm (Singapore time)

For the purposes of the creation or redemption of Units by a Participating Dealer on any Dealing Day, the Valuation Point will be as at the close of the National Stock Exchange at 6.00 pm (Singapore time) (or such other time as may be determined by the Manager from time to time with the approval of the Trustee). Because the National Stock Exchange operates in a different time zone to SGX-ST, the National Stock Exchange will be open after the SGX-ST is closed for trading. The attention of investors is drawn to the fact that Unitholders will not be able to trade Units after the SGX-ST is closed even if the value of the Securities comprising the Underlying Index changes before the National Stock Exchange closes on that day.

### **Index Rebalancing**

The constituent Shares and their respective weightings within the Underlying Index will change from time to time. In order for the MSCI India ETF to achieve its investment objective of tracking the Underlying Index, it will accordingly be necessary for the Manager to rebalance the MSCI India ETF's holdings corresponding to the Shares comprised in the Underlying Index. The Manager will take public information announced by the Index Provider and rebalance the holdings of the MSCI India ETF accordingly.

### **Information on the Underlying Index**

The Underlying Index level (Ticker: NDEUSIA) is published on Bloomberg.

### **Distribution Policy**

The Manager currently does not intend to make any distributions of the income of the MSCI India ETF to Unitholders. In the event that there is any change in distribution policy, this Prospectus will be updated

accordingly, and distributions (if any) will be paid in the primary trading currency of the MSCI India ETF (i.e. USD).

### **Specific Risks**

In addition to the general risks identified in the section of this Prospectus called "*Risk Factors*", the MSCI India ETF is subject to the following additional specific risks:

- **Index-Related Risk**

There is no guarantee that the MSCI India ETF will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the MSCI India ETF's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the MSCI India ETF and its Unitholders.

- **FPI Investment Restrictions Risk**

Investors should note that the relevant Indian laws and regulations may limit the ability of the FPI to acquire Securities in certain Indian issuers from time to time. In such case, this may accordingly restrict the issuance, and therefore the purchase, of Units of the MSCI India ETF. This may occur in a number of circumstances, such as (i) where the aggregate FPI holding in any Indian company exceeds 24 per cent or the relevant sectoral cap as prescribed by the Government of India; and/or (ii) where a single FPI (or any investor group) holds 10 per cent of the issued equity capital of an Indian company; and/or (iii) where a change in the applicable laws and regulations affecting the investment capacity of the FPI. In the event that these limits are exceeded the relevant FPIs will be required to dispose of the Shares in order to comply with the relevant requirements and each FPI may dispose of the relevant Shares on a "last in first out" basis. As a consequence, in such circumstances, the Manager may need to adjust the constraints in a Representative Sampling Strategy in order to achieve the MSCI India ETF's investment objective. This may cause increased tracking error in general.

- **Foreign exchange risk**

The Manager does not intend to hedge the foreign currency exposure of the MSCI India ETF. The MSCI India ETF is denominated in US dollars whilst the underlying Shares are denominated in Rupees. Accordingly the ability of the MSCI India ETF to track the Underlying Index is in part subject to foreign exchange fluctuations as between the US dollar and the Rupee.

- **Risk Factors Relating to India**

- **Indian Exchange Controls** – The operation of the FPI's bank account in India is subject to regulation by the Reserve Bank of India ("**RBI**") under India's Foreign Exchange Management Act ("**FEMA**") and the regulations and circulars issued by RBI thereunder ("**FEMA Regulations**"). A designated bank, namely any bank in India which has been authorised by RBI to act as a banker to FPIs, is authorised to convert currency and repatriate capital and income on behalf of the FPI. There can be no assurance that the Indian Government will not, in future, impose restrictions on foreign exchange. The repatriation of capital may be hampered by changes in Indian regulations concerning exchange controls or political circumstances. Any amendments to the FEMA Regulations may impact adversely on the MSCI India ETF's performance.

- **Corporate Disclosure, Accounting and Regulatory Standards** – Indian disclosure and regulatory standards are in many respects less stringent than standards in certain OECD (Organisation for Economic Co-operation and Development) countries. There may be less publicly available information about Indian companies than is regularly published by or about companies in such other countries. The difficulty in obtaining such information may mean that the FPI experiences difficulties in obtaining reliable information regarding any corporate actions and dividends of companies in which the MSCI India ETF has indirectly invested. Indian accounting standards and requirements also differ in significant respects from those applicable to companies in many OECD countries.
- **Economic, Political and Taxation Considerations** – The MSCI India ETF, the market price and liquidity of the Shares may be affected generally by exchange rates and controls, interest rates, changes in Indian governmental policy, taxation, social and religious instability and other political, economic or other developments in or affecting India.
- **Clearing, Settlement and Registration Systems** – Although the Indian primary and secondary equity markets have grown rapidly over the last few years and the clearing, settlement and registration systems available to effect trades on the Indian stock markets have significantly improved with mandatory dematerialization of shares, these processes may still not be on a par with those in more mature markets. Problems of settlement in India may impact on the Net Asset Value and the liquidity of the MSCI India ETF.
- **Fraudulent Practices** – The Securities and Exchange Board of India was created under the resolution of the Government of India in April 1992, and performs the function of "promoting the development of and regulation of the Indian securities market, the protection of the interest of shareholders as well as matters connected therewith and incidental thereto". The Securities and Exchange Board of India Act of 1992 has entrusted the SEBI with much wider powers and duties, which *inter alia*, include prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have adverse impact on the Net Asset Value of the MSCI India ETF. In addition, in the event of occurrence of any of the above events, or in the event of SEBI having reasonable ground to believe that the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market, SEBI can impose restrictions on trading in certain securities, limitations on price movements and margin requirements, which could adversely impact the liquidity of the MSCI India ETF.
- **Limited Liquidity** – A disproportionately large percentage of market capitalisation and trading value in the Indian stock exchanges is represented by a relatively small number of issues. There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants as compared to certain OECD markets. It may, therefore, be difficult to invest the MSCI India ETF's assets so as to obtain a representative portfolio or to realise the MSCI India ETF's investments at the places and times that it would wish to do so.

- **Risk Factors Relating to Mauritius**

**The principal risk factors applicable to the MSCI India ETF will also be applicable to the Mauritius subsidiary.**

- **Mauritius Taxation and Exchange Control Risk** – The Mauritius subsidiary is registered with the FSC as a collective investment scheme. The Mauritius subsidiary holds a Category 1 Global Business Licence for the purpose of the Financial Services Act 2007 and will be liable to tax in Mauritius at the rate of 15% of its dividend income. However, the Mauritius subsidiary will be entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or a deemed tax credit of 80% of the Mauritian tax on its foreign source income.

Currently, capital gains on sale of units/Securities are exempt from tax in Mauritius. There is no withholding tax payable in Mauritius or in respect of payments of dividends to shareholders in respect of redemption or exchange of shares. The Mauritius subsidiary has obtained a tax residence certificate from the Mauritius Revenue Authority and such certification is determinative of its resident status for Double Tax Agreements (“DTA”) purposes. Accordingly the Mauritius subsidiary qualifies as a resident of Mauritius for the purposes of all DTA. On this basis, the Mauritius subsidiary is entitled to certain relief from foreign tax subject to continuance of the current terms of such DTA.

- **Reliance on the DTA Risk** – On 10 May 2016, India’s Ministry of Finance issued a press release confirming that a new protocol to the current DTA between Mauritius and India had been signed with effect from 1 April 2017. Prior to this protocol, the MSCI India ETF and the Mauritius subsidiary relied and will continue to rely on the DTA for relief from certain India taxes up to the protocol’s effective date of 1 April 2017. Changes in the protocol include the specific removal of the existing tax exemption arising to short term capital gains from the transfer of shares in Indian companies, effectively reconstituting the taxing right on such gains from Mauritius previously to India. As a result of this amendment to the DTA protocol, the Mauritius subsidiary will be subject to tax on short term capital gains arising from the transfer of shares in Indian companies that are purchased post 1 April 2017, the immediate impact of which may be reduced by the utilization of tax loss carryforwards, if any. Whether the Mauritius subsidiary is eligible for the concessionary relief provided for in the protocol is dependent on India providing further clarity and guidelines with respect to the specified conditions required to be met. Such clarity and guidelines is expected to be forthcoming from India.

The comments set out above regarding the incidence of taxation are based on the relevant law and practice (where applicable) as at the date of this Prospectus. However, neither the Mauritius subsidiary nor its advisers in any way warrant the tax imposition outlined above, which in any event is subject to changes in the relevant legislation and interpretation and application thereof.

All exchange control regulations have been suspended in Mauritius. In the event such regulations are re-introduced, it is expected that they will not apply to the Mauritius subsidiary since the Mauritius subsidiary qualifies as a Category 1 Global Business Company in Mauritius for the purposes of the Financial Services Act 2007. However, there can be no assurance that controls will not affect the Mauritius subsidiary.

- **2012 Finance Act – Legislative Enactments into Indian Tax Law** – The 2012 Finance Act contained provisions essentially seeking to bring into taxation in India capital gains on the transfers of India securities both directly via the general anti- avoidance rules (“GAAR”) and indirectly via the offshore transfer rules. Although at present, the proposals of the 2012 Finance Bill have been enacted into India Tax Law, there is uncertainty still across the industry as well as in India’s Finance Ministry as to the extent, scope, intent and thus impact to offshore FPIs thereof of these changes in legislation. Currently, with the enactment of the recent 2015 Finance

Bill, India has reconfirmed that the effective date of GAAR will be the 1st April 2017; no further deferrals from this date is expected. More detailed guidelines and clarifications from India's Finance Ministry are widely expected to be forthcoming on GAAR and the indirect tax transfer rules, on which India continues not to provide sufficient clear guidance on whether it intends to not only economically tax an investment once, but multiple times and with retrospective effect, despite the fact that many of India's actions since legislation of these rules seem to indicate that their indirect tax transfers rules are more broad-scoped than initially intended. Detailed guidelines and clarifications from the Ministry are expected to be forthcoming. As such, the returns of the Mauritius Subsidiary and the MSCI India ETF via its holdings in Indian investments may as a result be adversely impacted should the expected favourable changes not come to fruition and/or there are further unexpected changes in India's political arena.

- **Insurance Risk** – There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war that may be uninsurable or not economically insurable. Inflation, environmental considerations, and other factors, including terrorism or acts of war may result in the insurance proceeds being insufficient to repair or replace damaged or destroyed property. Under such circumstances, the insurance proceeds received might not be adequate to restore the Mauritius subsidiary's or an investee's economic position. Should an uninsured loss or a loss in excess of insured limits occur, the Mauritius subsidiary may lose capital invested in the affected investee as well as anticipated future revenue from that investee.
  
- **Contingency Plan in the event that Use of Mauritius subsidiary is No Longer Practicable or in the Interest of Unitholders** – In the event that the use of the Mauritius subsidiary to make investments into the Indian market is no longer practicable or in the interest of Unitholders for any reason, the MSCI India ETF may invest directly in Indian Securities and India Access Products (such as participatory notes), subject to the applicable investment guidelines in the Code. In such event, this Prospectus will be amended accordingly to set out the necessary disclosures for such direct investment.

- **Other Risks**

Changes in laws, politics and government policies in Mauritius might also affect the environment where the Mauritius subsidiary is set up such that the advantages which it is enjoying right now could no longer be present.

### **Further Information**

Further information in relation to the MSCI India ETF (including details of its Net Asset Value) and the Underlying Index is available at the iShares website (<https://www.blackrock.com/sg/en/ishares>). Investors should refer to the "Information available on the Internet" section of this Prospectus for more details. Unitholders are encouraged to refer to the information available on the iShares website on a regular basis.

## **CREATIONS AND REDEMPTIONS (PRIMARY MARKET)**

### **Investment in the MSCI India ETF**

There are two types of investors in the MSCI India ETF, with two corresponding methods of investment in Units and realisation of an investment in Units. The first type of investor is a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the MSCI India ETF. Only a Participating Dealer can create and redeem Units directly with the MSCI India ETF. A Participating Dealer may create and redeem Units on their own account or for the account of their clients.

The second type of investor is any person, other than a Participating Dealer, who buys and sells the Units on the SGX-ST.

This section relates to the first type of investor: Participating Dealers, and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section titled "*Exchange Listing and Trading (Secondary Market)*" relates to the second type of investor.

### **Participating Dealer**

The role of the Participating Dealer is to create and redeem Units in the MSCI India ETF from time to time. A Participating Dealer has no obligation to create or redeem Units. The Manager shall instruct the Trustee to effect for the account of the Trust, the creation of Units in Application Unit size in exchange for either Securities or cash or a combination of both in accordance with the Operating Guidelines and the Trust Deed. In its absolute discretion, the Participating Dealer may also create Units on behalf of its clients from time to time. The Manager may from time to time appoint one or more additional Participating Dealers.

The criteria for the eligibility and selection of any such additional Participating Dealers by the Manager is as follows: (i) the Participating Dealer must be suitably licensed to carry on dealing in securities in Singapore or elsewhere or be exempt from such licensing; and (ii) the Participating Dealer must be acceptable to the Trustee.

A list of the current Participating Dealer(s) for the MSCI India ETF is available at <https://www.blackrock.com/sg/en/ishares>. Any change to the list of Participating Dealer(s) will be announced on SGXNET.

## **Creations and Redemptions by Participating Dealers**

### **Continuous Offering of Units**

Units in the MSCI India ETF are continuously offered to Participating Dealers who may apply in multiples of an Application Unit on any Dealing Day on their own account or for the account of their clients in accordance with the Operating Guidelines.

See the sections of this Prospectus headed "*Procedures for Creations in Application Unit Size*" and "*Procedures for Redemptions in Application Unit Size*" below for the Dealing Deadlines.

All dealing requests are dealt with at the same Net Asset Value at the same Valuation Point.



### **Application Unit**

Units in the MSCI India ETF are offered and issued at their Net Asset Value only in aggregations of a specified number of Units (each, an "**Application Unit**") which is currently 500,000 Units (or whole multiples thereof). Any change to the Application Unit size will be announced on the SGXNET. Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted.

### **Issue Price and Redemption Value**

The Issue Price of Units of the MSCI India ETF, created and issued pursuant to a Creation Application, shall be the Net Asset Value of the MSCI India ETF divided by the total number of Units in issue rounded to the nearest 4 decimal places (or such other method of rounding as the Manager may determine from time to time with the approval of the Trustee).

The Redemption Value of Units of the MSCI India ETF on a Dealing Day shall be the Net Asset Value of the MSCI India ETF divided by the total number of Units in issue rounded to the nearest 4 decimal places (or such other method of rounding as may be determined by the Manager from time to time with the approval of the Trustee).

Investors should note that the Participating Dealer(s) may make an over-the-counter market in the Units of the MSCI India ETF in Singapore. As a consequence, the attention of prospective investors is drawn to the fact that their subscription orders placed through the Participating Dealer(s) may not be filled at a price equal to the Net Asset Value per Unit but at a price based on the Net Asset value per Unit plus any bid-ask spread that the Participating Dealer(s) may take for such Unit. The Participating Dealer(s) have no obligation to fill subscription orders for the Units at prices equal to their Net Asset Value although they may at their sole discretion choose to do so upon specific requests by investors. Investors should check with the Participating Dealer(s) for further details.

### **Procedures for Creation of Application Unit Size**

Only Participating Dealers may apply for Units. The Manager shall instruct the Trustee to effect, for the account of the Trust, the creation of Units in the MSCI India ETF in Application Unit size in accordance with any of (a), (b) or (c) below (or a combination of any or all of the same) as determined by the Manager in its discretion:

- (a) in exchange for a transfer, by the Participating Dealer, to or for the account of the Trustee of Securities constituting an Application Basket for the relevant Units, a cash amount equivalent to any Duties and Charges payable plus, if the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the Cash Component is a negative value, the Trustee shall be required to make a cash payment equivalent to the amount of the Cash Component to the Participating Dealer. In the event that the MSCI India ETF has insufficient cash required to pay any Cash Component payable by the MSCI India ETF, the Manager may effect sales of the Deposited Property of the MSCI India ETF, or may borrow moneys in accordance with the Trust Deed, to provide the cash required;
- (b) if permitted by the Manager in relation to the MSCI India ETF, in exchange for a cash payment by the Participating Dealer equivalent to the relevant Application Basket Value (which shall be accounted for as Deposited Property) plus an amount equivalent to any Cash Component, which the Manager shall use to purchase the Securities comprised in the Application Basket, provided that the Manager shall be entitled in its discretion to (a) charge (for the account of the MSCI India ETF) to the applicant of any Units for which cash is paid in lieu of delivering any Securities such additional sum as represents the appropriate provision for Duties and Charges and (b) cause to

be paid to the Participating Dealer such amount as is determined by the Manager for the purpose of compensating the Participating Dealer up to an amount equal to the positive difference (if any) between the prices used when valuing the Securities of the MSCI India ETF for the purpose of such creation and the purchase prices actually paid or to be paid out of the Deposited Property in relation to the MSCI India ETF in acquiring such Securities for the MSCI India ETF (after the addition to the relevant purchase prices of any Duties and Charges in respect of such acquisition of Securities); or

- (c) in exchange for a cash payment by the Participating Dealer equivalent to the Issue Price of the relevant Units plus such sum as the Manager in its discretion considers appropriate for the Duties and Charges,

provided that the Manager shall have the right to reject or suspend a Creation Application if (i) in the opinion of the Manager, acceptance of any Security included in an Application Basket would have certain adverse tax consequences for the MSCI India ETF; (ii) the Manager reasonably believes that the acceptance of any Security included in an Application Basket would be unlawful; (iii) the acceptance of any Security included in an Application Basket would otherwise, in the opinion of the Manager, have an adverse effect on the MSCI India ETF; (iv) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application; (v) the Manager has suspended the rights of Participating Dealers pursuant to the Trust Deed, or (vi) an Insolvency Event occurs in respect of the Participating Dealer.

Once the Units are created, the Manager shall effect, for the account of the Trust, the issue of Units to a Participating Dealer in accordance with the Operating Guidelines.

Units of the MSCI India ETF are denominated in US dollars and no fractions of a Unit shall be created or issued by the Trustee.

A Creation Application for the creation and issue of Units shall only be made or accepted (as the case may be) on a Dealing Day, shall only be in respect of Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement and including the certifications required in the Operating Guidelines in respect of creations of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation of Units which are the subject of the Creation Application. A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Issue Price of Units shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of application for Units.

A Creation Application received (or deemed received) and accepted in accordance with the Operating Guidelines on a Dealing Day shall be issued at that Dealing Day's Issue Price but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended.

The Issue Price per Unit of the MSCI India ETF shall be the Net Asset Value of the MSCI India ETF as at the Valuation Point of the relevant Dealing Day divided by the total number of Units of the MSCI India

ETF rounded to the nearest 4 decimal places (or such other method of rounding as may be determined by the Manager from time to time with the approval of the Trustee).

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The Dealing Deadline for the MSCI India ETF is 4.00 pm (Singapore time) for in-specie and cash Creation Applications.

For every successful application for Units, the Participating Dealer will be sent a confirmation detailing the number of Units allotted within 7 Business Days of the receipt of the application by the Registrar. All Units created through subscription of Units through the Participating Dealer will be entered on the records of CDP in the name of the Participating Dealer or its nominee.

No Units shall be issued to any Participating Dealer unless the application is in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Manager in accordance with the Operating Guidelines.

The Manager may charge a Transaction Fee in respect of Creation Applications for the benefit of the Trustee and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers in respect of the MSCI India ETF). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Application(s)).

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Deposited Property.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions, in regard to the issue of Units, are being infringed.

#### **Cancellation of Creation Application of Units in the MSCI India ETF**

The Trustee shall cancel a Creation Application of Units in the MSCI India ETF if:

- (a) (if applicable) all the Securities relating to the Creation Application have not been vested by or on the relevant Settlement Day upon the trusts hereof in the Trustee or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee; and/or
- (b) the Trustee has not received the full amount of any relevant cash payable (including Duties and Charges) relating to the Creation Application by such time on the relevant Settlement Day as prescribed in the Operating Guidelines,

provided that the Manager may at its discretion, with the approval of the Trustee, extend the settlement period (either for the Creation Application as a whole or for a particular Security) on such terms and conditions (including as to the payment of an Extension Fee) as the Manager may determine or partially settle the Creation Application to the extent to which Securities and/or cash have vested in, or paid to the account of the Trustee, on such terms and conditions as the Manager may determine including terms as to any extension of the settlement period for the outstanding Securities and/or cash.

Upon the cancellation of any Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, the Securities deposited for exchange that have been vested in the Trustee and/or any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) and the relevant Units shall be deemed for all purposes never to have been created and the applicant therefor shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- the Manager may charge the Participating Dealer for the account of the Trustee an Application Cancellation Fee;
- the Manager may at its discretion require the Participating Dealer to pay to the Trustee for the account of the MSCI India ETF in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application and such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the MSCI India ETF as a result of such cancellation;
- the Trustee shall be entitled to the Transaction Fee payable in respect of a Creation Application; and
- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

#### **Procedures for Redemption of Application Unit Size**

Only Participating Dealers may apply to redeem Units. The Manager shall have the exclusive right, at any time and from time to time following a Redemption Application made by a Participating Dealer in accordance with the Operating Guidelines, by notice in writing to the Trustee to effect a reduction of the Trust Fund on the relevant Settlement Day by requiring the Trustee to cancel the number of Units specified in such notice.

A Redemption Application shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement. There is no minimum holding requirement.

The Redemption Value shall be based on forward pricing which means that the Redemption Price of the Units shall not be ascertainable at the time of application to redeem Units.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit in the MSCI India ETF as at the Valuation Point of the relevant Dealing Day rounded to the nearest 4 decimal places (or such other method of rounding as the Manager may from time to time determine with the approval of the Trustee).

If a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. For the purpose of valuation, the relevant

Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received. The Dealing Deadline for the MSCI India ETF is 4.00 pm (Singapore time) for in-specie and cash Redemption Applications.

The Manager shall, on receipt of an effective Redemption Application for the MSCI India ETF from a Participating Dealer, effect the redemption of the relevant Units in Application Unit Size in accordance with any of (a), (b) or (c) below (or a combination of any or all of the same) as determined by the Manager in its discretion:

- (a) require the Trustee to transfer to the Participating Dealer, in accordance with the Operating Guidelines, Securities constituting an Application Basket for the relevant Units plus, if the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component to the Trustee;
- (b) require the Trustee to pay to the Participating Dealer, (i) a cash amount equivalent to the relevant Application Basket Value plus (ii) an amount determined by the Manager for the purpose of compensating the Participating Dealer up to the amount by which the prices used when valuing the Securities of the MSCI India ETF for the purpose of such Redemption Application are less than the sale prices actually received or to be received in selling the Securities for the MSCI India ETF (after the deduction from the relevant sale prices of any Duties and Charges in respect of such disposal of Securities); or
- (c) require the Trustee to pay to the Participating Dealer a cash amount equivalent to the Redemption Value of the relevant Units minus such sum as the Manager in its discretion considers appropriate for the Duties and Charges.

In the event that the MSCI India ETF has insufficient cash to pay any cash amount payable, the Manager may effect sales of the Deposited Property of the MSCI India ETF, or borrow moneys in accordance with the Trust Deed, to provide the cash required. The Participating Dealer shall be required to make a cash payment (if any) in respect of any Redemption Application in accordance with the Operating Guidelines.

To be effective, a Redemption Application must:

- be given by a Participating Dealer in accordance with a Participation Agreement;
- specify the number of Application Units which is the subject of the Redemption Application; and
- include the certifications required in the Operating Guidelines in respect of redemptions of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Manager may deduct from and set off against any cash payable to a Participating Dealer on the redemption of Units such sum (if any) as the Manager may consider represents the appropriate provision for Duties and Charges and/or the Transaction Fee. To the extent that the cash is insufficient to pay such Duties and Charges and/or the Transaction Fee payable on such redemption the Participating Dealer

shall promptly pay the shortfall in the currency of account for the MSCI India ETF to or to the order of the Trustee. The Trustee shall not be obliged to deliver (and shall have a general lien over) any Securities to be transferred in respect of the relevant Redemption Application until the Units to be redeemed are received to the order of the Trustee and such shortfall and any cash, Transaction Fee, Extension Fee and other amounts payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Trustee shall be under no obligation to check the calculation of the Redemption Value in connection with any redemption or cancellation of Units but shall be entitled at any time before the audited accounts of the Trust, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Value.

Any Securities transferable or cash payable in respect of a Redemption Application shall be transferred and/or paid on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and, where any amount is to be paid by telegraphic transfer to a bank account in Singapore or New York State, verified in such manner as may be required by, and to the satisfaction of, the Trustee) has been received in accordance with the Operating Guidelines and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the Units to be cancelled and the full amount of any cash payable by the Participating Dealer and any Duties and Charges and the Transaction Fee payable have been deducted or otherwise paid in full.

On the relevant Settlement Day in relation to an effective Redemption Application:

- the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;
- the Trust Fund shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received; and
- the name of the Unitholder of such Units shall be removed from the Register of the MSCI India ETF in respect of those Units on the relevant Settlement Day,

the Trustee shall (if applicable) transfer the Securities relevant to the Redemption Application out of the Deposited Property of the MSCI India ETF to the Participating Dealer and/or pay the cash relevant to the Redemption Application out of the Deposited Property of the MSCI India ETF to the Participating Dealer.

No Security shall be transferred and no cash shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Manager for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally. In the event that Units, which are the subject of a Redemption Application, are not delivered to the Manager for redemption in accordance with the foregoing:

- the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such application shall remain due and payable and once paid, shall be retained by the Trustee;

- the Manager may charge the Participating Dealer for the account of the Trustee an Application Cancellation Fee;
- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the MSCI India ETF, in respect of each Unit Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if a Participating Dealer had, on the final day permitted for delivery of Units which are the subject of the Redemption Application, made a Creation Application plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the MSCI India ETF as a result of any such cancellation; and
- no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager, with approval of the Trustee, may at its discretion extend the settlement period such extension to be on such terms and conditions (including as to the payment of an Extension Fee) as the Manager may determine but, in any event, not later than one month from the receipt of an effective Redemption Application.

The Manager may charge a Transaction Fee in respect of Redemption Applications for the benefit of the Trustee and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers in respect of the MSCI India ETF). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Redemption Application(s)).

### **Directed Cash Dealing**

Where a Participating Dealer subscribes or redeems in cash, the Manager may at its sole discretion (but shall not be obliged to) transact with a broker/dealer nominated by the Participating Dealer. Should the nominated broker/dealer default on, or change the terms for, any part of the transaction, the Participating Dealer shall bear all the associated risks and costs. In such circumstances the Manager has the right to transact with another broker/dealer and amend the terms of the Creation or Redemption Application to take into account the default and the changes to the terms.

### **Suspension of Creation and Redemptions**

Subject to the provisions of the Code relating to suspension of dealings, the Manager may, at its discretion, at any time after giving notice to the Trustee and where practicable following consultation with the relevant Participating Dealers, suspend the right of Participating Dealers to require the redemption of Units of the MSCI India ETF and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application during:

- any period when a Market on which a Security (being a component of the Underlying Index for the MSCI India ETF or the Application Basket) has its primary listing, or the official clearing and settlement depository (if any) of such Market, is closed; or
- any period when dealings on a Market on which a Security (being a component of the Underlying Index for the MSCI India ETF or the Application Basket) has its primary listing are restricted or suspended; or

- (iii) any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depository (if any) of such Market is disrupted; or
- (iv) the existence of any state of affairs as a result of which delivery or purchase of Securities or disposal of investments for the time being comprised in the MSCI India ETF cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the MSCI India ETF; or
- (v) any period when the Underlying Index for the MSCI India ETF is not compiled or published; or
- (vi) any breakdown in the means normally employed in determining the Net Asset Value of the relevant MSCI India ETF or the Net Asset Value per Unit of the MSCI India ETF or when for any other reason the Value of any Securities or other property for the time being comprised in the MSCI India ETF cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (vii) any 48 hour period (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Unitholders (or any adjourned meeting thereof); or
- (viii) any period when the business operations of the Manager or the Trustee in relation to the operations of the Trust are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (ix) any period when the dealing of Units of the MSCI India ETF is suspended pursuant to any order or direction issued by the Authority; or
- (x) such circumstances as may be required or permitted under the Code.

In addition, the Manager will suspend the right to redeem Units when dealings in the Units on the SGX-ST are restricted or suspended.

Subject to the provisions of the Code relating to suspension of dealings, such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the MSCI India ETF until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish an announcement on its website containing information about the suspension of the determination of the Net Asset Value and/or suspension of dealings. Such suspension will also be publicly announced by the Manager on the SGXNET.

No Units will be created or issued during any period of suspension. The Manager may at any time by notice to the Trustee suspend the issue of Units of the MSCI India ETF if, as a result of the investment of the proceeds of issue of such Units, the MSCI India ETF would breach a provision of the Code and the Authority has not agreed to waive that provision, and the relevant provisions relating to suspension of the right of Unitholders to redeem Units shall also apply in accordance with the provision of the Trust Deed.



## **Transfer of Units**

Units held by Unitholders may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the Register in respect of such Units. Units held by Unitholders are only transferable in multiples of Application Units.

For so long as the Units are listed on the SGX-ST, transfers of Units between depositors (i.e. direct account holders with the CDP and depository agents whose names are entered in CDP's register in respect of Units held by them) shall be effected electronically through the CDP making an appropriate entry in CDP's electronic register of the Units that have been transferred in accordance with CDP trading requirements, and the above paragraph will not apply to such transfers.

## **Restrictions on Unitholders**

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

- a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or the MSCI India ETF being adversely affected which the Trust or the MSCI India ETF might not otherwise have suffered; or
- in the circumstances which, in the Manager's opinion, may result in the Trust or MSCI India ETF incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the MSCI India ETF might not otherwise have incurred or suffered.

Upon notice that any Units are so held, the Manager may require such holders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed.

The Manager has, pursuant to its powers, imposed restrictions on Units in the MSCI India ETF being held by Non-Resident Indians, Persons of Indian Origin or a Person Resident in India, or a Category III foreign portfolio investor or a Category II unregulated broad based fund and as otherwise required by Indian Law. Please also refer to the "*Preliminary*" section and "*Exchange Listing and Trading (Secondary Market)*" section of this Prospectus for more details.

## **No Certificates**

Certificates will not be issued in respect of Units in the MSCI India ETF. Units will be deposited, cleared and settled by the CDP, and held in book-entry form. CDP is the registered owner (i.e. the sole Unitholder of record) of all outstanding Units deposited with the CDP and is therefore recognised as the legal owner of such Units. Investors owning Units are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

## **EXCHANGE LISTING AND TRADING (SECONDARY MARKET)**

Dealings in the Units of the MSCI India ETF on the SGX-ST have already commenced. Units of the MSCI India ETF are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges.

Units will trade on the SGX-ST in board lots of 100 Units. The purpose of the listing of the Units on the SGX-ST is to enable investors to buy and sell Units on the secondary market via a broker/dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

The market price of a Unit listed or traded on the SGX-ST may not reflect the Net Asset Value per Unit of the MSCI India ETF. Any transactions in the Units of the MSCI India ETF on the SGX-ST will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SGX-ST. There can be no guarantee that once the Units are listed on the SGX-ST they will remain listed.

It is the Manager's expectation that at least one Market Maker will maintain a market for the Units of the MSCI India ETF. A Market Maker is a broker or a dealer registered by the SGX-ST as a designated Market Maker to act as such by making a market for the Units in the secondary market on the SGX-ST. A Market Maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SGX-ST. Market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Given the nature of the Market Maker's roles, the Manager will make available to the Market Makers, the portfolio composition information made available to Participating Dealers.

Subject to applicable regulatory requirements, for so long as the Units in the MSCI India ETF are listed on SGX-ST, the Manager intends to appoint at all times at least one Market Maker for the MSCI India ETF to facilitate efficient trading in the secondary market. The current designated Market Makers for the MSCI India ETF are Flow Traders Asia Pte Ltd and Deutsche Bank AG. Any change to the designated Market Makers (including in the event that there is not at least one designated Market Maker for the MSCI India ETF) will be announced on the SGXNET.

Units may be purchased from and sold through a Market Maker. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities comprised within the Underlying Index. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the MSCI India ETF in respect of their profits.

Investors wishing to purchase or sell Units on the secondary market should contact their broker. Brokerage and other fees may be payable when selling (and purchasing) Units. Units may not be acquired by, transferred to or held for or on the account of and/or for the benefit of a person who is a

non-Resident Indian, Person of Indian Origin or a Person Resident in India (each term as described in Schedule 3).

Investors cannot acquire or redeem Units directly from the MSCI India ETF. Only Participating Dealers may submit creation or redemption applications to the Manager. The Manager expects that Participating Dealers will generally accept and submit creation or redemption requests received from third parties, subject to normal market conditions and their client acceptance procedures. Participating Dealers may impose fees and charges in handling any creation/redemption request which would increase the cost of investment and or reduce the redemption proceeds. Investors are advised to check with the Participating Dealers as to relevant fees and charges. You should note although the Manager has a duty to closely monitor the operations of the Trust, neither the Manager nor the Trustee is empowered to compel any Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager, or to accept any such application requests received from third parties. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by the Participating Dealer.

If trading of the Units of the MSCI India ETF on the SGX-ST is suspended or trading generally on the SGX-ST is suspended, there will be no secondary market dealing for those Units.

#### **Clearance and Settlement under the Depository System**

Upon listing, the Units will be cleared and settled under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts. Investors should note that as long as the Units are listed on the SGX-ST, Units may not be withdrawn from the depository register kept by CDP.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP (investors should refer to the CDP's website at <http://cdp.com.sg> for the latest applicable transfer fee). All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement

following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Dealings in the Units will be carried out in US dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Business Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### Clearing Fees

The clearing fee for the trading of Units on the SGX-ST is currently 0.0325 per cent of the transaction value. The clearing fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to GST (currently 7.0 per cent.).

### Dual Currency Trading

The MSCI India ETF can be traded in two different currency denominations on the SGX-ST, i.e. USD and SGD. Investors can buy and/or sell units in the MSCI India ETF in USD or SGD, regardless of the currency in which it was first bought and/or sold.

<b>Currency denomination available for trading</b>	<b>Counter Name</b>	<b>Stock Code</b>	<b>Traded Currency</b>
<b>Primary Currency Counter</b>	IS MS INDIA 100US\$	I98	USD
<b>Secondary Currency Counter</b>	IS MS INDIA 100S\$D	QK9	SGD

Unit holdings will be consolidated in investors' CDP accounts so the total number of units in the MSCI India ETF can be viewed at a glance – for example, 1,000 USD-denominated units and 2,000 SGD-denominated units will be reflected as 3,000 units in an investor's CDP account.

In most cases, the traded prices in the two currency counters of the MSCI Index ETF should theoretically be equivalent or close to each other, taking into consideration the prevailing foreign exchange rate. However in certain cases, due to market supply and demand factors in the respective counters, the price relationship and different between the two counters might not necessarily be the foreign exchange rate between both counters.

Investors should refer to the SGX website at [www.sgx.com/dualcurrency](http://www.sgx.com/dualcurrency) for more information on dual currency trading.

## DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the MSCI India ETF will be determined as at the close of trading on the Market in which the MSCI India ETF is invested on each Dealing Day (or at such other time as the Manager and the Trustee determine) by valuing the assets of the MSCI India ETF and deducting the liabilities of the MSCI India ETF, in accordance with the terms of the Trust Deed.

The Trust Deed provides amongst other things that:

- (i) for the purposes of this paragraph (i), a reference to "Quoted Security" shall be deemed to be a reference to a Quoted Security excluding any Futures Contract. Unless the Manager (with the approval of the Trustee) determines that some other method of valuation is more appropriate in relation to assets comprised in the MSCI India ETF, the Value of any Quoted Security shall be calculated by reference to the price appearing to the Manager to be the official closing price or if unavailable, the last traded price on the Market on which Quoted Security (or, in the case of any Security which consists of a warrant or purchase option, the underlying Security that such warrant or option relates to) is quoted, listed or ordinarily dealt in provided that:
  - (a) if any Quoted Security or any underlying Security is quoted, listed or normally dealt in on more than one Market, the Manager may adopt the price quoted on the Market which, in its opinion, provides the principal market for such Security or (as the case may be) such underlying Security;
  - (b) in the case of any Quoted Security or (as the case may be) any underlying Security which is quoted, listed or normally dealt in on a Market but in respect of which, for any reason, prices on that Market may not be available at any relevant time, the Value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee;
  - (c) in the case of a Quoted Security which is a constituent of the Underlying Index, the Value of such Quoted Security shall be determined in accordance with the Underlying Index's valuation policy (this being the fair value), and the Manager and Trustee shall be entitled to use prices furnished by the Underlying Index provider, a pricing service or selected brokers approved by the Manager and Trustee;
  - (d) there shall be taken into account interest accrued on interest-bearing Securities up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price;
  - (e) for the purpose of the foregoing provisions, the Manager and the Trustee shall be entitled to use and rely upon electronically transmitted information from such source or sources as they may from time to time think fit with regard to the pricing of Securities on any Market notwithstanding that the prices so used are not the official closing prices or last traded prices (as the case may be);
- (ii) the Value of any Unquoted Security shall be based on its fair value (being the price that the MSCI India ETF would reasonably expect to receive based on the current sale of the Unquoted Security) made by a professional person approved by the Trustee as qualified to value such investments,

save that paragraph (iv) below shall apply to shares in any mutual fund corporation and units in any unit trust other than a unit trust which does not provide for units therein to be realised at the option of their holders and a mutual fund corporation whose shares are redeemable only at the option of its manager or upon the occurrence of certain specified events;

(iii) the value of any Futures Contract shall be calculated on the following basis:

(a) For the purpose of the formulae set out in sub-paragraphs (b) and (c) below:

A = the Contract Value of the relevant Futures Contract ("the open Contract")

B = the amount determined by the Manager to be the Contract Value of the Futures Contract which the Manager would need to enter into on behalf of the Trust in order to close the open Contract, such determination to be made by reference to the latest available price or (if bid and offered quotations are made) the latest available middle market quotation on the date as at which the valuation is to be made on the Market in which the open Contract was entered into on behalf of the Trust; and

C = the amount expended out of the MSCI India ETF in entering into the open Contract, including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith.

(b) The Value of a Futures Contract under which the Trust is the seller of the relevant Security, share price index or other subject matter of such Futures Contract, shall be the positive or negative amount given by the formula:

$$A - (B + C)$$

(c) The Value of a Futures Contract under which the Trust is the buyer of the relevant Security, share price index or other subject-matter of such Futures Contract, shall be the positive or negative amount produced by applying the following formula:

$$B - (A + C)$$

(iv) subject to paragraph (i) above the value of any unit in any unit trust and any share in any mutual fund corporation (other than a unit in a unit trust which does not provide for units therein to be realised at the option of their holders and a share in a mutual fund corporation whose shares are redeemable only at the option of its manager or upon the occurrence of certain specified events) shall be the latest available net asset value or latest realisation price per unit in such unit trust or per share in such mutual fund corporation or (if such net asset value or realisation price is not available or not considered by the Manager to be appropriate) a price calculated by aggregating the latest available bid price for such a unit or share and the latest available offer price therefor and dividing the resulting sum by two, unless in any case the Manager considers that the latest available bid price is a more appropriate method of valuation;

(v) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the fair value thereof; and

- (vi) notwithstanding the foregoing, the Manager may adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to reflect the fair value of the investment.

**Suspension of Valuations and Dealings**

Subject to the provisions of the Code relating to suspension of dealings, the Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of the MSCI India ETF for the whole or any part of any period during which:

- (a) there exists any state of affairs prohibiting the normal disposal of the MSCI India ETF's investments; or
- (b) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the MSCI India ETF or the Net Asset Value per Unit of the MSCI India ETF, or when for any other reason the value of any security or other asset in the MSCI India ETF cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any Securities held or contracted for the account of the MSCI India ETF or it is not possible to do so without seriously prejudicing the interest of Unitholders of the MSCI India ETF; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the Securities of the MSCI India or the subscription or realisation of Units of the MSCI India ETF is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or
- (e) the right to redeem Units of the MSCI India ETF is suspended; or
- (f) such circumstances as may be required or permitted under the Code.

## FEES AND EXPENSES

There are 3 levels of fees and expenses<sup>2</sup> applicable to investing in the MSCI India ETF as set out in the following table, current as at the date of this Prospectus.

Fees and expenses payable by Participating Dealers in respect of creation and redemption of Units (primary market)	Amount
Transaction Fee <sup>3</sup>	US\$2,000 per cash Application. US\$1,875 per in-kind Application.
Daylight Settlement Fee <sup>4</sup>	US\$1,125 per Application.
Application Cancellation Fee <sup>4</sup>	US\$1,125 per Application.
Extension Fee <sup>4</sup>	US\$1,125 per Application.
Partial Delivery Request Fee <sup>4</sup>	US\$1,125 per Application.
Fees and expenses payable by investors on SGX-ST (secondary market)	Amount
Brokerage	Market rates. Investors will have to bear brokerage fees charged by their stockbrokers.
Clearing fee	The clearing fee for trading Units on the SGX-ST is currently 0.0325 per cent of the transaction value.
Fees and expenses payable by the MSCI India ETF (see further disclosure below)	Amount
Management Fee <sup>5</sup>	Currently 0.99% of Net Asset Value. Maximum 2.0% p.a.
Trustee's Fee (borne by the Manager out of the Management Fee)	Currently up to 0.10% p.a. of the Net Asset Value. Maximum 1% p.a.

### Management Fee

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's notice to the Trustee and the affected Unitholders, increase the rate of the management fee payable in respect of the MSCI India ETF up to or towards the maximum rate of 2.0 per cent per annum of the Net Asset Value of

<sup>2</sup> Where applicable, GST at the prevailing rate of 7.0 per cent may apply on the supply of services made in Singapore.

<sup>3</sup> A Transaction Fee is payable by the Participating Dealer to the Manager for the benefit of the Trustee.

<sup>4</sup> Such fee is payable by the Participating Dealer for the account of the MSCI India ETF on each occasion the Manager grants the Participating Dealer's request for daylight settlement, partial delivery, cancellation or extended settlement in respect of a Creation or Redemption Application.

<sup>5</sup> Accrued daily and payable monthly in arrears.



the MSCI India ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Subject to the approval of the relevant authorities, the Manager may appoint sub-managers or investment advisers, on terms and conditions determined by the Manager, to provide sub-management services or investment advice in respect of the MSCI India ETF. The Manager will be responsible for the fees of such appointed persons.

#### **Trustee's Fee and Custodian's Fee**

The Trustee may increase the rate of trustee's fee payable in respect of the MSCI India ETF (up to or towards the maximum rate of 1.0 per cent per annum set out in the Trust Deed) upon the Trustee giving not less than one month's notice to the Manager and affected Unitholders (whether on its own or through the Manager).

Subject to the agreement of fees between the Manager and the Trustee, the Trustee is entitled to receive and retain for its own absolute use and benefit all or any part of any Application Cancellation Fee, Extension Fee or Transaction Fee charged to a Participating Dealer.

The Trustee is also entitled to receive various transaction and processing fees in accordance with its normal scale of charges.

The custodian is appointed by the Trustee and any custodian fee payable is paid by the Trustee to the custodian and borne by the Manager out of the Management Fee.

#### **Registrar's Fee**

The Registrar may charge an annual fee and a transactional fee based on the number of Applications made by Participating Dealers in respect of the MSCI India ETF. The Registrar's Fee is less than 0.1% of the Net Asset Value of the MSCI India ETF, and is borne by the Manager out of the Management Fee.

In addition, the Registrar will be reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services such as the cost of postage and envelopes.

#### **General Expenses**

The Trust will not be responsible for any promotional expenses incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Trust will not be paid (either in whole or in part) out of the Trust Fund.

The Trust will bear the costs of investing and realising the investments of the MSCI India ETF.

Unless otherwise provided in this Prospectus, the Manager will bear the fees and expenses of the Sub-Manager and custodians of the assets of the Trust, valuation costs, all charges and expenses of the Trust's legal counsel and auditors, any disbursements or out-of-pocket expenses properly incurred on behalf of the MSCI India ETF by any of its service providers, the expenses incurred in connection with the convening of meetings of Unitholders, printing and distributing annual and half-yearly reports, account and other circulars relating to the Trust or the MSCI India ETF, the expenses of publishing Unit prices and all other operating costs relating to the administration of the Trust.

#### **Fees and Expenses Payable by the MSCI India ETF**

The MSCI India ETF employs a single management fee structure, paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat

fee (the "**Management Fee**"). Fees and expenses taken into account in determining the Management Fee include, but are not limited to, the Manager's fee, Trustee's fee, Sub-Manager's fees and expenses of the auditor, service agents, ordinary legal and out-of-pocket expenses incurred by the Trustee or Manager, and the costs and expenses of licensing the Index. The Management Fee also includes fees and expenses of the Mauritius subsidiary. The Management Fee does not include brokerage and transaction costs, IAP Commissions, or extraordinary items such as litigation expenses. The estimated total expense ratio is expected to be 1.01% per annum.

The MSCI India ETF will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the MSCI India ETF will not be paid (either in whole or in part) out of the MSCI India ETF.

The MSCI India ETF did not incur additional fees and expenses as a result of the restructure using the Mauritius subsidiary.

### **Establishment Costs**

The cost of establishing the MSCI India ETF and the Mauritius subsidiary including the preparation of this Prospectus, the costs of seeking and obtaining authorisation and listing and all initial legal and printing costs has been borne by the Manager.

### **Increase in Fees**

The fees payable to the Manager and the Trustee (which are included in the calculation of the Management Fee) may be increased on one month's notice to Unitholders, subject to the maximum rates set out in the Trust Deed.

## PERFORMANCE AND BENCHMARK OF THE MSCI INDIA ETF

The benchmark against which the performance of the MSCI India ETF should be measured is the MSCI India Index.

The past performance of the MSCI India ETF and the MSCI India Index as of 31 January 2017 is as follows:

	<u>MSCI India ETF</u>	<u>MSCI India Index</u>
<b>Since Inception on 15 June 2006 (Average annual compounded return) (USD)</b>	5.88%	7.24%
<b>Return 1 Year (USD)</b>	9.38%	10.46%
<b>Return 3 Years (Average annual compounded return) (USD)</b>	6.71%	7.70%
<b>Return 5 Years (Average annual compounded return) (USD)</b>	2.76%	3.67%
<b>Return 10 Years (Average annual compounded return) (USD)</b>	1.61%	2.92%

Notes:

1. The performance of the MSCI India ETF is calculated on a single pricing basis (NAV-NAV), inclusive of all transactions costs and based on the assumption that all dividends (if any) are reinvested (taking into account any charges payable upon reinvestment).
2. **Investors should note that the past performance of the MSCI India ETF and the Underlying Index is not necessarily indicative of their future performance.**
3. The Underlying Index is calculated on an ex-dividend basis. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.
4. Source: MSCI India ETF – BlackRock; Underlying Index – MSCI

The expense ratio<sup>3</sup> for the MSCI India ETF for the period from 1 January 2015 to 31 December 2015 is 1.01%.

The turnover ratio<sup>4</sup> for the MSCI India ETF for the period from 1 January 2015 to 31 December 2015 is 20.11%.

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<sup>3</sup> *The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines ("IMAS Guidelines") on the disclosure of expense ratios and based on the latest audited accounts of MSCI India ETF. The following expenses as set out in the IMAS Guidelines are excluded from the calculation of the expense ratio:*

- (a) brokerage and other transaction costs;*
- (b) foreign exchange gains and losses of the MSCI India ETF, whether realised or unrealised;*
- (c) tax deducted at source or arising from income received;*
- (d) interest expense;*
- (e) front end loads, back end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund; and*
- (e) dividends and other distributions paid to Unitholders.*

<sup>4</sup> *The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the MSCI India ETF expressed as a percentage of daily average Net Asset Value.*

## RISK FACTORS

An investment in the MSCI India ETF carries various risks referred to below. Each of these risks may affect the MSCI India ETF's Net Asset Value, yield, total return, trading price of the Units and/or its ability to achieve its investment objective. There can be no assurance that the investment objective of the MSCI India ETF will be achieved. Prospective investors should carefully evaluate the merits and risks of an investment in the MSCI India ETF in the context of their overall financial circumstances, knowledge and experience as an investor. Apart from the general risk factors set forth below, prospective investors should also be aware of the particular risks that are specifically identified in the section of this Prospectus titled "*Description of the MSCI India ETF*".

This does not purport to be an exhaustive list of the risk factors relating to an investment in the MSCI India ETF.

### Investment Risks

**Market Risk.** Past performance is not indicative of future performance. The Net Asset Value of the MSCI India ETF will change with changes in the market value of the Securities it holds. The price of Units and the income from them may go down as well as up. Investors may not get back their original investment. There can be no assurance that the MSCI India ETF will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the MSCI India ETF is based on the capital appreciation and income on the Securities it holds, less expenses incurred. The MSCI India ETF's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, the MSCI India ETF may experience volatility and decline in a manner that broadly corresponds with its Underlying Index. Investors in the MSCI India ETF are exposed to the same risks that investors who invest directly in the underlying Securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Underlying Index). Investors should note that the MSCI India ETF may not make distributions to investors.

**Asset Class Risk.** Although the Manager is responsible for the continuous supervision of the investment portfolio of the MSCI India ETF, the returns from the types of Securities in which the MSCI India ETF invests may underperform returns from other securities markets or from investment in other assets. Different types of Securities tend to go through cycles of out-performance and underperformance when compared with other general securities markets.

**Passive Investments.** The MSCI India ETF is not actively managed. Accordingly, the MSCI India ETF may be affected by a decline in world market segments relating to its Underlying Index. The MSCI India ETF invests in the Securities included in or reflecting its Underlying Index regardless of their investment merit, except to the extent of any Representative Sampling Strategy. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

**Management Risk.** Because the MSCI India ETF may not fully replicate its Underlying Index and may hold non-index stocks, it is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager, subject to the provisions of the Code, has absolute discretion to exercise

shareholders' rights with respect to Securities comprising the MSCI India ETF. There can be no guarantee that the exercise of such discretion will result in the investment objective of the MSCI India ETF being achieved. Investors should also note that in certain cases, none of the Manager, the MSCI India ETF or the Unitholders has any voting rights with respect to Securities held by the MSCI India ETF.

**Tracking Error Risk.** The Net Asset Value of the MSCI India ETF may not correlate exactly with its Underlying Index. Factors such as the fees and expenses of the MSCI India ETF, imperfect correlation between the MSCI India ETF's assets and the Securities constituting its Underlying Index, inability to rebalance the MSCI India ETF's holdings of Securities in response to changes in the constituents of the Underlying Index, rounding of share prices, changes to the Underlying Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index of the MSCI India ETF. The MSCI India ETF's returns may therefore deviate from its Underlying Index.

**Concentration.** If the Underlying Index of the MSCI India ETF is concentrated in a particular stock, group of stocks, industry or group of industries, the MSCI India ETF may be adversely affected by the performance of those stocks and be subject to price volatility. In addition, if the MSCI India ETF is concentrated in a single stock, group of stocks, industry or group of industries, it may be more susceptible to any single economic, market, political or regulatory occurrence.

**Futures, Options and Other Derivatives.** A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset such as a security or an index. The MSCI India ETF may invest in stock index future contracts and other derivatives. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a Futures Contract may result in immediate and substantial loss (or gain) to the MSCI India ETF. Thus the MSCI India ETF's losses may be greater if it invests in derivatives than if it invests only in conventional Securities. In the event that the MSCI India ETF invests in over-the-counter ("**OTC**") financial derivatives and nets such OTC financial derivative positions, the Manager will obtain the legal opinions required under paragraph 5.15 of Appendix 1 of the Code.

- **Counterparty risk** - In addition, many derivatives are not traded on exchanges. As a result, if the MSCI India ETF engages in transactions involving derivatives, it is subject to the risk that its trade counterparty is unable or refuses to perform with respect to such contracts and as such may also expose the MSCI India ETF to additional liquidity risks. This risk is also affected by the fact that over-the-counter derivatives markets are generally not regulated by government authorities and participants in these markets are not required to make continuous markets in the contracts they trade. Any transfer of such over-the-counter derivatives will not take place through a clearing house which means if the counterparty to the derivative is involved in any Insolvency Event, the trade underlying the derivative will not be settled and as a result the MSCI India ETF may sustain financial loss.
- **Risk management** – The Manager will use the commitment approach to determine the MSCI India ETF's exposure to financial derivatives. The Manager will ensure that the risk management and compliance procedures are adequate and have been implemented, and it has the necessary expertise to manage the risks relating to the use of financial derivatives.

**Foreign Exchange Risk.** Many of the MSCI India ETF's assets and Securities are not denominated in US dollars. A substantial portion of the revenue and income of the MSCI India ETF may be received in currencies other than US dollars. Accordingly any fluctuation in the relevant exchange rates will affect the value of Securities as well as the Net Asset Value of the MSCI India ETF. Significant changes, including changes in liquidity, may occur in such markets within very short periods of time, often within minutes. The

MSCI India ETF may experience losses if the values of its currency forwards and futures positions were poorly correlated with its other investments or if it could not close out its positions because of an illiquid market. Some of the risks associated with foreign exchange transactions include but are not limited to:

- exchange rate risk;
- maturity gaps;
- interest rate risk;
- counterparty risk; and
- potential interference by government intervention through regulation of local exchange markets, foreign investment or particular transactions in foreign currency.

**Foreign Security Risk.** The MSCI India ETF invests entirely within or relates to the equity markets of a single country or region. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. Investing in the Securities of non-domestic companies involves special risks and considerations not typically associated with investing in domestic companies. These include differences in accounting, auditing and financial reporting standards, the possibility of nationalisation of assets (in whole or in part), the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Non-domestic companies may be subject to less governmental regulation than domestic companies. Moreover, individual foreign economies may differ favourably or unfavourably from the domestic economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

**Emerging Market Risk.** Some overseas markets in which the MSCI India ETF may invest are considered to be emerging market countries. The economies of many emerging markets are still in the early stages of modern development and subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect. Also, many less developed market and emerging market economies have a high degree of dependence on a small group of markets or even a single market that can render such economies more susceptible to the adverse impact of internal and external shocks.

Generally, investment in emerging markets are subject to a greater risk of loss than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, lack of regulation, greater risk of market shutdown and more governmental limitations on foreign investment policy than typically found in developed markets.

**Economic Risk.** Economic instability in an emerging market may arise when such country is heavily dependent upon commodity prices and international trades. Economies in emerging market countries have been and may continue to be adversely affected by the economics of their trading partners, exchange controls, managed adjustments in relative currency values, trade barriers and other protectionist measures imposed or negotiated by the countries with which they trade. These economies may also suffer from debt burdens and high inflation rates. Some emerging market countries have experienced currency devaluations and some have experienced economic recessions causing a negative effect on their economies and securities markets.

**Political and Social Risk.** Some governments in emerging market countries are authoritarian or have been installed or removed as a result of military coup and some have periodically used force to suppress civil dissent. Disparities of wealth, the pace and success of democratization and capital market development and ethnic, religious and racial disaffection, among other factors, have also led to social unrest, violence

and/or labour unrest in some emerging market countries. Unanticipated political or social developments may result in sudden and significant investment losses. All of these factors can have a material impact on the Underlying Index and create a risk of higher price volatility which, in turn, can increase any tracking error.

Emerging market regions are also subject to special risks including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange control; higher volatility of the value of debt (particularly as impacted by interest rates); imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose the MSCI India ETF to sub-custodial risk in circumstances whereby the custodian will have no liability; the risk of expropriation of assets and the risk of war.

**Counterparty Risk.** Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the Trustee in relation to the sale and purchase of assets or Securities. Such institutions may also be issuers of the Securities in which the MSCI India ETF invests. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of the Trust or the MSCI India ETF. The Manager will use reasonable efforts to mitigate such risks. There can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the Trust. Furthermore, the Trust is permitted to borrow in order to carry out its functions under the Trust Deed. Borrowings may be secured by the Securities or other assets of the Trust that are pledged to counterparties as collateral.

**Counterparty Risk of an Exchange or Clearing House.** If any exchange or a clearing house becomes bankrupt or insolvent, the Trust could experience a loss of funds deposited through its broker as margin with the exchange or clearing house, a loss of any profits on its open positions on the exchange, and the loss of unrealised profits on its closed positions on the exchange.

**Counterparty Risk of the Custodian.** The MSCI India ETF will be exposed to the credit risk of any custodian or any depository used by the custodian where cash is held by the custodian or other depositories. In the event of the insolvency of the custodian or other depositories, the MSCI India ETF will be treated as a general creditor of the custodian or other depositories in relation to cash holdings of the MSCI India ETF. The MSCI India ETF's Securities are however maintained by the custodian or other depositories in segregated accounts and would generally be protected in the event of insolvency of the custodian or other depositories.

**Securities Lending Risk.** If the Manager engages in a securities lending programme on behalf of the MSCI India ETF, the MSCI India ETF may suffer losses. A default by a counterparty combined with a fall in the value of the collateral below that of the value of the Securities lent may result in a reduction in the value of the MSCI India ETF.

## **Market Trading Risks associated with the MSCI India ETF**

**Trading Risk.** While the creation/redemption feature of the Trust is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly



from Net Asset Value. Also, there can be no assurance that an active trading market will exist for Units of the MSCI India ETF on any securities exchange on which Units may trade.

**Cost of trading Units.** Buying or selling Units involves various types of costs that apply to all Securities transactions. When trading Units through a broker investors will incur a brokerage commission or other charges imposed by the broker. In addition investors on the secondary market, will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price they are willing to sell Units (ask price). Frequent trading may detract significantly from investment results and an investment in Units may not be advisable particularly for investors who anticipate regularly making small investments.

**Secondary market trading risk.** Units of the MSCI India ETF may trade on the SGX-ST when the MSCI India ETF does not accept orders to create or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the MSCI India ETF accepts creation and redemption orders. Additionally, as foreign stock exchanges may be open on days when Units in the MSCI India ETF are not priced, the value of the Securities in the MSCI India ETF's portfolio may change on days when investors will not be able to purchase or sell the MSCI India ETF's Units.

**Dealing risk.** Following listing on the SGX-ST, it is likely that the Units will initially not be widely held. Accordingly any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. In order to address such dealing risk, one or more market makers have been appointed.

**Trading in Units on the SGX-ST may be Suspended.** Investors will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SGX-ST is suspended.

**Units may be Delisted from the SGX-ST.** The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the MSCI India ETF will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. The MSCI India ETF may be terminated if its Units are delisted from the SGX-ST. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Trust Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the Net Asset Value of the MSCI India ETF.

**No Trading Market in the Units.** Although the Units are listed on the SGX-ST and one or more market makers have been appointed, investors should be aware that there may be no liquid trading market for the Units or such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SGX-ST which are based upon indices other than the Underlying Index.

**Reliance on Market Makers.** Investors should note that liquidity in the market for the Units may be adversely affected if there is no market maker for the MSCI India ETF. It is the Manager's intention that there will always be at least one market maker for the Units.

**Creation and Redemption through Participating Dealers only.** Investors may only create or redeem Units through Participating Dealers who are under no obligation to agree to do so. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Underlying Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the MSCI India ETF or disposal of the MSCI India ETF's Securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely through a Participating Dealer. Investors should also note that if an investor has been allowed to create Units through a Participating Dealer, such investor may only request a redemption of the Units through the same Participating Dealer and the relevant Participating Dealer may, in its absolute discretion, refuse to accept a redemption request from the investor.

**An ETF is Different from a Typical Unit Trust offered to the Public in Singapore.** The MSCI India ETF is not like a typical unit trust offered to the public in Singapore. Units may only be created and redeemed in Application Unit sizes by Participating Dealers and Units may not be subscribed for, or redeemed, by retail investors. For so long as the Units are listed for quotation on the SGX-ST, retail investors shall have no right to request the Manager to redeem or purchase their Units. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities in CDP is disrupted or the Underlying Index is not compiled or published. Investors may generally only realise the value of their Units by selling their Units on the SGX-ST. These features are not usually present in a typical unit trust offered to the public in Singapore, where units can generally be purchased and redeemed directly by the retail public.

**Operating Cost.** There is no assurance that the MSCI India ETF will achieve its investment objective. The level of fees and expenses payable by the MSCI India ETF will generally fluctuate in relation to its Net Asset Value. Although the amounts of certain ordinary expenses of the MSCI India ETF can be estimated, the growth rate of the MSCI India ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the MSCI India ETF or the actual level of its expenses.

**Dual Currency Trading Risk.** The MSCI India ETF is traded in two different currency denominations on the SGX-ST (i.e. USD and SGD). The price of the Units on the secondary currency counter (i.e. SGD) is based on the price of the Units on the primary currency counter (i.e. USD) and the prevailing foreign exchange rate. Therefore, the performance of the Units on the secondary currency counter may not be the same as that of the primary currency counter due to fluctuations in foreign exchange rates.

## **Legal and Regulatory Risks**

**Right of the Authority to Withdraw Authorisation.** The MSCI India ETF seeks to provide investment results that, before expenses, closely correspond with the performance of the Underlying Index. The MSCI India ETF has been authorised as a collective investment scheme by the Authority pursuant to Section 286 of the Securities and Futures Act. The Authority however reserves the right to withdraw the authorisation of the MSCI India ETF or impose such conditions it considers appropriate. The Authority may withdraw authorisation if the Underlying Index is no longer considered acceptable to the Authority. In addition, any

authorisation granted by the Authority may be subject to certain waivers which may be withdrawn or varied by the Authority. If as a result of such withdrawal or variation of waivers it becomes illegal, impractical or inadvisable to continue the MSCI India ETF, the Manager will seek to terminate the MSCI India ETF.

**Legal and Regulatory Risk.** The MSCI India ETF must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions, which might require a change in the investment policy and objectives followed by the MSCI India ETF. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Underlying Index and as a result the performance of the MSCI India ETF. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the MSCI India ETF. In the worst case scenario, a Unitholder may lose all its investments in the MSCI India ETF.

**Taxation in Overseas Jurisdictions.** The MSCI India ETF may make investments in a number of different jurisdictions. Interest, dividend and other income realised by the MSCI India ETF from sources in these jurisdictions, and capital gains realised on the sale of assets may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced and/or in which the issuer is located and/or in which the permanent establishment is located.

**Taxation Risk.** Investing in the MSCI India ETF may have tax implications for a Unitholder depending on the particular circumstances of each Unitholder. Prospective investors are strongly urged to consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the Units. Such tax consequences may differ in respect of different investors.

**Foreign Account Tax Compliance Act (“FATCA”) Risk.** Although the Manager will attempt to satisfy any obligations imposed on it and to avoid the imposition of any FATCA withholding, no assurance can be given that the Trust or the MSCI India ETF will be able to achieve this and/or satisfy such FATCA obligations. If the MSCI India ETF becomes subject to a 30% FATCA penalty withholding on most types of income from US investments (further described under the sub-section headed “FATCA” in the section headed “Taxation”) as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material loss.

## **Risk Factors Relating to the Underlying Index**

**An Underlying Index is Subject to Fluctuations.** The performance of the Units of the MSCI India ETF should, before expenses, correspond closely with the performance of its Underlying Index. If the Underlying Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

**Composition of and Weightings in the Underlying Index may Change.** The companies which comprise the Underlying Index are changed by the Index Provider from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Underlying Index may also change if one of the constituent companies were to delist its shares or if a new eligible company were to list its shares and be added to the Underlying Index. If this happens, the weighting or composition of the Securities owned by the MSCI India ETF would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units.

**Index-Related Risk.** As prescribed by this Prospectus, in order to meet its investment objective, the MSCI India ETF seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the Underlying Index as published by the Index Provider. There is no assurance that the Index Provider will compile the Underlying Index accurately, or that the Underlying Index will be

determined, composed or calculated accurately. While the Index Provider does provide descriptions of what the Underlying Index is designed to achieve, the Index Provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, and does not guarantee that the Underlying Index will be in line with their described index methodology. The Manager's mandate as described in this Prospectus is to manage the MSCI India ETF consistently with the Underlying Index provided to the Manager. Consequently, the Manager does not provide any warranty or guarantee for Index Provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, particularly where the indices are less commonly used. Therefore gains, losses or costs associated with Index Provider errors will be borne by the MSCI India ETF and its Unitholders. For example, during a period where the Underlying Index contains incorrect constituents, the MSCI India ETF tracking such published Underlying Index would have market exposure to such constituents and would be underexposed to the Underlying Index's other constituents. As such, errors may result in a negative or positive performance impact to the MSCI India ETF and its Unitholders. Unitholders should understand that any gains from Index Provider errors will be kept by the MSCI India ETF and its Unitholders and any losses resulting from Index Provider errors will be borne by the MSCI India ETF and its Unitholders.

Apart from scheduled rebalances, the Index Provider may carry out additional ad hoc rebalances to the Underlying Index in order, for example, to correct an error in the selection of index constituents. Where the Underlying Index is rebalanced and the MSCI India ETF in turn rebalances its portfolio to bring it in line with its Underlying Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the MSCI India ETF and its Unitholders. Unscheduled rebalances to the Underlying Index may also expose the MSCI India ETF to tracking error risk, which is the risk that its returns may not track exactly those of the Underlying Index. Therefore, errors and additional ad hoc rebalances carried out by the Index Provider to the Underlying Index may increase the costs and market exposure risk of the MSCI India ETF.

**Circumstances that may Affect the Accuracy and Completeness in the Calculation of the Underlying Index.** No warranty, representation or guarantee is given as to the accuracy or completeness of the Underlying Index and its computation or any information related thereto. The process and the basis of computing and compiling the Underlying Index and any of its related formulae, constituent securities and factors may at any time be changed or altered by the Index Provider without notice. In addition, the accuracy and completeness of the calculation of the Underlying Index may be affected by, without limitation, the availability and accuracy of prices for constituent securities, market factors and errors in its compilation.

**Licence to use the Underlying Index may be terminated.** The Manager has the non-exclusive licence, to use the Underlying Index in connection with the operation, marketing and promotion of the MSCI India ETF. The licence may be terminated for reasons including a breach of the licence agreement or breach of any relevant law or rule. Further, the licence agreement will terminate if the Index Provider ceases to compile and publish the Underlying Index and does not make available a replaceable or substitute index which the Manager chooses to use. The MSCI India ETF may be terminated if the licence agreement is terminated and the Manager is unable to identify or agree with any index provider terms for the use of a suitable replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index in respect of Securities. Any such replacement index will be notified to Unitholders, subject to the prior approval of the Authority. Accordingly prospective investors should note that the ability of the MSCI India ETF to track the Underlying Index depends on the continuation in force of the licence agreement in respect of the Underlying Index or a suitable replacement.

- **Contingency Plans if the Underlying Index Ceases to be Available** – In the event that the Underlying Index of the MSCI India ETF ceases to be available for any reason, the Manager will use its best efforts to procure a suitable replacement index that, in the opinion of the Manager, is substantially similar to the original Underlying Index and which meets the criteria for an acceptable index under Appendix 5 of the Code. If no such index is immediately available, the Manager will use its best efforts to work with the Index Provider or an alternate index provider (as determined by the Manager in its discretion) to develop an index that, in the opinion of the Manager, is substantially similar to the original Underlying Index and which meets the criteria for an acceptable index under Appendix 5 of the Code or, if necessary, consider whether liquidating the MSCI India ETF would be in the overall best interests of the Unitholders

# MANAGEMENT OF THE TRUST

## The Manager

The Manager is BlackRock (Singapore) Limited (the "**Manager**"). The Manager is part of the BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc., which provides investment management services internationally for institutional, retail and private clients.

The Manager was incorporated in Singapore with limited liability on 2 December 2000 with its registered office at #18-01, Twenty Anson, 20 Anson Road, Singapore 079912. The issued and paid-up share capital of the Manager is S\$2,721,871.

The Manager is regulated by the Authority and holds a capital markets services licence in respect of fund management, dealing in securities, trading in futures contracts and leveraged foreign exchange trading under the Securities and Futures Act.

The Manager was established to provide fund management and advisory services for clients in the South East Asia region and has managed collective investment schemes and/or discretionary funds since 2001. As at the date of this Prospectus, the Manager manages three ETFs in Singapore (the iShares MSCI India Index ETF, the iShares J.P. Morgan USD Asia Credit Bond Index ETF, and the iShares Barclays USD Asia High Yield Bond Index ETF). The iShares Barclays Asia Local Currency Bond Index ETF and iShares Barclays Asia Local Currency 1-3 Year Bond Index ETF were terminated on 27 April 2015.

Under the Trust Deed, the monies forming part of each Index Fund shall be invested, at the direction of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of each Index Fund. The Manager will remain as the manager of the Trust until it retires or is removed or replaced in accordance with the provisions of the Trust Deed.

## The Directors of the Manager

**Kevin Shane Lee Hardy**, of #18-01, Twenty Anson, 20 Anson Road, Singapore 079912, is BlackRock's Head of Beta Strategies in Asia Pacific and Country Head of Singapore. He is responsible for the portfolio management and strategy teams for the institutional and iShares index equity product range. As Country Head, Mr. Hardy is responsible for the management, leadership, and strategic direction of BlackRock's operations in Singapore. He is also a member of the BlackRock Asia-Pacific Executive Committee. Mr. Hardy has had an international career in fund management dating back to 1993 and has worked in Hong Kong, Chicago and London. Before joining BlackRock he spent nine years in various leadership roles at Northern Trust including; four years as the Head of the asset management in Asia-Pacific and country Head for Hong Kong, two years leading international sales, and three years leading global transition management. Mr. Hardy had previously spent a combined ten years in equity index fund management in London at State Street Global Advisors and Legal and General Investment Management. Mr. Hardy earned a BSc degree, with honours, in business studies from the City University Business School in 1993. Mr. Hardy currently is also a director of BlackRock Advisors Singapore Pte. Ltd., BlackRock (Singapore) Holdco Pte Ltd., iShares BSE SENSEX Mauritius Company and iShares MSCI India Mauritius Company.

**Lynda Hall**, of #18-01 Twenty Anson, 20 Anson Road, Singapore 079912, is BlackRock's Managing Director and Head of Global Fund Services & Global Provider Strategy for Asia Pacific. Global Fund Services ("**GFS**") is responsible for establishing accounting policy, overseeing financial reporting,

shareholder services, transfer agency and managing product operational infrastructure for BlackRock's commingled and Real Estate funds domiciled in Asia Pacific. The GFS teams also support APAC retail initiatives, vendor oversight and product lifecycle events. Provider Strategy develops and executes the firm's operating strategy for partnering with custodial, accounting agent, transfer agent and middle office providers and manages BlackRock's major relationships with financial institution service partners. Ms. Hall has 10 years' service with the firm having joined Barclays Global Investors (BGI) in London in 2005 and relocated to Singapore in 2012. She is a member of the BlackRock Human Capital Committee and the following Blackrock governance bodies for Asia Ex Japan: Operating Committee, Product Development Committee, Risk and Controls Committee and Investment Oversight Committee. Ms. Hall is FCCA qualified with over 20 years of financial services experience and prior to joining BlackRock was Head of Investment Operations and Head of Operational Risk at Insight Investment Management. She earned a BTech degree in business and finance from South Bristol Technical College. Ms. Hall currently is also a director of BlackRock Advisors Singapore Pte. Ltd.

**Robert William Lamb**, of #18-01, Twenty Anson, 20 Anson Road, Singapore 079912, is Global Head of Trade Operations and is also responsible for Aladdin Portfolio Services (APS) in Asia Pacific, providing regional oversight for Investment Operations, Portfolio Compliance and Portfolio Services. In this capacity Mr. Lamb is also responsible for the APS team in Gurgaon and provides senior coverage for Oracle Financial Services. Prior to joining BlackRock, Mr. Lamb spent 8 years at Morgan Stanley and 7 years at Goldman Sachs covering a number of businesses lines & products including Fixed Income, Prime Brokerage & Wealth Management. Mr. Lamb moved to Asia in 2009 with Goldman Sachs as an Executive Director and was responsible for Clearing Operations and Operational Risk in the region. He earned a BA (Hons) degree in Economics from University of East Anglia. Mr. Lamb is also a director of BlackRock Advisors Singapore Pte. Ltd.

**Shane Andrew Flatman**, of Chifley Tower, 2 Chifley Square, Level 37, Sydney, NSW 2000, Australia, is BlackRock's Director and Head of Finance for Australia. Mr. Flatman joined BlackRock in January 2015 from Westpac where he was the Head of Finance for Financial Markets in the Westpac Institutional Bank division. He was a member of the management committees for the Foreign Exchange and Debt Markets business responsible for the finance accountabilities to the General Manager's of those businesses. Prior to joining Westpac, he was a member of the management committee for the fund administration business at Citadel Asset Management based in Chicago. Previously, he worked in both New York and Tokyo with Lehman Brothers in various senior finance roles in the Fixed Income Division. Mr. Flatman is a Chartered Accountant and received his bachelor's degree in Business from the University of South Australia. Mr. Flatman currently is also a director of BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited and BlackRock Advisors Singapore Pte. Ltd.

**Toby Cameron Robert Ritch**, of #18-01, Twenty Anson, 20 Anson Road, Singapore 079912, is Head of Global Fund Services (GFS) for Asia Pacific. GFS is responsible for establishing accounting policy, overseeing financial reporting, shareholder services and managing product operational infrastructure for BlackRock's commingled funds domiciled in Asia Pacific. The GFS teams also support Asia Pacific retail initiatives, vendor oversight and product lifecycle events. Mr. Ritch's service with BlackRock dates back to 2006, including Merrill Lynch Investment Managers which merged with BlackRock in the same year. From 2006 to 2008, Mr. Ritch was Relationship Manager for Offshore Transfer Agents in Europe, Middle East and Africa. From 2008 to 2012, Mr. Ritch was Deputy Head of Retail Operations Asia ex-Japan and Head of Operational Risk Asia ex-Japan based in Hong Kong. From 2012 to 2016, Mr. Ritch was Chief Operating Officer and Head of Business Operations India. Prior to joining BlackRock, Mr. Ritch spent 6 years with Deutsche Asset Management U.K. in a number of managerial roles within operations. Mr. Ritch has an undergraduate degree in tourism management from the Adelaide Institute and a diploma

certification from the Chartered Insurance Institute. Mr. Ritch is also a director of BlackRock Advisors Singapore Pte. Ltd.

### **Portfolio Manager of the Manager**

Kevin Shane Lee Hardy is the portfolio manager of the Manager (see biography above).

### **Sub-Manager**

The Manager has appointed the Hong Kong domiciled BlackRock Asset Management North Asia Limited (the "**Sub-Manager**") as the sub-manager of the MSCI India ETF under a sub-management agreement entered into between the Manager and Sub-Manager (the "**Sub-Management Agreement**"). Under the Sub-Management Agreement, the Manager has discretion to delegate its investment management functions of the MSCI India ETF to the Sub-Manager. Notwithstanding any delegation of its investment management functions to the Sub-Manager, the Manager will remain responsible for the actions of the Sub-Manager.

The Sub-Manager is part of the BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc., which provides investment management services internationally for institutional, retail and private clients. The Sub-Manager was incorporated in Hong Kong with limited liability on 10 August 1998 with its registered office at 16/F Champion Tower, 3 Garden Road Central, Hong Kong. The issued share capital of the Sub-Manager is HK\$5,000,000.

The Sub-Manager is licensed by the Securities and Futures Commission in Hong Kong for the regulated activities of dealing in securities (Type 1), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9) under the Securities and Futures Ordinance.

The Sub-Manager currently manages 21 ETFs in Hong Kong.

The Sub-Manager has acted as investment advisor to various fund management companies in the People's Republic of China, Korea and Malaysia in relation to the launch and management of exchange-traded funds.

The Sub-Manager will remain as the sub-manager of the MSCI India ETF until the Sub-Management Agreement is terminated in accordance with its terms.

### **Directors of the Sub-Manager**

Belinda Boa (see biography below);  
Graham Turl (see biography below);  
Ryan David Stork (see biography below);  
Sam Y. Kim (see biography below); and  
Susan Wai-Lan Chan (see biography below).

**Belinda Boa**, CFA, Managing Director, of 16/F Champion Tower, 3 Garden Road Central, Hong Kong is the Head of Active Investments for Asia Pacific, where she is responsible for delivering investment excellence and investment success in the region both internally and externally. The role will encompass all areas of the Active Investment business including Fundamental Equity, Fixed Income, Scientific Active Equity and Multi-Asset. In addition, Ms. Boa will oversee regionally regulated activities of investors. Ms. Boa is a member of the Asia Pacific Executive Committee. Prior to assuming her current role in 2015, Ms. Boa was head of Risk and Quantitative Analysis for APAC where she was responsible for all areas of risk across the region, including investment risk, credit and counterparty risk and corporate and operational



risk. Ms. Boa has worked in quantitative finance for over 15 years in London and South Africa. Prior to moving to Asia, she was a senior risk manager, leading the Risk and Quantitative Research team in London, where she was focused on the equity business. She started her career in equity research working for RMB Asset Management. Ms. Boa is a qualified Chartered Financial Analyst and a member of the London Quant Group. Ms. Boa earned her degree with honours in Finance and Statistics from the University of the Witwatersrand, South Africa in 1995. Ms. Boa currently has no other directorships.

**Graham Turl**, Managing Director, of 16/F Champion Tower, 3 Garden Road Central, Hong Kong is the General Counsel, Asia-Pacific for BlackRock. Prior to joining BlackRock in April 2007, Mr. Turl was head of the Hong Kong investment management group at international law firm Linklaters, where he was responsible for advising clients on the corporate, regulatory and tax aspects of structuring, creating, organising and marketing investment funds of all types, onshore and offshore, domestic and international, public and private, retail and institutional. Mr. Turl is qualified to practice law in England and Hong Kong. Mr. Turl earned a BA degree in history from Nottingham University, United Kingdom in 1990. Mr. Turl currently is also a director of BlackRock HK Holdco Limited, BlackRock Investment Management (Taiwan) Limited and BlackRock Investment Management (Korea) Limited.

**Ryan David Stork**, Senior Managing Director, of 16/F Champion Tower, 3 Garden Road Central, Hong Kong is the Head of BlackRock Asia Pacific. He is responsible for all business activities in the region, which includes Greater China, Japan, Australia, Singapore, India and Korea. He is also a member of BlackRock's Global Operating and Human Capital Committees, and will be joining the Global Executive Committee. Prior to moving to Hong Kong, Mr. Stork was the global head of the Aladdin Business within BlackRock Solutions in New York. Aladdin is BlackRock's fully integrated investment management technology platform. Within the Aladdin Business, Mr. Stork was responsible for client relationships and business development as well as implementation and delivery of Aladdin services and its third-party investment accounting business. Prior to taking over the Aladdin Business, Mr. Stork was deputy head of BlackRock's Europe, Middle East and Africa institutional business from 2005 to 2008. Based in London, he was responsible for business development and client service across the region. From 1999 to 2005, Mr. Stork worked within the institutional business leading the client service effort for BlackRock's Financial Institutions Group. Before joining BlackRock in 1999, Mr. Stork was a portfolio manager at PennCorp Financial Group, a life insurance holding company, where he had oversight over asset allocation and external asset managers. He began his career in investments at Conning Asset Management. Mr. Stork is a member of the New York Society of Financial Analysts. He earned a BA degree in finance from the University of Massachusetts, Amherst. Mr. Stork currently is also a director of BlackRock Japan Co., Ltd and DSP BlackRock Investment Managers Private Limited.

**Sam Y. Kim**, Managing Director, of 16/F Champion Tower, 3 Garden Road Central, Hong Kong is the Head of Trading & Liquidity Strategies Group for the Asia Pacific region. He is responsible for overseeing the Trading, Securities Lending, Transition Management, and E-trading and Market Structure functions in the region. He is a member of the Asia Pacific Executive Committee. Prior to his current role, Mr. Kim managed the Scientific Active Equity trading team for the Americas in San Francisco. Before relocating to San Francisco, Mr. Kim was Head of Trading in Tokyo. Prior to joining BlackRock, Mr. Kim was a partner at Colden Capital Management in New York, which he co-founded in 2000. At Colden Capital, Mr. Kim co-managed the firm's event-driven portfolio, including merger arbitrage and special situation equity investments. Prior to Colden, Mr. Kim was a Vice President in Equity Derivatives at Deutsche Bank/Bankers Trust where he specialized in structuring and marketing over-the-counter equity derivative products. Mr. Kim earned an AB degree, Phi Beta Kappa, cum laude in philosophy from Harvard College in 1995. Mr. Kim currently has no other directorships.

**Susan Wai-Lan Chan**, Managing Director, of 16/F Champion Tower, 3 Garden Road Central, Hong Kong is the Head of iShares Asia Pacific and is responsible for the iShares business across Asia, including both distribution and management of iShares products and offices in Japan, Australia, Hong Kong, Singapore and Taiwan. She is a member of the BlackRock Asia Pacific Executive Committee, and a member of the BlackRock Global iShares Executive Committee. Ms. Chan joined BlackRock in July 2013 as head of Asia Pacific iShares Capital Markets and Products. Prior to joining BlackRock, she was a Managing Director at Deutsche Bank AG, Hong Kong where she was Head of Equity Structuring, Strategic Equity Transactions and DBx Asia Pacific. Before Deutsche Bank, she was Managing Director at Barclays Capital Asia Limited where she held various positions in equity derivatives with the most recent as Head of Equity and Funds Structured, Asia Pacific. She was also a member of the Global EFS Executive Committee, the Asia Pacific Structuring Executive Committee, Founder and Executive Sponsor for the Women's Internal Network, Asia Pacific and a Board Member of Barclays Capital Hong Kong Limited. Ms. Chan is a graduate of Boston University, Boston, MA. Ms. Chan currently has no other directorships.

#### **Principal Portfolio Manager of Sub-Manager**

Johnnie Yung, of 16/F Champion Tower, 3 Garden Road Central, Hong Kong, is a member of the Index Equity Portfolio Management Group, focused on the iShares platform in Asia ex-Japan region. Mr. Yung is a senior portfolio manager on the Asia ex-Japan Index Equity team responsible for iShares equity portfolios. Prior to joining BlackRock in 2010, Mr. Yung worked as a Portfolio Manager for Dacheng Fund Management Company in China; and was a senior Director at RBS Plc; Vice President for DBS Bank in Hong Kong covering various capital markets initiatives. Previously, Mr. Yung was a portfolio manager for Ontario Teachers' Pension Board in Canada where he was responsible for equity portfolio management including index equity for over 9 years. He has also been involved in Fixed Income Analytics development for Manulife and managed fixed income portfolios for Crown Life, both in Canada. Mr. Yung earned a Bachelor of Commerce (Honors) degree from University of Manitoba in 1983 and a Master of Mathematics degree from University of Waterloo in 1985. He is a fully qualified Actuary and was accredited Fellow of the Society of Actuary (FSA) in 1991. He also became a CFA charter holder in 1993.

#### **Removal of the Manager**

If any of the following events shall occur, namely:

- if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or if a receiver is appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Manager; or
- the Trustee shall form the opinion for good and sufficient reason and shall so state in writing to the Manager that a change of Manager is desirable and in the best interests of Unitholders as a whole; or
- the Unitholders by an extraordinary resolution duly passed at a meeting of Unitholders of all the Index Funds (for which purpose Units held or deemed to be held by the Manager shall not be included) shall so decide on a change of Manager; or
- the Authority withdraws its approval of the Manager as manager of the Trust or directs the Trustee to remove the Manager,

the Trustee may, subject to the Listing Rules, by notice in writing to the Manager remove the Manager from office and (subject to the Trust Deed) upon service of such notice the Manager shall cease to be the

manager of the Trust. The Trustee shall, as soon as practicable after the Manager ceases to be the manager of the Trust, convene a meeting of Unitholders to consider an extraordinary resolution to approve some other person considered by the Trustee to be suitably qualified to act as manager. Any removal or change of the Manager will be announced on the SGXNET.

### **Trustee and Custodian**

HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**") was incorporated in Singapore with limited liability on 24 February 1949 and registered under the Trust Companies Act, Chapter 336 of Singapore. Its registered address is at 21 Collyer Quay, #13-02 HSBC Building, Singapore 049320. As at 6 February 2017, the Trustee has an issued capital of S\$10,300,000 constituting 1,030,000 ordinary shares of S\$10.00 each and paid up capital of S\$5,150,000. The Trustee does not have any material conflict of interest with its position as trustee of the Fund. HSBC Institutional Trust Services (Singapore) Limited is a member of the HSBC Group.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust. The Trustee may, however, appoint any person or persons to be custodian of such assets. The Trustee will remain as the trustee of the Trust until it retires or is removed or replaced in accordance with the provisions of the Trust Deed.

The Trustee is licensed and regulated by the Authority.

The Trustee is entitled to the fees set out below under the section headed "Fees and Expenses".

The custodian of the Trust is The Hongkong and Shanghai Banking Corporation Limited. It was incorporated in Hong Kong on 14 August 1866, and its registered office is at 1 Queen's Road Central, Hong Kong. It is established and based in Hong Kong since 1865, and is a wholly owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group.

As at 27 February 2017, its issued and fully paid-up ordinary share capital is HK\$114,358,729,495.00, divided by 45,743,491,798 ordinary shares of HK\$2.50 each and the issued and fully paid-up preference share capital is US\$3,453,000,000.00 comprising 3,253,000,000 non-cumulative irredeemable preference shares of US\$1.00 each and 200,000,000 cumulative irredeemable preference shares of US\$1.00 each.

The custodian is licensed and regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission of Hong Kong.

The Trustee has appointed the custodian as the global custodian to provide custodial services to the Trust globally. The custodian is entitled to appoint sub-custodians to perform any of the custodian's duties in specific jurisdictions where the Trust invests.

The custodian is a global custodian with direct market access in certain jurisdictions. In respect of markets for which it uses the services of selected sub-custodians, the custodian shall act in good faith and use reasonable care in the selection and monitoring of its selected sub-custodians.

The criteria upon which a sub-custodian is appointed is pursuant to all relevant governing laws and regulations and subject to satisfying all requirements of the custodian in its capacity as global custodian. Such criteria may be subject to change from time to time and may include factors such as the financial strength, reputation in the market, systems capability, operational and technical expertise. All sub-

custodians appointed shall be licensed and regulated under applicable law to carry out the relevant financial activities in the relevant jurisdiction.

## **Registrar**

The Registrar of the MSCI India ETF is HSBC Institutional Trust Services (Singapore) Limited. The Registrar will charge a monthly fee in respect of the establishment and maintenance of the Register of the Unitholders of the MSCI India ETF.

The Register can be inspected at 20 Pasir Panjang Road (East Lobby), #12-21, Mapletree Business City, Singapore 117439 during normal business hours.

For so long as the Units of the MSCI India ETF are listed, quoted and traded on the SGX-ST, the Manager shall appoint The Central Depository (Pte) Limited (Company Registration No.: 198003912M) (the "**CDP**") as the unit depository for the MSCI India ETF, and all Units issued and available for trading will be represented by entries in the Register of Unitholders kept by the Registrar in the name of, and deposited with, CDP as the registered Unitholder of such Units. The Registrar shall issue to CDP not less than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued.

## **Removal of the Trustee**

If any of the following events shall occur, namely:

- if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Manager) or if a receiver is appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Trustee; or
- following a material breach of the Trustee's obligations under the Trust Deed which, if the breach is capable of remedy, the Trustee fails to remedy within 30 days (or such number of days as may be required by the Manager and the Trustee) of being specifically required to do so by the Manager, and the Manager is of the opinion and states so in writing to the Trustee that a change of the Trustee is desirable and in the best interests of Unitholders as a whole; or
- if the Unitholders by extraordinary resolution duly passed at a meeting of Unitholders of all the Index Funds shall so decide on a change of Trustee; or
- if the Authority directs that the Trustee be removed; or
- the Manager shall state in writing to the Trustee that it wishes to replace the Trustee by another suitably qualified corporation,

the Manager may, by notice in writing to the Trustee, remove the Trustee and in such case the Manager shall use its best endeavours to appoint another person duly eligible in accordance with the Trust Deed and that is acceptable to the Authority to act as the new trustee of the Trust, and the Trustee shall upon receipt of notice by the Manager execute such deed as required under the Trust Deed.

## **Indemnities of the Trustee and the Manager**

None of the Trustee, the Manager or the Registrar shall incur any liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other document of title, or other paper or

document believed to be genuine and to have been passed, sealed or signed by the proper parties.

None of the Trustee, the Manager, the Registrar or their duly appointed agents shall be responsible for the authenticity of any signature on or any seal affixed to any endorsement on any certificate or to any transfer or form of application, request for realisation, endorsement or other document affecting the title to or transmission of Units (including signatures on such documents received by facsimile or electronic transmission) or be in any way liable for any forged or unauthorised signature on or seal affixed to such endorsement, transfer, form or other document or for acting on or giving effect to any such forged or unauthorised signature or seal or for exercising their discretion not to act on such instructions received by facsimile or electronic transmission, provided that the Trustee, the Manager, the Registrar or their duly appointed agents reasonably believed that such signature or seal was authentic.

Notwithstanding Clause 29.2 of the Trust Deed the Trustee and the Manager respectively may (but shall not be bound to) require that the signature of any Unitholder or joint Unitholder to any document required to be signed by him under or in connection with the Trust Deed or the Trust shall be verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.

The Trustee and the Manager may accept as sufficient evidence of the value of any investment or the cost price or sale price thereof or of any market quotation a certificate by a person, firm or association qualified in the opinion of the Manager and Trustee to provide such a certificate.

The Trustee and the Manager may rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any investment is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under the Trust Deed.

None of the Trustee, the Manager or the Registrar shall be responsible for acting upon any resolution purporting to have been passed at any meeting of Unitholders in the MSCI India ETF or (as the case may be) of all the Unitholders of the Trust, in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Unitholders in the MSCI India ETF, or (as the case may be) all the Unitholders of the Trust.

None of the Trustee, the Manager or the Registrar shall incur any liability to the Unitholders or any of them for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto or of any decree, order or judgment of any court or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government or regulatory authority (whether legally or otherwise) either they or either of them shall be directed or requested to do or perform or to forbear from doing or performing.

If the Manager, the Trustee or the Registrar is requested by any department of any government or administration to provide such department with any information regarding any one or more of the following, namely, the Trust Fund, the MSCI India ETF, the Unitholders or any of them, the Trust's investments or the investments of the MSCI India ETF, the income of the Trust Fund or of the MSCI India ETF, or the provisions of the Trust Deed, and complies with such request, whether or not enforceable, none of the Trustee, the Manager or the Registrar shall incur any liability to the Unitholders or any of them or to any other person as a result of such compliance or in connection with such compliance.

If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed none of the Trustee, the Manager or the Registrar shall be under any liability therefor or thereby.

Any indemnity expressly given to the Trustee or to the Manager in the Trust Deed is in addition to and without prejudice to any indemnity allowed by law.

Nothing in any of the provisions of the Trust Deed shall in any case in which the Trustee or the Manager (as the case may be) have failed to show the degree of diligence and care required of them by the provisions of the Trust Deed, exempt them from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties.

The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request, instruction or advice of the Manager. Whenever pursuant to any provision of the Trust Deed any certificate, notice, instruction or other communication is to be given by the Manager to the Trustee the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Manager by any one person whose signature the Trustee is for the time being authorised by the Manager to accept.

The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any application for or request for realisation of Units made by fax or telephone and allowed by the Manager.

In the absence of fraud or negligence by the Manager or the Trustee respectively, they shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the provisions of the Trust Deed and in particular, but without prejudice to the generality of the foregoing, neither the Manager nor the Trustee shall, in ascertaining the value of any quoted Security, be under any liability by reason of the fact that a price reasonably believed to be the last traded price or midway between the latest available market dealing offered price and the latest available market dealing bid price for the time being may be found not to be such.

None of the Trustee, the Manager or the Registrar shall be under any liability except such liability as may be expressly imposed by the Trust Deed nor shall either of them (save as herein otherwise appears) be liable for any act or omission of the other of them.

Subject as herein provided the Trustee shall be entitled for the purpose of indemnity against any action, costs, claims, damages, expenses or demands (other than those arising out of any liability or obligation to the Unitholders imposed on the Trustee pursuant to the laws of Singapore to which it may be put as Trustee to have recourse to the assets of the MSCI India ETF in respect of which such action, costs, claims, damages, expenses or demands have been made or arose out of or, where such action, costs, claims, damages, expenses or demands relate to the Trust as a whole, the Trust Fund or any part thereof.

The Trustee shall not be responsible for verifying or checking any valuation of the Trust Fund or the MSCI India ETF or any calculation of the prices at which Units are to be issued or realised except as specifically provided in the Trust Deed.

In no event shall the Trustee be bound to make any payment except out of the funds held by it for that purpose under the provisions of the Trust Deed.

For the avoidance of doubt, any reference to the Trustee herein shall be construed to mean the Trustee in its own capacity and, where appropriate, in its capacity as the Registrar of the Trust.

The Trustee shall be entitled, in the absence of manifest error, to rely upon the Register as conclusive evidence of the matters contained in the Register.

The Manager and the Trustee are not responsible for compiling the Underlying Index or verifying the accuracy of the Underlying Index information where the Underlying Index is provided by a third party index provider other than the Manager or the Trustee.

## **Auditors**

The auditors of the MSCI India ETF are PricewaterhouseCoopers of 8 Cross Street, #17-00, PwC Building, Singapore 048424.

## **Brokerage Transactions**

Subject to the best execution requirements in the Code, under normal conditions the policy of the Manager regarding purchases and sales of Securities is that primary consideration will be given to obtaining the most favourable prices and efficient execution of transactions. Consistent with this policy, when Securities transactions are effected on a stock exchange, the Manager's policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. The Manager believes that a requirement always to seek the lowest possible commission cost may impede effective portfolio management and preclude the MSCI India ETF and the Manager from obtaining a high quality of brokerage and research services. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Manager relies upon its experience and knowledge regarding commissions generally charged by various brokers and on its judgement in evaluating the brokerage and research services received from the broker effecting the transaction. Such determinations are necessarily subjective and imprecise and, as in most cases, an exact dollar value for those services is not ascertainable.

In seeking to implement the above policies, the Manager effects transactions with those brokers and dealers that the Manager believes provide the most favourable prices and are capable of providing efficient execution when appropriate. If the Manager believes such price and execution are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish research and other services to the Trust or the Manager. Such services may include, but are not limited to, information as to the availability of Securities for purchase or sale, statistical information pertaining to corporate actions affecting stocks, including, but not limited to, stocks within the Underlying Index.

The Manager, its directors and their associates (including the Sub-Manager) will not be entitled to receive any part of the brokerage charged to the Trust or any fees, allowances, benefits received on purchases charged to the Trust.

## **Conflicts of Interest**

The Manager, the Sub-Manager and the Trustee may from time to time act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment adviser (as applicable) or other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Trust or the MSCI India ETF.

In addition, subject to the provisions of the Code relating to transactions with related parties:

- the Manager, the Sub-Manager or any of their Connected Persons may enter into investments for the Trust as agent for the Trustee and may, with the consent of the Trustee, deal with the Trust as principal;
- the Trustee, the Manager, the Sub-Manager or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of securities, financial instruments or investment products held by the Trust;
- the Trustee, the Manager, the Sub-Manager or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Trust either for their own account or for the account of their customers;
- the monies of the Trust may be deposited with the Manager, the Sub-Manager, the Trustee or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them; and
- associates of the Trustee may be engaged to provide banking, brokerage or financial services to the Trust or the MSCI India ETF, or buy, hold and deal in any investments, enter into contracts or other arrangements with the Trustee and make profits from these activities.

It is, therefore, possible that any of the Trustee, the Manager, the Sub-Manager or the Registrar or their Connected Persons may, in the course of business, have potential conflicts of interest with the Trust or the MSCI India ETF. Each will, at all times, have regard in such event to its obligations to the Trust and to Unitholders and will endeavour to ensure that such conflicts are resolved fairly and on an arm's length basis.

### **Soft Dollars**

The Manager (as well as any of its Connected Persons) will not receive or enter into any soft dollar commissions or arrangements in respect of the management of the MSCI India ETF. The Manager (as well as any of its Connected Persons) will not retain any cash rebates from any broker or dealer.



## STATUTORY AND GENERAL INFORMATION

### Reports and Accounts

The financial year-end of the Trust and the MSCI India ETF is 31 December every year. Audited accounts and the annual report are to be prepared and sent to Unitholders within three months of each financial year-end (unless otherwise waived or permitted by the Authority). Semi-annual unaudited accounts and the semi-annual report are to be prepared and sent to Unitholders within two months of 30 June (unless otherwise waived or permitted by the Authority). The contents of the reports will comply with the requirements of the Code and the Listing Rules.

The Code currently requires accounts to be prepared in accordance with Recommended Accounting Practice 7: Reporting Framework for Unit Trusts issued by the Institute of Certified Public Accountants of Singapore ("**RAP 7**"). Investors should note that to the extent that any of the valuation principles used to determine the MSCI India ETF's Net Asset Value per Unit at the Valuation Point with respect to each Dealing Day is or becomes inconsistent with RAP 7, the MSCI India ETF's accounts may not necessarily be in line with the published Net Asset Value per Unit. In this case, a reconciliation note may be included in the accounts of the MSCI India ETF to reconcile values arrived at by applying RAP 7 and the Net Asset Value per Unit of the MSCI India ETF by applying the MSCI India ETF's valuation principles.

### Trust Deed

The Trust was established under Singapore law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. In the event of any conflict between any of the provisions of this Prospectus and those of the Trust Deed or Participation Agreement, the provisions of the Trust Deed or Participation Agreement shall prevail. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed. All amendments to the Trust Deed will be announced on the SGXNET.

### Modification of Trust Deed

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of any Index Fund or (ii) is necessary in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

The Manager shall give notice to Unitholders of any modification, alteration or addition to the Trust Deed, unless they are sanctioned by an extraordinary resolution of the Unitholders affected or in the opinion of the Trustee such modification, alteration or addition is not of material significance or is otherwise made to correct a manifest error.

### Voting Rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing one-tenth or more of the current Units in issue. These meetings may be used for a number of purposes

including to modify the terms of the Trust Deed, to increase the maximum fees payable to the service providers, to remove the Trustee or to terminate the Trust at any time. Such amendments to the Trust Deed must be passed by a 75 per cent majority of the votes cast. Unitholders will be given not less than 14 days' notice of such meeting.

The Manager, Trustee, the Sub-Manager and their respective Connected Persons are prohibited from voting their beneficially held Units at or be counted in the quorum for a meeting at which they have a material interest in the business to be contracted.

## **Termination**

The Trust may be terminated by the Trustee if the Manager goes into liquidation or, if in the opinion of the Trustee, the Manager has ceased to carry on business or has, to the prejudice of the Unitholders of the Trust, failed to comply with any provision of the Trust Deed or, the Trustee is unable to find an acceptable person to replace the Manager who has been removed or the nominated replacement manager fails to be approved by an extraordinary resolution of the Unitholders or, any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Trustee to continue the Trust or, if within three months of the Trustee notifying the Manager of its intention to retire, no new trustee has been appointed or if the Authority directs the termination of the Trust.

The Manager may terminate the Trust if, (A) the aggregate Net Asset Value of Units outstanding in all Index Funds is less than US\$20 million; or (B) any law shall be passed which renders it illegal, impracticable or inadvisable in the opinion of the Manager to continue the Trust; or (C) following notice of its intention to resign as Manager, the Trustee is unable to find an acceptable replacement manager or the replacement is not approved by an extraordinary resolution of the Unitholders; or (D) the Authority directs the termination of the Trust; or (E) if within a reasonable time and using commercially reasonable endeavours, the Manager shall be unable to find a person acceptable to the Authority to act as the new Trustee after deciding to remove the Trustee.

The Manager may terminate the MSCI India ETF if the Net Asset Value of the MSCI India ETF shall be less than US\$15 million on any date after a period of three years from its creation. In addition, the Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate the MSCI India ETF if any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Manager to continue the MSCI India ETF, its Underlying Index is no longer available for benchmarking, if the Units of the MSCI India ETF are no longer listed on the SGX-ST or any other Recognised Stock Exchange, if the Authority revokes or withdraws the authorisation of the MSCI India ETF under the Securities and Futures Act or if the Authority directs the termination of the MSCI India ETF. Further, the Unitholders may at any time authorise termination of the Trust or the MSCI India ETF by extraordinary resolution passed at a duly convened Unitholders' meeting.

Unless previously terminated as described above or under another provision in the Trust Deed, the Trust shall in any event terminate at the expiry of 80 years from the date of the Trust Deed.

In addition to the termination circumstances specified above the Manager may also terminate the MSCI India ETF if it ceases to have any Participating Dealer or the Manager is unable to implement its investment strategy.

In such circumstances, unless the Manager and the Trustee agree that another strategy is (1) possible, feasible as well as practicable, and (2) in the best interests of the Unitholders, the Units then in issue shall be compulsorily redeemed at Net Asset Value and the MSCI India ETF terminated. In such event,

the Manager will notify the Authority in advance and agree with the Authority appropriate methods of notification of Unitholders prior to such redemption and termination.

Any notification to Unitholders where the MSCI India ETF is to be terminated shall be given upon not less than three months' notice prior to termination (unless otherwise provided in the Trust Deed). Any such notice will also be published on the Manager's website at <https://www.blackrock.com/sg/en/ishares> and announced on SGXNET.

Upon the Trust or the MSCI India ETF being terminated, subject to authorisations or directions (if any) given to it by the Unitholders by extraordinary resolution:

The Manager shall arrange the sale of all investments then comprised in the MSCI India ETF being terminated (or, in the case of the termination of the Trust, in all the Index Funds) and such sale shall be carried out and completed in such manner and within such period after the termination of the MSCI India ETF (or, in the case of the termination of the Trust, all the Index Fund(s)) as the Manager shall consider advisable. The Trustee shall from time to time distribute to the Unitholders in the MSCI India ETF being terminated rateably in accordance with the number of Units held by them respectively all net cash proceeds derived from the realisation of the investments comprised in the MSCI India ETF and available for the purposes of such distribution except that in the event that circumstances exist as a result of which, in the sole opinion of the Manager notified to the Trustee, it is not reasonably practicable to realise all the investments comprised in the MSCI India ETF, the Trustee shall distribute to the Unitholders in the MSCI India ETF rateably in accordance with the number of Units held by them respectively the investments available in specie at a valuation determined by the Trustee (provided that no Unitholder will be required to accept the distribution to him of any assets in specie without his written consent), and subject to the following:

- All payments in respect of such distributions shall be made in accordance with the relevant provisions of the Trust Deed. Every such distribution shall be made only upon delivery to the Trustee of such form of request for payment as the Trustee shall in its absolute discretion require.
- The Trustee shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being comprised in the MSCI India ETF the amount of which is insufficient to pay one US Dollar in respect of each Unit.
- The Trustee shall be entitled to retain out of any monies comprised in the Trust Fund or the MSCI India ETF such sum as it shall determine to be full provision for all costs, charges, expenses, claims, demands, actions and proceedings incurred, made or instituted against or apprehended by the Trustee in connection with or arising out of the Trust or the termination thereof or of the MSCI India ETF and shall, out of the monies so retained, be indemnified and saved harmless against any such costs, charges, expenses, claims, demands, actions and proceedings.

### **Inspection of Documents**

Copies of the following documents are available for inspection free of charge at the offices of the Manager during normal business hours and copies thereof may be obtained from the Manager at a cost of US\$30 per set of copy documents:

- Trust Deed;
- Constitution of the Mauritius subsidiary;
- CDP agreement;

- sample Participation Agreement; and
- the most recent annual report and accounts of the Trust and the most recent semi-annual report and unaudited accounts of the Trust (copies of which will also be available on the website at <https://www.blackrock.com/sg/en/ishares>).

### **Anti-Money Laundering Regulations**

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee or the Trust is subject, the Manager, the Registrar or the Trustee may require a detailed verification of an investor's identity and the source of payment of any subscriptions. Depending on the circumstances of each application, a detailed verification might not be required where:

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

### **Information Available on the Internet**

The Manager will publish important news and information with respect to the MSCI India ETF on the iShares website at <https://www.blackrock.com/sg/en/ishares> including:

- this Prospectus (as revised from time to time);
- the latest annual and semi-annual financial reports;
- any notices for material alterations or additions to the offering document or constitutive document;
- any public announcements made by the MSCI India ETF, including information with regard to the Underlying Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;
- monthly holdings, the closing Net Asset Value and Net Asset Value per Unit and daily fund performance information (all in USD terms);
- the identity of the Participating Dealers; and
- the identity of the IAP issuers (if any) together with the relative exposure to each IAP issuer.

The Manager will also use all reasonable efforts to publish the near real-time estimated Net Asset Value of the MSCI India ETF throughout each Dealing Day on its website, as well as the final Net Asset Value. The Manager will publish on the iShares website the complete list of constituent securities of the MSCI India ETF, which will be updated on a regular basis.

All of the information outlined above can be found on the product webpage of the MSCI India ETF. The product webpage of the MSCI India ETF can be located by using the search function and inserting the

ticker number of the MSCI India ETF (i.e. I98) at <https://www.blackrock.com/sg/en/ishares>. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

## Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to the following addresses:

### Manager

BlackRock (Singapore) Limited  
#18-01 Twenty Anson  
20 Anson Road  
Singapore 079912

### Trustee

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay  
#10-02 HSBC Building  
Singapore 049320

## Queries and Complaints

Investors may contact the Manager at its address as set out above, or by phone at its telephone number: (65) 6411 3388 or by email: [iSharesAsiaEnquiry@blackrock.com](mailto:iSharesAsiaEnquiry@blackrock.com) to seek any clarification regarding the Trust or the MSCI India ETF or to file a complaint. If a query or complaint is received by phone, the Manager will respond orally. If a query or complaint is received in writing, the Manager will respond in writing. Under normal circumstances the Manager will respond to any query or complaint as soon as practicable and in any event within 21 days.

## Taxation

The following summary of Singapore, Mauritius and India taxation is of a general nature, for information purposes only, and is not intended to constitute a complete analysis or be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of units in the MSCI India ETF. Prospective investors should consult their own tax advisers concerning the tax consequences of an investment in the MSCI India ETF in light of their particular situation, including the tax consequences arising under the laws of any other tax jurisdiction, which may be applicable to their particular circumstances. The summary is based on the existing provisions of relevant tax law and the regulations thereunder, and practices in effect as at the date hereof, all of which are subject to change at any time and differing interpretations, either on a prospective or retroactive basis. Any such changes could adversely affect the comments herein. In addition, the comments herein are not binding on the tax authorities and there can be no assurance that the authorities will not take a position contrary to any of the comments herein. It is emphasized that neither the MSCI India ETF, the Trust, the Trustee, the Manager, nor any other person indicated in this Prospectus, accept responsibility for any tax effects or liabilities resulting from the acquisition, holding or disposition of Units. As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus.

The MSCI India ETF was awarded the Designated Unit Trust ("**DUT**") status by the Inland Revenue Authority of Singapore ("**IRAS**") under Section 35(14) of the Income Tax Act, Chapter 134 ("**SITA**"). With effect from 1 August 2012, the MSCI India ETF was approved for the Enhanced-Tier Fund Tax Incentive Scheme under section 13X of SITA; as of the same effective date, the MSCI India ETF informed the IRAS and relinquished its former status under the DUT scheme.

The key aspects relating to the taxation of an Enhanced-tier Status Fund are summarised below.

Singapore	Enhanced-Tier Status Fund
<p><b>MSCI India ETF</b></p>	<p>Under the Enhanced-Tier Scheme, "specified income" derived by an "approved person" in respect of "designated investments" is exempted from tax in Singapore, if the "approved person" satisfies all the Enhanced-Tier prescribed conditions. Effective 1 August 2012, and subject to continually meeting certain prescribed conditions annually, the MSCI India ETF has been approved for the Enhanced-Tier Fund Tax Incentive Scheme under Section 13X of SITA, and as such, is an "approved person" in respect of exemptions of "specified income" from "designated investments."</p> <p>The prescribed conditions for the Enhanced-Tier Scheme state that the MSCI India ETF:</p> <ul style="list-style-type: none"> <li>(i) must be a company, a trust (other than a trust that is an approved pension or approved provident fund, an approved CPF unit trust or designated unit trust, or a real estate investment trust) or limited partnership;</li> <li>(ii) have a minimum fund size of S\$50 million at the time of application to the Authority for approval under the Enhanced-Tier Scheme;</li> <li>(iii) be managed or advised directly throughout each basis period relating to any year of assessment by a Singapore "fund manager" who employs at least three investment professionals, who holds a capital markets services license for fund management under the Securities and Futures Act or is exempt from the requirement to hold such a license under the Securities and Futures Act;</li> </ul>

- (iv) must incur at least S\$200,000 in local business spending in each basis period relating to any year of assessment;
- (v) must use a Singapore-based fund administrator when it is that the fund ceases to conduct such activities in-house;
- (vi) must not change its investment objective / strategy after being approved for the scheme; and
- (vii) must not concurrently enjoy other tax incentive schemes.

The condition in sub-paragraph (ii) above is only required to be complied with at the time of application. The other conditions will have to be satisfied by the MSCI India ETF throughout the basis period relating to any year of assessment. In the event that the MSCI India ETF fails to satisfy the specified conditions for any basis period, the MSCI India ETF will not enjoy the tax exemption on “specified income” derived from “designated investments” for that basis period concerned.

However, the MSCI India ETF can enjoy the tax exemption in any subsequent period during its life, if it is able to satisfy the specified conditions in that subsequent period. The Enhanced-Tier Scheme is currently available up to 31 March 2019. As long as the MSCI India ETF is an “approved person” before 1 April 2014 and continues to satisfy the Enhanced-Tier prescribed conditions, the Enhanced-Tier Scheme would continue to apply to the life of MSCI India ETF even if the Enhanced-Tier Scheme is not extended beyond this date.

Unless excluded, all income and gains derived on or after 17 February 2012 from “designated investments” will be considered as “specified income”. It is stated in the Authority’s FDD Circular 02/2012 dated 21 February 2012 that the excluded income or gains are:

- (a) Interest and other payments that fall within the ambit of Section 12(6) of SITA other than:
  - (i) Interest derived from deposits with and certificates of deposit issued by any approved bank as defined in Section 13(16) of SITA and from Asian Dollar Bonds approved under Section 13(1)(v) of SITA;
  - (ii) Interest from qualifying debt securities;
  - (iii) Discount from qualifying debt securities issued on or after 17 February 2006;
  - (iv) Prepayment fee, redemption premium and break cost from qualifying debt securities issued on or after 15 February 2007;
  - (v) Amounts payable from any Islamic debt securities issued on or after 22 January 2009 which are qualifying debt securities;
  - (vi) Fees and compensatory payments derived from securities lending or repurchase arrangements with specified persons\*.

\* For the purpose of paragraph (vi), “specified persons” are defined to be:

- i. a person who is neither a resident of nor a permanent establishment in Singapore;
- ii. the Authority;
- iii. a bank licensed under the Banking Act;

- iv. a merchant bank approved under Section 28 of the Monetary Authority of Singapore Act;
- v. a finance company licensed under the Finance Companies Act;
- vi. a holder of a capital markets services licence who is licensed to carry on business in the defined regulated activities under the SFA (or a company exempted under that Act from holding such a licence);
- vii. a collective investment scheme or closed-end fund as defined in the Securities and Futures Act that is constituted as a corporation;
- viii. the Central Depository (Pte) Limited;
- ix. an insurer registered or regulated under the Insurance Act or exempted under the Act from being registered or regulated; or
- x. a trust company registered under the Trust Companies Act.

(b) Distributions made by a trustee of a real estate investment trust that is listed on the Singapore Exchange.

(c) Distributions made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under Sections 13C, 13G, 13O or 13X of SITA.

Gains derived from non-qualifying debt securities or other securities issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than the business of property development) will not be exempt from tax.

If the MSCI India ETF invests in publicly-traded partnerships that do not carry on a trade, business, profession or vocation in Singapore, the allocation of profits from such partnerships to the MSCI India ETF will be considered "specified income". However, the MSCI India will not be entitled to a refund of any taxes that was imposed on the partnership profits.

The list of "designated investments" is stated in the Authority's FDD Circular 02/2012 dated 21 February 2012 to be as follows:

- (a) Stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than the business of property development);
- (b) Debt securities (which means bonds, notes, commercial papers, treasury bills and certificates of deposit), other than non-qualifying debt securities issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than the business of property development);
- (c) All other securities (not already covered under other sub-paragraphs of this list of "designated investments"):
  - (i) Issued by foreign governments in foreign currency;
  - (ii) Listed on any Exchange;
  - (iii) Issued by supranational bodies; or
  - (iv) Issued by any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than the business of property development);



- (d) Futures contracts held in any futures exchanges;
- (e) Any immovable property situated outside Singapore;
- (f) Deposits in Singapore with any approved bank as defined in Section 13(16) of SITA;
- (g) Foreign currency deposits with financial institutions outside Singapore;
- (h) Foreign exchange transactions;
- (i) Interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and any financial derivative relating to any “designated investment” or financial index, with;
  - (i) a financial sector incentive company which is —
    - (A) a bank licensed under the Banking Act;
    - (B) a merchant bank approved under Section 28 of the Monetary Authority of Singapore Act; or
    - (C) a holder of a capital markets services licence under the SFA to deal in securities or a company exempted under that Act from holding such a licence;
  - (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or
  - (iii) a branch office outside Singapore of a company resident in Singapore.
- (j) Units in any unit trust which invests wholly in “designated investments”;
- (k) Loans that are:
  - (i) granted by the “approved person” to any company incorporated outside Singapore which is neither resident in Singapore nor a permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore; or
  - (ii) granted by a person other than the “approved person” but traded by the “approved person”;
- (l) Commodity derivatives;
- (m) Physical commodities if:
  - (i) the trading of those physical commodities by the “approved person” in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to as related commodity derivatives) in that basis period; and
  - (ii) the trade volume of those physical commodities traded by the “approved person” in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded by the “approved person” in that basis period;
- (n) Units in a registered business trust;
- (o) Emission derivatives;
- (p) Liquidation claims;
- (q) Structured products;
- (r) Investments in prescribed Islamic financing arrangements under Section 34B of SITA that are commercial equivalents of any of the other “designated investments” under this definition;
- (s) Private trusts that invest wholly in “designated investments”;
- (t) Freight derivatives; and
- (u) Publicly-traded partnerships that do not carry on a trade, business, profession or

	<p>vocation in Singapore.</p> <p>The Manager will endeavour to conduct the affairs of the MSCI India ETF such that it will qualify for the Enhanced-Tier Scheme. There is, however, no assurance that the Manager will be able on an ongoing basis to ensure that MSCI India ETF will always meet all the qualifying conditions for the Enhanced-Tier Scheme. Upon any such disqualification, the MSCI India ETF may be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate.</p>
<b>Unitholders</b>	<p><b>Distributions<sup>6</sup>:</b> The tax treatment of distributions out of the MSCI India ETF in the hands of Unitholders is as follows:</p> <p>Distributions received by Unitholders are exempt from Singapore taxation</p> <p>Gains on disposal of Units by a Unitholder should not be subject to Singapore taxation, unless:</p> <ul style="list-style-type: none"> <li>(a) the gains are derived in the course of a trade or business carried on in Singapore, or are in the nature of income; or</li> <li>(b) the gains are derived in the course of a trade or business carried on outside Singapore or are in the nature of the income and received (or deemed received) in Singapore by a Singapore-resident individual through a partnership in Singapore, or by a Unitholder other than an individual who is carrying on business in Singapore.</li> </ul>
<b>Singapore</b>	
<b>Mauritius Subsidiary</b>	<p><b>Income tax:</b> Singapore income tax is imposed on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to have been received in Singapore, subject to certain exceptions.</p> <p><b>Gains on disposal of investments:</b> Singapore does not impose tax on capital gains. However, gains from the disposal of investments may be construed to be of an income nature and subject to Singapore income tax. Generally, gains on disposal of investments are considered income on nature if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.</p> <p>As the investment and divestment of assets of the Mauritius subsidiary are managed by the Manager, the Mauritius subsidiary may be construed to be carrying on activities of a trade or business in Singapore. Accordingly, the income derived by the Mauritius subsidiary may be considered income accruing in or derived from Singapore and subject to Singapore income tax, unless the income is exempted from tax pursuant to Section 13CA of the SITA and the Income Tax (Exemption of Income of Non-Residents Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (the "Regulations") (the "<b>Tax Exemption Scheme</b>").</p> <p><b>Tax Exemption Scheme:</b> Under the Tax Exemption Scheme, "specified income" derived by a "prescribed person" from funds managed by a "fund manager" in</p>

<sup>6</sup> The Manager currently does not intend to make any distributions of the income of the MSCI India ETF to Unitholders.

Singapore in respect of "designated investments" will be exempt from tax in Singapore.

**"Specified income"** is defined to include, among others, the following:

- (a) Interest and dividends derived from outside Singapore and received in Singapore in respect of "designated investments";
- (b) Gains or profits realised from the sale of any "designated investments"; and
- (c) Income realised on or after 22 January 2009 from "designated investments" in forms other than through sale (including held to maturity, redemption, or where the realisation leads to a transfer of both economic and legal ownership of the designated investment concerned)<sup>7</sup>.

**"Designated investments"** is defined to include, among others, the following:

- (a) Stocks and shares denominated in any foreign currency of companies which are neither incorporated in nor resident in Singapore, excluding stocks and shares of companies incorporated in Malaysia which are listed on the Singapore Exchange or on the Kuala Lumpur Stock Exchange;
- (b) Securities (other than stocks and shares) denominated in any foreign currency (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies which are neither incorporated in Singapore nor resident in Singapore;
- (c) Stocks, shares, bonds and other securities listed on the Singapore Exchange or on the Kuala Lumpur Stock Exchange and other stocks, shares, bonds and securities issued by companies which are incorporated in Singapore and resident in Singapore;
- (d) Interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and swaps, forwards and option contracts relating to any designated investment or financial index, with specified counterparties;
- (e) Stocks and shares of unlisted companies (whether resident or non-resident in Singapore), denominated in any currency<sup>8</sup>.

A **"fund manager"** for the purposes of the Tax Exemption Scheme means a company holding a capital markets services licence under the Securities and Futures Act for fund management, or one that is exempted under that Act from holding such a licence. The Manager currently holds a capital markets services licence in respect of fund management under the Securities and Futures Act.

A fund, which is a company, will qualify as a **"prescribed person"** if it:

- (a) Is not resident in Singapore;
- (b) Does not have a permanent establishment in Singapore (other than a fund manager);
- (c) Does not carry on a business in Singapore;
- (d) At all times has less than 100% of the value of its issued securities<sup>9</sup>

<sup>7</sup> Based on the circular issued by the Monetary Authority of Singapore ("**MAS**") dated 30 April 2009.

<sup>8</sup> Based on the circular issued by the MAS dated 30 April 2009.

<sup>9</sup> "**Issued securities**" (per section 13CA of the SITA), in relation to a company, means:

- (a) issued debentures of, or issued stocks or shares in, the company;

beneficially owned, directly or indirectly, by Singapore persons 10 . collectively; and

- (e) Is not a company the income of which is derived from investments which have been transferred (other than by way of a sale on market terms and conditions) from a person carrying on a business in Singapore where the income derived by that person from those investments was not, or would not have been if not for their transfer, exempt from tax.

Although no assurances can be given, it is the intention of the Manager to carry on activities in a manner such that the Mauritius subsidiary meets the criteria of a "prescribed person".

However, investors should note that under certain circumstances, they may be obliged to pay an amount to the IRAS if they do not meet certain conditions (i.e. where an investor is a **"Non-Qualifying Relevant Owner"**). Under the Regulations, where the issued securities are held by a trustee of a trust, the relevant owner (**"Relevant Owner"**) shall be the beneficiary of the trust administered by the trustee. In this regard, the Relevant Owners of the Mauritius subsidiary should be the Unitholders of the MSCI India ETF. These conditions are discussed below. However, the discussion should not be regarded as tax advice and prospective investors should seek their own tax advice on this matter. Please note, the concept of a "Relevant Owner" being "Qualifying" or "Non-Qualifying" is not a condition that would apply to unitholders of the MSCI India ETF under the Enhanced-tier Fund Tax Incentive Scheme, i.e., effective 1 August 2012.

An investor of a "prescribed person" will be a Non-Qualifying Relevant Owner if the investor:

- (a) Either alone or together with his associates (as defined in the Regulations), beneficially owns on the last day of the financial year of the "prescribed person" relating to the year of assessment (the "Relevant Day") issued securities of the "prescribed person" the value of which is more than the "prescribed percentage" of the total value of all issued securities of the

(b) any right, option or derivative in respect of any such debentures, stocks or shares; or

(c) such other securities of the company as may be prescribed.

The **"value"** of issued securities of a company (per section 13CA of the SITA) means:

(a) in relation to issued securities of a company other than those prescribed under paragraph (c) of the definition of "issued securities" above, the value of those securities at the time of their issue by the company; or

(b) in relation to issued securities of a company prescribed under paragraph (c) of the definition of 'issued securities' above, the value of those securities at the prescribed time.

Other references to issued securities and the value of such securities in this tax disclosure have the same meaning as above.

<sup>10</sup> **"Singapore persons"** in relation to the definition of "prescribed person" in the Regulations, means a person who is a Singapore citizen, resident in Singapore or permanent establishment in Singapore, but does not include:

(a) a company which is approved under section 13R of the SITA and beneficially owns directly, 100% of the total value of all issued securities of the prescribed person; or

(b) a designated person.

A **"designated person"** means:

(a) the Government of Singapore Investment Corporation Pte. Ltd.;

(b) the MAS; or

(c) any company which is wholly owned, directly or indirectly, by the Minister (in his capacity as a corporation established under the Minister for Finance (Incorporation) Act (Cap. 183)) and which is approved by the Minister or such person as he may appoint.

"prescribed person" on the Relevant Day. The "prescribed percentage" is 30% if the "prescribed person" has fewer than 10 Relevant Owners; and 50% if the "prescribed person" has at least 10 Relevant Owners; and

- (b) Does not fall within any of the following definitions:
- An individual;
  - A bona fide entity not resident in Singapore who does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore;
  - A bona fide entity not resident in Singapore (excluding a permanent establishment in Singapore) who carries on an operation in Singapore through a permanent establishment in Singapore where the funds used by the entity to invest directly or indirectly in the "prescribed person" are not obtained from such operation; or
  - A designated person.

Non-Qualifying Relevant Owners will be required to pay a penalty to the IRAS. This amount is computed based on the percentage of the value of the issued securities of the "prescribed person" beneficially owned by the Non-Qualifying Relevant Owner as at the last day of the financial year of the "prescribed person", multiplied by the income of the "prescribed person" as reflected in its audited accounts for that financial year (the "**Non-Qualifying Relevant Owner Income**"). The penalty to be paid to the IRAS will be the Non-Qualifying Relevant Owner Income multiplied by the corporate tax rate applicable in Singapore in respect of the financial year in question. The current corporate tax rate (as of the date of this Prospectus) is 17%. Non-Qualifying Relevant Owners are obliged to declare and pay their financial amount in their respective income tax returns for the relevant year of assessment.

**Distributions and prior payment of the penalty:** Investors such as Singapore resident non-individuals should note that distributions, if any, will be subject to normal tax rules, notwithstanding any prior payment of the penalty. Qualifying Relevant Owners will not be required to pay the penalty.

The Manager and the MSCI India ETF reserve the right to request such information as the Manager and the MSCI India ETF (as the case may be) in their absolute discretion may deem necessary in order to comply with the requirements under the Tax Exemption Scheme.

If it appears to the Manager that immediately prior to the financial year end of the Mauritius subsidiary, any investor may be potentially characterised as a Non-Qualifying Relevant Owner, the Manager may to the extent necessary to ensure that the investor will not be treated as a Non-Qualifying Relevant Owner require the investor to redeem or transfer such Units in the MSCI India ETF.

The Manager is required to submit a declaration to the IRAS if, for a particular financial year, there are Non-Qualifying Relevant Owners and furnish the IRAS with the details of such Non-Qualifying Relevant Owners. In this regard, investors should note that they are each responsible for the computation of the aggregate of the shareholding owned by them and their associates and may be required to disclose

	such computations to the Manager from time to time. A Non-Qualifying Relevant Owner will have to declare the penalty and provide this amount in its Singapore income tax return for the relevant year of assessment.
<b>Mauritius</b>	
Mauritius subsidiary	<p>The MSCI India ETF will conduct its investment activities in India through the Mauritius subsidiary, and as noted previously, expects to obtain benefits under the DTA. The Mauritius subsidiary holds a C1GBL from the FSC and in order to be eligible to claim benefits under the DTA, the Mauritius subsidiary has obtained and expects to maintain a certificate of tax residence from the Mauritius Revenue Authority (the "<b>MRA</b>") through the FSC. The MRA will generally issue a tax residence certificate ("<b>TRC</b>") if the Mauritius subsidiary:</p> <ul style="list-style-type: none"> <li>• has at all times at least two directors ordinarily resident in Mauritius. The resident directors must be of appropriate caliber and able to exercise independence of mind and judgment;</li> <li>• maintains, at all times, its principal bank accounts in Mauritius;</li> <li>• keeps and maintains, at all times, its accounting records in Mauritius;</li> <li>• prepares its statutory financial statements and causes its financial statements to be audited in Mauritius;</li> <li>• provides for meetings of directors to include at least 2 directors from Mauritius.</li> </ul> <p>The TRC is currently renewed on an annual basis subject to an undertaking provided by two resident directors and the corporate secretary that the company complies with the provisions of the prevailing legislation governing global business (including regulations and rules made thereunder), in particular the statutory provisions as laid down in section 71(4) (b) of the Financial Services Act 2007 and adheres to the conditions attached to its Global Business License (Category 1).</p> <p>On 4th September 2013, the FSC of Mauritius issued a communiqué prescribing additional substance requirements to be satisfied, effective 1st January 2015, by a C1GBL Company for the purpose of meeting the management and control test for residency purposes in Mauritius. The new requirements, in addition to the above existing conditions, are as follows:</p> <ul style="list-style-type: none"> <li>• Directors are now also required to be "appropriately qualified,"</li> <li>• If the C1GBL is licensed as a collective investment scheme, it would have to be administered from Mauritius, and</li> <li>• Additionally, a C1GBL is required to satisfy at least <b>one</b> of the following 6 criteria: <ol style="list-style-type: none"> <li>1. Have office premises in Mauritius,</li> <li>2. Have assets <math>\geq</math> US\$100k (excluding cash, bank balance, or shares/interest in other GBC1s),</li> <li>3. Employ technical/administrative staff,</li> <li>4. Have explicit in its constitution a provision for dispute resolution in Mauritius,</li> <li>5. Have its shares listed on a securities exchange licensed by the FSC, or</li> <li>6. Have or be expected to have a reasonable yearly expenditure in Mauritius.</li> </ol> </li> </ul>

	<p>Satisfaction of such additional criteria will be required, inter alia, for the renewal of the Mauritius subsidiary's TRC. Necessary actions have since been taken and the Mauritius subsidiary is currently in compliance with the 2013 communiqué by meeting at least one of the FSC designated criteria for annual TRC residency renewal.</p> <p>There is no capital gains tax in Mauritius on disposal of assets other than immovable property situated in Mauritius. Accordingly, capital gains arising on sale of securities would not be taxable in Mauritius. Further, dividend distributions made by the Mauritius subsidiary would not be subject to any withholding tax.</p> <p>Under the current Mauritian tax regime, the Mauritius subsidiary will be charged income tax at the rate of 15 per cent on dividend income. However, the Mauritius subsidiary should be entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or a deemed tax credit of 80% of the Mauritian tax on its foreign sourced income. This would reduce the Mauritius rate of tax effectively to 3 per cent. If the local tax in the foreign country has been charged at a rate greater than 15 per cent, the effective rate of tax may be reduced further in certain circumstances. As per the double tax avoidance agreement ("<b>DTAA</b>") entered into between India and Mauritius ("<b>Tax Treaty</b>"), the Mauritius subsidiary would be entitled to claim underlying tax credit in respect of Dividend Distribution Tax ("<b>DDT</b>") paid by the Indian company if the shareholding exceeds a certain threshold. The DDT paid in India is currently charged at a rate of 20.358 per cent under a new gross-up approach (2015: 19.994%), and if the Mauritius subsidiary holds more than a 5 per cent stake in a company, it should not be liable to pay any tax in Mauritius in respect of its dividend income from such company.</p>
<b>India</b>	
Mauritius subsidiary	<p><b><u>General –</u></b></p> <p>The taxation of income and capital gains in India is subject to the fiscal law of India. The basis of charge of Indian income tax depends upon the residential status of the taxpayer during a tax year, as well as the nature of the income earned. A non-resident for Indian income tax purposes is generally subject to tax in India only on such person's Indian-sourced income (or income deemed to be sourced in India), including income attributable to a permanent establishment (PE) maintained by that person in India. The Indian Income Tax Act provides that the taxability of the income earned by a non-resident should be governed by the provisions of the Indian Income Tax Act or the applicable double tax avoidance agreement, if any, whichever is more beneficial, except in cases of tax avoidance.</p> <p><b>Taxation of Dividend Distributions –</b></p> <p>Currently, the shareholders (whether resident or non-resident) are neither taxable in respect of dividends paid to them by an Indian company on shares nor are their dividends subject to any withholding tax. With respect to the Indian company paying the dividend, a tax on dividend distribution would apply, in addition to the normal corporate tax. For the tax on dividend distribution, please note the DDT commentary above.</p>

## Gains on sale of Shares of Indian Companies –

**Characterisation of income** - Gains arising from the sale of Indian securities may be taxed as business income or capital gains depending on the facts and circumstances of the case. Characterisation of income arising from the sale of Indian securities has been the subject of legal debate. The Central Board of Direct Taxes ("**CBDT**") issued Circular No 4/2007 dated June 15, 2007 outlining certain judicial principles pronounced by various courts on the determination of whether shares are held as stock-in-trade or held as investments. The Circular states that no single principle is determinative and that the specific facts and circumstances of each case are required to be considered in order to make a determination of whether the shares held would be regarded as stock-in-trade or investment.

The 2014 Finance Act has amended, with effect from 1 April 2014, the definition of "capital asset" to include any security held by a FPI in accordance with the regulations made under the Securities and Exchange Board of India, Act 1992. By virtue of the said amendment, any income arising to a FPI on transfer of securities would be characterized as capital gains.

### Taxation of the Mauritius subsidiary if Tax Treaty Benefits Are Available

The CBDT issued, on April 13, 2000, a circular (Circular 789) clarifying that wherever the Mauritius Revenue authorities have issued a certificate of tax residence, such certificate would constitute sufficient evidence for accepting the status of residence of Mauritius tax residents for applying the provisions of the Tax Treaty. Pursuant to certain litigation in this regard, the Supreme Court of India in the case of *Union of India and Another v Azadi Bachao Andolan and Another*<sup>11</sup> has held and declared Circular 789 to be valid and efficacious, and as of the date of this Prospectus, as reaffirmed by the Ministry of Finance in India in a press release issued on March 1, 2013, the Circular is still valid and in force. The Supreme Court decision also held that Indian authorities may not reconsider the validity of an entity's residency (through an examination of where management and control of the entity is situated) if such entity has received a Mauritius tax residence certificate. However, a circular issued by the CBDT thereafter (Circular 1/2003) provided that the Indian tax authorities have the ability to tax income (including capital gains) of Mauritius companies (including those that have obtained Mauritius tax residency certificates) if the effective management of such entities is in India and they are consequently deemed to be residents of both Mauritius and India.

On the basis that the Mauritius subsidiary is a tax resident in Mauritius and holds a valid certificate of tax residence and will be effectively managed from Mauritius and will not have a PE in India:

- i. Pursuant to the provisions of the Tax Treaty, any capital gains earned by the Mauritius subsidiary on disposal of Indian securities should not be liable to tax in India.

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<sup>11</sup> 132 Taxman 373



There can be no assurance that Circular 789 will not be withdrawn and/or continue in force, that the terms of the Tax Treaty will not be subject to re-negotiation in the future, and that any future changes to the Tax Treaty or future interpretations of the Tax Treaty will not adversely affect the tax position of the Mauritius subsidiary's investments in India. In addition, there can be no assurance that changes in the law or government policy of India or Mauritius limiting or eliminating the benefit of residential status of the Mauritius subsidiary to make investments into India will not occur.

#### Taxation of the Mauritius subsidiary if Tax Treaty Benefits Are Not Available

In the event that the Mauritius subsidiary is denied the benefits of the Tax Treaty for any reason, it would be subject to tax in India as per the provisions of the Act, as described below.

The capital gains tax payable on the transfer or sale of shares or other securities of an Indian company held as capital assets, will vary depending on whether the gain recognized on the sale qualifies as a short-term capital gain or a long-term capital gain.

Gains arising on the sale of shares, or other securities listed on a recognized Indian stock exchange or units of a mutual fund registered with SEBI which are held for a period of 12 months or less are regarded as short-term capital gains. If the shares or other securities listed on a recognized Indian stock exchange or units of a mutual fund registered with SEBI are held for a period of more than 12 months, the gains arising on the sale thereof are regarded as long-term capital gains.

Capital gains derived by an FII or sub-account from the transfer of listed equity shares on a recognized stock exchange in India or units of an equity oriented mutual fund which are chargeable to Securities Transaction Tax (STT) (discussed below under the heading "*Securities Transaction Tax*"), will be subject to tax as follows:

- Short-term capital gains will be taxed at the rate of 15 percent.
- Long-term capital gains on transfer of such shares and units will be exempt from tax.

#### **Taxation of Other Income**

With effect from 1 April 2014, any other income earned by the Mauritius subsidiary from the investment in India other than listed equity shares or units of equity oriented mutual funds that are subject to STT will, as confirmed in an amendment of the 2014 Finance Act, be characterized as capital gains, and shall be taxable at the rate of 30 percent (ex surcharge and cess)

#### **Taxation of gains from investments in IAPs**

On the basis that the IAP, if any, such as participatory notes, total return equity swaps or contract-for-differences and similar offshore derivative instruments will not entitle

the Mauritius subsidiary to any ownership (directly or indirectly) of the underlying Indian securities and such IAPs will be executed outside India, the gains derived by Mauritius subsidiary from transacting in such IAPs should not be regarded as Indian-sourced income and thus, should not be taxable in India.

#### **Securities Transaction Tax**

The Mauritius subsidiary at the time of purchase or sale of shares or units of equity oriented mutual funds would be liable to pay STT on the transaction value at current rates in the manner prescribed and outlined below:

<b>Nature of transaction</b>	<b>With effect from 1 June 2013</b>	<b>Payable by</b>	<b>Value on which STT payable</b>
Purchase of an equity share in a company– delivery or transfer based	0.1%	Purchaser	Price at which shares / units are purchased
Purchase of units of an equity oriented fund – delivery or transfer based	Nil	N/A	N/A
Sale of an equity share in a company– delivery or transfer based	0.1%	Seller	Price at which shares / units are sold
Sale of units of an equity oriented fund – delivery or transfer based	0.001%	Seller	Price at which shares / units are sold
Sale of an equity share in a company or units of an equity oriented fund – other than delivery or transfer based	0.025%	Seller	Price at which shares / units are sold

#### **Special Risk Considerations for the Mauritius Subsidiary/ MSCI India ETF and its investors**

**The following information is accurate at the time of finalising this text. The review process of the Indian tax laws referenced below is ongoing. Therefore, the below is subject to change and uncertainty. Prospective investors and Shareholders should note that there is a delay between the time at which the text is finalised and the date on which the Prospectus is published. Accordingly, the below information may no longer be accurate as at the date of the Prospectus. Prospective investors and Shareholders are urged to consult their own tax advisers as regards the Indian and other tax consequences of an**

**investment in the MSCI India ETF applicable as at the date of their investment.**

On 28th May 2012, the President of India enacted the Finance Bill for 2012-13 (the "**Bill**") containing key tax changes and clarifying amendments to the Indian Income Tax Act 1961 (the "**Tax Act**") that may impact foreign investment into India. With many of the provisions in effect as early as of 1st April 2012, the newly enacted legislation essentially looks to levy capital gains tax on Indian-listed securities via both indirect transfers thereof (retrospectively and prospectively) and the introduction of general anti-avoidance rules ("**GAAR**"). As such, the returns of the MSCI India ETF via its holdings in Indian investments may as a result be adversely impacted.

Although the proposals in the 2012 Bill had been enacted into India's Tax Act, India's Prime Minister at that time, and subsequent to the Bill's announcement constituted an Expert Committee under the chairmanship of Dr. Shome to undertake key stakeholder consultations and to provide feedback in respect of both the draft GAAR guidelines and the indirect transfer tax amendments. With the enactment of the Finance Bill for 2013-14 a year later, GAAR had been deferred to an effective date of 1 April 2015. Furthermore, it was clear that India's Finance Ministry in 2013 had accepted in general many of the favourable recommendations put forth by the Expert Committee such as the confirmation, albeit in a separate press release shortly thereafter announcement, that a tax residency certificate would be accepted as determinative of one's residency status for treaty relief purposes. India's Finance Ministry also confirmed in that press release that Circular 789 in respect of Mauritius residency is and continues to be in force.

With the 2015 India Budget announcement, GAAR was again deferred to 1 April 2017, which India's recent Finance Bill 2016-17 reaffirmed to be the effective date with no further intention to extend. As to the indirect transfer rules, though the 2015 Budget did provide some favorable threshold guidance, albeit prospective, as to the determination of whether a non-resident company derives the value of its shares substantially from assets located in India, in addition to an exemption from such rules to small shareholding (<5%) investors, it failed to address all concerns to foreign investors, such as the relevance and impact of such rules to multi-tier fund structures, including the implications of possible retrospective enforcement. Though many of India's actions since enactment in 2012 seem to indicate that their indirect tax transfers rules are more broad-scoped than initially intended, India has still not provided sufficient clarity on such matters. More detailed and sufficient guidelines and clarifications as to the extent, scope, intent, and thus, impact of the indirect transfer tax provisions to FPIs and its investors are currently much awaited.

Key changes to the 2012 Tax Act were as follows:

**(i) Indirect Transfer Tax**

The indirect transfer rules were amended with retrospective effect to bring into Indian taxation any income accruing or arising from the transfer of shares or interest in a company or entity registered or incorporated outside India, if the shares or interest derives, directly or indirectly, its value "substantially" from assets located in India.

Currently, the legislation provides no clear guidance on any clear formula to determine whether a non-resident company in a multi-tier fund structure derives the value of its shares “substantially” from assets located in India. It is also unclear as to whether the legislation seeks to economically tax a portfolio investment transaction made by a FPI not just once, but at multiple times and retrospectively to 1st April 1962. India’s statute of limitation is 6 years back, but under a procedural amendment also approved with the passing of the Bill, India can reopen past assessments up to 16 years for assets located outside of India. While the Manager does not believe the fundamental intention of the Tax Act is to increase the tax burden on portfolio investors, the Tax Act could be interpreted so as to give the Indian authorities legal authority to raise assessments on a number of parties (including in particular the MSCI India ETF and its Mauritian subsidiary). Detailed guidelines and clarifications from the Ministry as to the extent, scope, intent, and thus, impact of the indirect transfer tax provisions to FPIs and its investors are still widely expected and awaited.

**(ii) General Anti Avoidance Rules (GAAR)**

GAAR is a mechanism designed to combat aggressive tax planning. The legislation currently bestows authority upon India tax officers to scrutinize and recharacterise the tax treatment of established legal structures, irrespective of existing double tax treaties. Whilst the MSCI India ETF’s Mauritius subsidiary is currently prima facie entitled to certain reliefs from Indian tax under beneficial provisions of an existing treaty with India, as per the press release issued by the Finance Ministry on 1 March 2013 that Circular 789 continuing to be in force, the Indian tax authorities under the new legislation may still seek to tax capital gains arising from holdings in underlying Indian securities with complete disregard to treaty eligibility. Detailed guidelines and clarifications from the Ministry as to the extent, scope, intent, and thus, impact of GAAR to FPIs are widely expected and much awaited.

There continues to be a degree of uncertainty still across the industry as to the extent, scope, intent, and thus impact to offshore FPIs thereof of these 2012 changes in legislation, and whether or not the Finance Ministry in 2015’s Parliamentary discussions will continue to address the concerns raised by the industry and bridge the disconnects created between the “intent” of India’s Finance Ministry and the legislation that was enacted in 2012 that resulted in “unintended consequences”.

More detailed guidelines and clarifications from India’s Finance Ministry continue to be expectedly forthcoming.

In light of the above, the returns of the MSCI India ETF may be adversely impacted upon forthcoming clarifications to be provided by India’s Finance Ministry regarding these past tax legislations. Accordingly, current and prospective investors in the MSCI India ETF should carefully consider their position and seek advice as necessary.

The Manager will closely monitor any further guidance released by India in respect of the new legislation, analyse the impact, if any, and will inform investors as soon as practicable.

**The Foreign Account Tax Compliance Act (FATCA) and Other Cross-Border Reporting Systems**

The US-Singapore Agreement to Improve International Tax Compliance and to Implement FATCA (the “**US-Singapore IGA**”) was entered into with the intention of enabling the Singapore implementation of the Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act (“**FATCA**”), which impose a new reporting regime and potentially a 30% withholding tax on certain payments made from (or attributable to) US sources or in respect of US assets to certain categories of recipient including a non-US financial institution (a “**foreign financial institution**” or “**FFI**”) that does not comply with the terms of FATCA and is not otherwise exempt. Certain financial institutions (“**reporting financial institutions**”) are required to provide certain information about their US accountholders to the IRAS (which information will in turn be provided to the US tax authority) pursuant to Singapore regulations implementing the US-Singapore IGA. It is expected that the MSCI India ETF will constitute a non-reporting financial institution for these purposes and does not need to file a nil return with the IRAS. No assurance can, however, be provided that the MSCI India ETF will be able to comply with FATCA and, in the event that it is not able to do so, a 30% withholding tax may be imposed on payments it receives from (or which are attributable to) US sources or in respect of US assets, which may reduce the amounts available to it to make payments to its Unitholders.

Singapore and a number of other jurisdictions have also announced that they propose to enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the Organisation for Economic Co-operation and Development (OECD). If implemented into Singapore law, may also require the MSCI India ETF to provide certain information to the IRAS about Unitholders from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities).

In light of the above, Unitholders in the Company will be required to provide certain information to the Manager to comply with the terms of the reporting systems.

## DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

**"Application"** means, in respect of the MSCI India ETF, an application by a Participating Dealer to the Registrar for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines and the terms of the Trust Deed.

**"Application Basket"** means, in respect of the MSCI India ETF, a portfolio of Securities determined by the Manager from time to time at the start of business on the relevant Dealing Day for the purpose of the creation and redemption of Units in an Application Unit size, notified on the relevant date by the Manager in accordance with the Operating Guidelines for Applications to Participating Dealers for the MSCI India ETF.

**"Application Basket Value"** means, in respect of the MSCI India ETF, the aggregate value of the Securities constituting the Application Basket as at the Valuation Point on the relevant Dealing Day.

**"Application Cancellation Fee"** means the fee payable by a Participating Dealer in respect of a default, as set out in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

**"Application Unit"** means, in relation to the MSCI India ETF, such number of Units or multiples thereof as specified in this Prospectus or such other multiple of Units from time to time determined by the Manager, approved by the Trustee and notified to Participating Dealers.

**"Authority"** means the Monetary Authority of Singapore or its successors.

**"Business Day"** means a day (other than a Saturday) on which the SGX-ST is open for normal trading and on which the Underlying Index is compiled and published (i.e. a day on which the National Stock Exchange is open for normal trading), and on which banks in Singapore are open for general business (or such other day or days as may from time to time be determined by the Manager and Trustee).

**"Cancellation Compensation"** means an amount payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

**"Cash Component"** means the difference between the aggregate Net Asset Value of the Units comprising an Application Unit and the Application Basket Value.

**"CDP"** means The Central Depository (Pte) Limited, a wholly-owned subsidiary of SGX-ST.

**"Clearstream"** means Clearstream, Banking, société anonyme.

**"Code"** means the Code on Collective Investment Schemes issued by the Authority (as amended from time to time).

**"Collective Investment Scheme"** has the same meaning as in the Securities and Futures Act.

**"Companies Act"** means the Companies Act, Chapter 50 of Singapore.

**"Connected Person"** has the meaning ascribed to it under the Securities and Futures Act, and the Listing Rules, and in relation to any firm or corporation or company (as the case may be) means:

- (a) another firm or corporation in which the first mentioned firm or corporation has control of not less than twenty per cent of the voting power in that other firm or corporation; and
- (b) a director, chief executive officer or substantial shareholder or controlling shareholder of the company or any of its subsidiaries or an associate of any of them.

**"Creation Application"** means, in respect of the MSCI India ETF, an application by a Participating Dealer for the creation and issue of Units in an Application Unit size (or whole multiples thereof).

**"Dealing Day"** means each Business Day during the continuance of the Trust or the MSCI India ETF, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee either generally or for the MSCI India ETF.

**"Dealing Deadline"** in relation to any particular place and any particular Dealing Day, means such time on that Dealing Day as the Manager (with the approval of the Trustee) may from time to time determine either generally or for the MSCI India ETF.

**"Deposited Property"** means all the assets (including cash) for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the MSCI India ETF excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

**"Duties and Charges"** means, in relation to the MSCI India ETF or any particular transaction or dealing for the MSCI India ETF, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Trust or the MSCI India ETF for the difference between (a) the prices used when valuing the Securities of the Trust or the MSCI India ETF for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust or the MSCI India ETF with the amount of cash received by the Trust or the MSCI India ETF upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust or the MSCI India ETF in order to realise the amount of cash required to be paid out of the Trust or the MSCI India ETF upon such redemption of Units.

**"EIP"** means an Excluded Investment Product as defined in the MAS Notice.

**"Euroclear"** means the Euroclear System, operated by Euroclear Bank S.A./N.V..

**"Extension Fee"** means any fee payable by a Participating Dealer in accordance with the Operating

Guidelines because of the extension of any settlement period.

"**FII**" means an institution established or incorporated outside India and registered with SEBI as a foreign institutional investor under the FII Regulations to invest onshore in India in Indian securities.

"**FPI**" means an institution established or incorporated outside India and registered with SEBI as a foreign portfolio investor under the FPI Regulations to invest onshore in India in Indian securities.

"**FSC**" means the Financial Services Commission of Mauritius

"**Futures Contract**" means any futures contract which is traded on the Futures Exchange or a Recognised Futures Exchange.

"**Futures Exchange**" means the Singapore Exchange Derivatives Trading Limited (SGX-DT) or its successors.

"**GST**" means goods and services tax as provided for in the Goods and Services Tax Act, Chapter 117A of Singapore.

"**IAP**" means a US dollar denominated India access product being a Security (such as a warrant, note or participation certificate) linked to a Share with the characteristics described in this Prospectus.

"**IAP Commission**" means the commission payable by the MSCI India ETF as commission for purchasing or unwinding an IAP.

"**Income Property**" means (a) all interest, dividends and other sums deemed by the Manager, (after consulting the Auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the MSCI India ETF (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all Cash Component payments received or receivable by the Trustee for the account of the MSCI India ETF; and (d) all Cancellation Compensation received by the Trustee for the account of the MSCI India ETF, but excluding (i) the Deposited Property of the MSCI India ETF; (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed) for the account of the MSCI India ETF or previously distributed to Unitholders; (iii) gains for the account of the MSCI India ETF arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the MSCI India ETF.

"**Index Fund**" means a segregated pool of assets and liabilities established under the Trust and includes the MSCI India ETF.

"**Index Provider**" means, in respect of each Index Fund, the person responsible for compiling the Underlying Index against which the relevant Index Fund benchmarks its investments and who holds the right to licence the use of such Underlying Index to the relevant Index Fund.

"**India**" means the Republic of India.



**"Insolvency Event"**, occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person's assets or the person becomes subject to an administration order, (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts, (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business, or (v) the Manager in good faith believes that any of the above is likely to occur.

**"IRAS"** means the Inland Revenue Authority of Singapore.

**"Issue Price"** means, in respect of the MSCI India ETF, the price at which Units in the MSCI India ETF may be issued, determined in accordance with the Trust Deed.

**"Listing Rules"** means the listing rules for the time being applicable to the listing of an Index Fund as an investment fund on the SGX-ST (as amended from time to time).

**"Manager"** means BlackRock (Singapore) Limited or its successors.

**"Market"** means the following, in any part of the world:

(A) in relation to any Security: the SGX-ST or a Recognised Stock Exchange; and

(B) in relation to any Futures Contract: the Futures Exchange or any Recognised Futures Exchange.

**"Market Maker"** means a broker or dealer permitted by the SGX-ST to act as such by making a market for the Units in the secondary market on the SGX-ST.

**"MAS Notice"** means the Notice on the Sale of Investment Products (SFA04-N12) issued by the Authority, as may be amended from time to time by the Authority.

**"MSCI India ETF"** means iShares MSCI India Index ETF (formerly known as iShares MSCI India), the first Index Fund of the Trust.

**"National Stock Exchange"** means The National Stock Exchange of India Limited.

**"Net Asset Value"** means the net asset value of the MSCI India ETF or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

**"Non-Resident Indian"** has the meaning set forth in Appendix III.

**"Operating Guidelines"** means, in relation to the MSCI India ETF, the guidelines for the creation and redemption set out in the Schedule to the Participation Agreement as may be amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the Participating Dealers and as notified in writing to the Participating Dealers. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Units in the MSCI India ETF.

**"Participating Dealer"** means, in respect of the MSCI India ETF, any dealer which has entered into a

Participation Agreement in form and substance acceptable to the Manager and the Trustee and which itself or through a group company is an issuer of the IAPs .

**"Participation Agreement"** means, in respect of the MSCI India ETF, an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, (amongst other things), the arrangements in respect of the issue of Units and the redemption and cancellation of Units.

**"Person Resident in India"** has the meaning set forth in Appendix III.

**"Quoted"** means, in relation to any Security, a Security which is listed or quoted on or the subject of an effective permission to deal on a Market (and includes any Security in respect of which application has been made for listing, quotation or permission to deal on a Market and the subscription or purchase of such Security by the Manager is conditional upon the granting of such listing, quotation or permission to deal).

**"RBI"** means the Reserve Bank of India.

**"Recognised Futures Exchange"** means an international futures exchange approved by the Trustee and the Manager.

**"Recognised Stock Exchange"** means an international stock exchange which is approved by the Trustee and the Manager.

**"Record Date"** means, in respect of the MSCI India ETF, the date or dates determined by the Manager as the date or dates for the purpose of determining the entitlement of Unitholders of the MSCI India ETF to receive any distributions of income, which dates may be changed, or added to, as determined by the Manager with the approval of the Trustee.

**"Redemption Application"** means, in respect of the MSCI India ETF, an application by a Participating Dealer to the Registrar for the redemption of Units in Application Unit size (or whole multiples thereof).

**"Redemption Value"** means, in respect of a Unit of the MSCI India ETF, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

**"Register"** means, in respect of the MSCI India ETF, the register of Unitholders of the MSCI India ETF.

**"Registrar"** means, in respect of the MSCI India ETF, the Trustee or such other person as may from time to time be appointed by the Trustee to keep and maintain the register of Unitholders of the MSCI India ETF.

**"Rupees"** or **"Rs."** means Indian Rupees, the lawful currency for the time being and from time to time of India.

**"SEBI"** means the Securities and Exchange Board of India.

**"SEBI (FII) Regulations"** means the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 of India, as amended from time to time.

**"Securities"** means any share, stock, debenture, loan stock, bond, security, futures (including a Futures

Contract), forward, derivative, commercial paper, acceptance, trade bill, treasury bill, instrument (including any debt instrument) or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

(A) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);

(B) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;

(C) any instrument commonly known or recognised as a security;

(D) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document;

(E) any bill of exchange and any promissory note; and

(F) any swap (including credit default swap and CDX index contract) and repurchase agreement or repo (including reverse repo).

**"Securities Account"** means a Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with the CDP.

**"Securities and Futures Act"** means the Securities and Futures Act, Chapter 289 of Singapore.

**"Settlement Day"** means the Business Day which is three Business Days after the relevant Dealing Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the relevant Participating Dealers, either generally or for the MSCI India ETF.

**"SGX-ST"** means the Singapore Exchange Securities Trading Limited or its successors.

**"Shares"** means shares or interests issued by companies listed on the National Stock Exchange.

**"Singapore dollar", "SGD" or "S\$"** mean the lawful currency for the time being and from time to time of Singapore.

**"SIP"** means a Specified Investment Product as defined in the MAS Notice.

**"Transaction Fee"** means the fee in respect of the MSCI India ETF which may at the discretion of the Manager be charged for the benefit of the Trustee to each Participating Dealer on each Dealing Day on each Application made by the relevant Participating Dealer, the maximum level of which shall be as determined by the Manager from time to time and set out in this Prospectus.

**"Trust"** means the umbrella unit trust constituted by the Trust Deed and called iShares Southeast Asia Trust or such other name as the Trustee and the Manager may from time to time determine.

**"Trust Deed"** means the trust deed dated constituting the Trust dated 31 May 2006 between the Manager and the Trustee (as amended from time to time).

**"Trust Fund"** means all the property for the time being held or deemed to be held upon the trusts of the Trust Deed including all Deposited Property and Income Property and subject to the terms and provisions of the Trust Deed, except any amount for the time being standing to the credit of any Distribution Account (as defined in the Trust Deed).

**"Trustee"** means HSBC Institutional Trust Services (Singapore) Limited or its successors.

**"Underlying Index"** means, in respect of an Index Fund, the index against which the relevant Index Fund is benchmarked and in respect of the MSCI India ETF means the MSCI India Index.

**"Unit"** means one undivided share in the Index Fund to which it relates.

**"Unitholder"** means a holder of Units in respect of an Index Fund of the Trust.

**"Unquoted"** means, in relation to any Security, a Security which is not Quoted.

**"US dollar", "USD" or "US\$"** means the lawful currency for the time being and from time to time of the United States of America.

**"Valuation Point"** means, in respect of the MSCI India ETF, the official close of trading on the Market on which the Securities constituting the Index, are listed on each Dealing Day or such other time or times as determined by the Manager from time to time with the prior approval of the Trustee (and the Trustee shall determine if Unitholders should be informed of such changes) provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

# SCHEDULE 1

## Investment Restrictions

### Code Investment Guidelines

The MSCI India ETF is subject to the core investment guidelines in Appendix 1 of the Code and the index fund guidelines in Appendix 5 of the Code (save to the extent waived, exempted or varied by the Authority which, if applicable, will be set out below), which guidelines may be amended from time to time by the Authority.

The core investment guidelines in Appendix 1 of the Code and the index fund guidelines in Appendix 5 of the Code apply to the MSCI India ETF, subject to the following:

- The MSCI India ETF will invest in the Indian market through the Mauritius subsidiary (which will hold Indian Securities). Consequently the Manager has applied for and been granted waivers from paragraphs 1.4 and 2.11 of Appendix 1 of the Code in relation to the conditions for investing in other schemes to allow the MSCI India ETF to invest substantially all of its assets in the securities of the Mauritius subsidiary.
- The underlying investments of the Mauritius subsidiary, together with the direct investments made by the MSCI India ETF, will in aggregate comply with the MSCI India ETF's applicable investment restrictions.

The above guidelines shall together be referred to as the "**Code Investment Guidelines**" in this Schedule 1.

### EIP Investment Restrictions

In addition to the Code Investment Guidelines, for the purposes of classifying the Units of the MSCI India ETF as EIPs, the Manager will invest the MSCI India ETF (and the Mauritius subsidiary) only in the following products:

- (a) deposits;
- (b) any EIP; and
- (c) any non-EIP product where such investment is solely for the purpose of hedging or efficient portfolio management.

The above restrictions shall together be referred to as the "**EIP Investment Restrictions**" in this Schedule 1. For the avoidance of doubt, should the Manager invest the MSCI India ETF in any product not specified in (a), (b) or (c) above, the Units will not be EIPs.

In the event of any conflict between the Code Investment Guidelines and the EIP Investment Restrictions, the stricter provision will prevail.

Notwithstanding the above, the Manager may invest the MSCI India ETF in products that are not specified in (a), (b) or (c) above if such investment is solely for the purpose of compliance with any applicable written law, regulations, directions, rules or non-statutory instrument of the jurisdiction where the MSCI India ETF is constituted, operating in or investing in and which restrict or prohibit the Manager from investing directly in the products specified in (a), (b) or (c) above, though this will result in the Units

having to be reclassified as SIPs.

In this connection, the Manager has applied for and been granted an exemption by the MAS from paragraph 29B of the MAS Notice, which sets out the procedures to be undertaken before making a change that will cause a EIP collective investment scheme to be reclassified as a SIP. This exemption is subject to the following conditions:

- the exemption will only apply in the case where the Manager invests the MSCI India ETF in products that are not specified in (a), (b) or (c) above (the “**intended change**”) solely for the purpose of compliance with any applicable written law, regulations, directions, rules or non-statutory instrument of the jurisdiction where the MSCI India ETF is constituted, operating in or investing in and which restricts or prohibits the Manager from investing in the products specified in (a), (b) or (c) above;
- at least five Business Days prior to effecting the intended change, the Manager will make available on its website <https://www.blackrock.com/sg/en/ishares>, and announce on SGXNet, a notice containing the following information:
  - (i) a description of the intended change and the date on which the change will be effected;
  - (ii) an explanation that the intended change will cause the Units to be reclassified as SIPs;
  - (iii) a warning that the intended change will alter the features and risks of the MSCI India ETF and investors should consider whether the MSCI India ETF remains suitable for them and to seek financial advice if in doubt; and
  - (iv) an explanation that with the Units being reclassified as SIPs, existing investors may hold on to or reduce their existing positions in the MSCI India ETF, but will need to undergo a customer account review with an appropriately licensed broker/dealer to open a SIP trading account (if the existing investor does not have one), to further transact in Units; and
- at least five Business Days prior to effecting the intended change, the Manager shall notify SGX-ST of the date from which the Units will be reclassified as SIPs.

### **Borrowing Policy**

Borrowing against the assets of the MSCI India ETF is allowed up to a maximum of 10 per cent of its latest available Net Asset Value except that back-to-back loans will not be taken into account when determining whether or not such limit has been breached by the MSCI India ETF. The Trustee may at the request of the Manager borrow for the account of the MSCI India ETF any currency for the purposes permitted under Appendix 1 of the Code.

The assets of the MSCI India ETF may be charged or pledged to secure such borrowing for the account of the MSCI India ETF.

### **Securities Lending**

The Trust Deed sets out certain restrictions under which the Trustee may, at the request of the Manager and subject to the securities lending restrictions in Appendix 1 of the Code, engage in securities lending in respect of any Securities held for the account of the MSCI India ETF. In addition, the Manager will not arrange for the MSCI India ETF (or the Mauritius subsidiary) to engage in securities lending or repurchase transactions except where such securities lending or repurchase transaction are carried out solely for the purpose of efficient portfolio management and do not amount to more than 50% of the Net Asset Value of the MSCI India ETF. Where any loan has been arranged through the Manager or the

Trustee or a Connected Person of either of them, the relevant entity shall be entitled to retain for its own use and benefit any fee or benefit it receives on a commercial basis in connection with such arrangement.

The Trustee shall only arrange for any Securities comprised in the MSCI India ETF to be loaned by the Trust if the Trustee is satisfied that the relevant counter parties are specialised banks, credit institutions or other financial institutions of sound financial standing and that any collateral is adequate and acceptable to the Trustee and the Manager and in such form as permitted under Appendix 1 of the Code.

Currently, it is not anticipated that the MSCI India ETF will engage in securities lending or enter into repurchase transactions.

The Manager may from time to time formulate such other investment, borrowing and securities lending limitations and prohibitions as it may (with the approval of the Trustee, where necessary) think fit, to apply to the MSCI India ETF, subject to Appendix 1 of the Code. Such limitations and prohibitions may be set out in this Prospectus.

## **SCHEDULE 2**

### **INFORMATION ABOUT THE MAURITIUS SUBSIDIARY**

The Mauritius subsidiary, iShares MSCI India Mauritius Company, is an open-ended company with variable share capital incorporated in Mauritius under the provisions of the Companies Act 2001 on 18 May 2009 as a private company with limited liability. The Mauritius subsidiary holds a Category 1 Global Business Licence issued by the FSC of Mauritius for the purpose of the Financial Services Act 2007 and has been authorised, pursuant to the Securities Act 2005 to operate as a collective investment scheme classified as an expert fund ("Expert Fund") pursuant to Regulation 79 of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008.

The Mauritius subsidiary shall not have any investors other than the iShares MSCI India Index ETF which holds non-voting redeemable participating shares of the Mauritius subsidiary. BlackRock (Singapore) Limited which acts as the investment manager of the Mauritius subsidiary, holds voting non-redeemable non-participating management shares.

The Mauritius subsidiary is registered as an FPI allowing it to invest directly in Indian Securities. Though the FSC has issued a Category 1 Global Business Licence to the Mauritius subsidiary, it must be distinctly understood that in issuing this licence, the FSC does not vouch for the financial soundness of the Mauritius subsidiary, the correctness of any statement made or opinion expressed with regard to the Mauritius subsidiary in this Prospectus. Unitholders of the MSCI India ETF are not protected by any statutory compensation arrangements in Mauritius in the event of the Mauritius subsidiary's failure.

The Mauritius subsidiary is not recognised under the Securities and Futures Act and is not available for direct investment by Singapore investors.

The Mauritius subsidiary is only available to "Expert Investors". An expert investor is defined under the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008 as:

1. an investor who makes an initial investment, for his own account, of no less than US\$100,000;
2. a sophisticated investor as defined in the Securities Act 2005, or any similarly defined investor in any other securities legislation.

Sophisticated investors for the purposes of the Securities Act 2005 includes the Government of Mauritius, statutory corporations, companies wholly owned by them, the government of a foreign country or agency of such government, banks, fund managers, insurance companies, investment dealers and adviser and any other person declared by the FSC to be a sophisticated investor.

The iShares MSCI India Index ETF, as an investor in the Mauritius subsidiary, is not protected by any statutory compensation arrangements in Mauritius in the event of the Mauritius subsidiary's failure.

### **Directors of the Mauritius subsidiary**

#### **Kapil Dev Joory**

Mr. Joory is a Fellow of the Institute of Chartered Accountants in England and Wales and associate member of the Society of Trust and Estate Practitioners. After qualifying as a Chartered Accountant in 1974, Mr. Joory joined Pricewaterhouse, Paris working mainly on audit of multinationals operating in



Northern and Western African countries followed by international tax specialisation with Touche Ross, London (1975) and Arthur Young (1983). Mr. Joory was a Senior Tax Executive at Ernst & Young, London office until 1993. Mr. Joory has over twenty years of experience in international tax planning and business structuring covering international banking and financial services including Islamic banking, offshore fund structuring and administration, intellectual and real property planning, aircraft and ship leasing, franchising and retail operations. Mr. Joory is the Marketing and Tax Director of International Financial Services Limited which provides international tax, legal, fund structuring and offshore business services. Mr. Joory also serves as a director of numerous offshore funds and companies.

### **Couldip Basanta Lala**

Mr. Lala is a co-founder and Executive Director of International Financial Services Limited, a leading management company specialising in international tax, business and corporate advisory services. He is a Fellow of the Institute of Chartered Accountants in England and Wales and has previously been a partner of one of the Big Four accounting firms. Whilst in audit practice, he has been leading audit assignments of World Bank financed projects in countries of East and West Africa. All along his career, he has been a corporate affairs consultant and adviser. His focus is mainly in the structuring of international private equity and hedge funds. He is a past Chairman of the Stock Exchange Commission. He has also been called upon by Government in the past to serve on commissions and fact-finding committees. He has led and directed the production of the "*IFS Guide to Mauritian Company Law*". Mr. Lala sits on numerous other Boards of Companies, with diverse interests, ranging from financial institutions, private equity and hedge funds, tourism, to oil and general trade business. He is also a member of the Executive Committee of the Global Board of Trade, a multi-asset class exchange.

### **Kevin Shane Lee Hardy**

Mr. Hardy is BlackRock's Head of Beta Strategies in Asia Pacific and Country Head of Singapore. He is responsible for the portfolio management and strategy teams for the institutional and iShares index equity product range. As Country Head, Mr. Hardy is responsible for the management, leadership, and strategic direction of BlackRock's operations in Singapore. He is also a member of the BlackRock Asia-Pacific Executive Committee. Mr. Hardy has had an international career in fund management dating back to 1993 and has worked in Hong Kong, Chicago and London. Before joining BlackRock he spent nine years in various leadership roles at Northern Trust including; four years as the Head of the asset management in Asia-Pacific and country Head for Hong Kong, two years leading international sales, and three years leading global transition management. Mr. Hardy had previously spent a combined ten years in equity index fund management in London at State Street Global Advisors and Legal and General Investment Management. Mr. Hardy earned a BSc degree, with honours, in business studies from the City University Business School in 1993.

### **Robert Reid**

Mr. Reid is the Chief Operating Officer and Head of Strategy for the APAC iShares business. Mr. Reid is a member of the iShares APAC Executive Committee. Prior to joining BlackRock in May 2014, Mr. Reid held the position of CEO for a private family office based in Hong Kong. Prior to that, he was a Managing Director at CLSA in Hong Kong, serving the firm for 10 years in a number of roles including as Head of Client Management for the equities broking business, COO and acting Country Head for Australia (responsible for setting up CLSA's Australian research and broking business), Head of Strategic Development and also Head of M&A for the investment banking business. He previously worked as a management consultant for 2 years at McKinsey & Co. in the corporate finance & strategy practice. Mr. Reid originally qualified and practised as a corporate finance solicitor for 7 years at Linklaters in London and Hong Kong, where he advised clients on IPOs, cross-border M&A and takeovers. Mr. Reid earned a joint BA (Hons) degree in Law & Sociology, graduating from the University of Warwick, UK in 1990.

### **Investment Manager of the Mauritius subsidiary**

BlackRock (Singapore) Limited has been authorised by the FSC to act as investment manager of the Mauritius subsidiary and has been appointed the investment manager pursuant to an investment management agreement dated 7 July 2009. Subject to the overall control and supervision of the Board of directors of the Mauritius subsidiary, the Investment Manager will perform such duties as are customarily performed by an investment manager of a collective investment scheme or as may be agreed from time to time between the Mauritius subsidiary and the Investment Manager. The Investment Manager shall not be liable for any loss to the Mauritius subsidiary howsoever arising except to the extent that such loss is due to the Investment Manager's negligence, wilful default or fraud. The Investment Manager will be paid by the Mauritius subsidiary at rates to be agreed under the Investment Manager Agreement.

### **Custodian of the Mauritius subsidiary**

HSBC Institutional Trust Services (Singapore) Limited has been appointed custodian of the Mauritius subsidiary pursuant to a custody agreement dated 7 July 2009. The Custodian agrees to use its best efforts and judgement and due care in performing its duties and obligations provided that, in the absence of negligence or breach of duty, neither the Custodian nor any of its directors, officers or agents shall be under any liability for any loss, expenses or consequence on account of anything done or suffered by them in good faith in the proper performance of its duties or as the result of instructions given or purported to be given by the Mauritius subsidiary /Investment Manager. The Custodian will be paid by the Mauritius subsidiary at rates to be agreed under the Custodian Agreement.

### **Administrator of the Mauritius subsidiary**

International Financial Services Limited ("IFS"), a company based in Mauritius has been appointed as the Administrator of the Mauritius subsidiary. IFS provide administration and other services to global business companies incorporated in Mauritius including international funds, like the Mauritius subsidiary. Established in 1994, IFS is a management company incorporated in Mauritius and licensed and regulated by the FSC.

IFS will provide secretarial, administrative and registrar services to the Mauritius subsidiary. These services include acting as corporate secretary and agent for service of process, keeping of books and records, managing corporate correspondence, attending to regulatory filings in Mauritius, maintaining lists of shareholders and attending to the general administration of the companies that have engaged the Administrator. The Mauritius subsidiary will compensate IFS pursuant to the terms of the administration agreement between the Mauritius subsidiary and IFS. The Mauritius subsidiary will also require IFS to monitor the anti-money laundering and other regulatory compliance programs of the Mauritius subsidiary and to that effect, IFS may carry out certain identification and source of funding verification from any investor submitting a completed subscription agreement. Pursuant to the terms of that subscription agreement, pending the provision of evidence satisfactory to IFS as to the identity of such prospective investor, the evidence of title in respect of shares may be retained by the Board at its sole and absolute discretion. If within a reasonable period of time following a request for verification of identity, IFS has not received evidence satisfactory to it as aforesaid, the Board may, in its sole and absolute discretion, refuse to allot the shares applied for.

IFS has delegated to HSBC Institutional Trust Services (Singapore) Limited ("Administrator's Delegate") functional responsibility for the accounting and valuation of the Mauritius subsidiary. All valuations will be performed by the Administrator's Delegate and signed off by IFS for the benefit of the FSC. Except in respect of negligence, fraud or wilful default, the Administrator shall not be liable for the acts or omissions

of the Administrator's Delegate.

IFS has no responsibility with respect to the Mauritius subsidiary's investment activities (or the monitoring thereof), the management of the Mauritius subsidiary or the accuracy or adequacy of this Prospectus, other than this section. IFS do not act as guarantor or offeror of the interests in the Mauritius subsidiary.

**Administrator's Delegate**

HSBC Institutional Trust Services (Singapore) Limited has been appointed Administrator's Delegate pursuant to a delegation agreement between IFS, the Administrator's Delegate and the Mauritius subsidiary dated 7 July 2009. The Administrator's Delegate will undertake the accounting and valuation of the Mauritius subsidiary on behalf of IFS. The Administrator's Delegate accepts liability for any loss the Mauritius subsidiary may sustain as a result of its fraud, negligence, wilful default or breach of contract. The Administrator's Delegate is paid out of the assets of the Mauritius subsidiary.

**Auditor of the Mauritius subsidiary**

The Mauritius subsidiary has appointed PricewaterhouseCoopers, Mauritius to act as its auditor.

## SCHEDULE 3

### Foreign Portfolio Investor

#### FPI Regime

The FPI invests under the FPI Regulations which have replaced the FII regulations and have become effective from 1 June 2014 in India. In September 1992, the Government of India issued guidelines which enabled the erstwhile FIIs, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers, to make portfolio investments in all the securities traded on the primary and secondary markets in India. These guidelines were substituted by the FII Regulations in 1995.

An entity wishing to invest in India was required to register with the SEBI and comply with the provisions of the FII Regulations. The FPI Regulations which replace the FII Regulations also require a FPI to register with SEBI. Under the FPI Regulations an application is required to be made to a designated depository participant (as defined under the FPI Regulations) for registration as a FPI. The registration may be granted by the designated depository participant upon fulfilling the eligibility criteria listed in the FPI Regulations. Under the FPI Regulations, Non-Resident Indians, Persons Resident in India, an entity which is not an Appropriately Regulated Entity ("**Non-Regulated Entities**"), Category II unregulated broad based funds and Category II foreign portfolio investors are not permitted to invest through a FPI in offshore derivative instruments (as such term is defined under the FPI Regulations).

A FPI's registration is permanent unless the registration is suspended or cancelled by SEBI or surrendered by the FPI. Under the erstwhile FII Regulations, FIIs were also permitted to invest on behalf of their sub-accounts. In such cases, the sub-account would be required to be registered with the SEBI. The FPI Regulations which replace the FII Regulations provide that existing sub-accounts of FIIs who hold a valid certificate of registration shall be deemed to be a FPI till the expiry of the block of three years for which fees have been paid as per the FII Regulations. After the validity period, they can continue to deal as FPIs subject to payment of conversion and registration fees. As per the FPI Regulations, a FII or sub-account may, subject to payment of conversion fees, continue to buy, sell or otherwise deal in securities till the expiry of its registration as a foreign institutional investor or sub-account, or until he obtains a certificate of registration as FPI, whichever is earlier. The Mauritius subsidiary was registered as a sub-account of BlackRock Asset Management North Asia Limited which was an FII under the FII Regulations and is now deemed an FPI under the FPI Regulations subject to payment of conversion fees before the expiry of the registration of the FII.

Under the FPI Regulations, FPIs are permitted to invest only in the following:

- securities in the primary and secondary markets including shares, debentures and warrants of companies, unlisted, listed or to be listed on a recognised stock exchange in India;
- units of schemes floated by domestic mutual funds including Unit Trust of India, whether listed on a recognised stock exchange in India or not;
- units of a scheme floated by a collective investment scheme;
- dated government securities;
- derivatives traded on a recognised stock exchange in India;

- commercial paper;
- rupee denominated credit enhanced bonds;
- security receipts issued by asset reconstruction companies;
- perpetual debt instruments and debt capital instruments, as specified by the RBI;
- listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines;
- non-convertible debentures or bonds issued by non-banking financial companies categorized as 'Infrastructure Finance Companies'(IFCs) by the RBI;
- rupee denominated bonds or units issued by infrastructure debt funds;
- Indian depository receipts;
- such other instruments as may be specified by the SEBI; and
- rights or interests in securities.

While the FPI Regulations allow investments in unlisted shares and debentures, the Foreign Exchange Management (Transfer or Issue of Security By a Person Resident Outside India) Regulations 2000 issued under FEMA mandates purchase of shares/ convertible debentures by the FPI only through a registered broker on a recognised stock exchange in India. Further FPIs may purchase, on repatriation basis, dated government securities/treasury bills, listed non-convertible debentures/bonds issued by an Indian company, units of domestic mutual funds and security receipts issued by asset reconstruction companies either directly from the issuer of such securities or through a registered broker on a recognised stock exchange in India subject to quantitative restrictions if any. FPIs have now been permitted to invest in primary issues of non-convertible debentures/ bonds provided such non-convertible debentures/bonds are committed to be listed within 15 days of such investment.

Further, FPIs are allowed to engage only in delivery based trading and are not presently allowed to short sell except in case of trading on a recognised stock exchange or in accordance with the framework specified by SEBI in this regard. FPIs are allowed to tender their shares in case of an open offer following the takeover bid by an acquirer as well as under an open offer by a company to buy-back its securities. FPIs are also permitted to take forward cover, currency futures and exchange traded currency options on their equity and debt exposure to hedge against currency fluctuations. FPIs are permitted to carry on transactions in securities on the secondary market only through the stock brokers who are registered with the SEBI.

### **Ownership Restrictions**

The ownership restrictions applicable to FPIs' investments in Indian securities are as follows:

- The aggregate of all FPI holdings in any Indian company cannot exceed 24% of the entire paid-up equity share capital of that company which limit can be further extended to the applicable foreign

investment limit in a specific sector if the board of directors of such Indian company pass a resolution followed by the passing of a special resolution to that effect by the shareholders of a company. The ceiling for overall foreign investment is 74% of the paid up capital in the case of private sector banks. Currently, barring a few sectors such as telecom services and banking, foreign investment up to 100% is permitted in most sectors.

- Any single FPI/investor group can hold less than 10% of the total issued capital of an Indian company.
- The FPI Regulations do not include any restrictions on allocation of investments across equity and debt. An FPI can invest in 100% equities. In August 2000, the RBI permitted all FIIs to trade in exchange traded index future contracts on the Derivative Segment of the BSE Limited and the Futures and Options Segment of the National Stock Exchange, provided the overall open interest of the FII would not exceed 100% of the market value of the concerned FII's total investment. In December 2001, the SEBI permitted FIIs to trade in all exchange traded derivative contracts and laid down the position limits for the trading of FIIs and their sub-accounts.

Subsequently FIIs have been permitted to trade in all the exchange traded derivative contracts subject to the position limits prescribed as follows:

- FII Position Limits in equity index derivative contracts:

(i) FII position limits in index options contracts:

The FII position limit in all index options contracts on a particular underlying index shall be Rs. 5,000 million or 15% of the total open interest in the market in index options, whichever is higher, per exchange.

This limit would be applicable on open positions in all options contracts on a particular underlying index.

(ii) FII position limits in index futures contracts:

The FII position limit in all index futures contracts on a particular underlying index shall be Rs. 5000 million or 15% of the total open interest of the market in index futures, whichever is higher, per exchange.

This limit would be applicable on open positions in all futures contracts on a particular underlying index.

(iii) In addition to the above, FIIs shall take exposure in equity index derivatives subject to the following limits:

- (a) Short positions in index derivatives (short futures, long calls and short puts) not exceeding (in notional value) the FII's holding of stocks; and
- (b) Long positions in index derivatives (long futures, long calls and short puts) not exceeding (in notional value) the FII's holding of cash, government securities, T-Bills and similar instruments.

- For stocks:
  - (i) in which the market wide position limit (“MWPL”) is:
    - (a) Less than or equal to Rs. 2,500 million, the FII position limit in such stock shall be 20% of the MWPL.
    - (b) Greater than Rs. 2,500 million, the FII position limit in such stock shall be Rs. 500 million.
  - (ii) having applicable a MWPL of:
    - (a) Greater than or equal to Rs. 5,000 million, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 3,000 million, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 1,500 million, whichever is lower.
    - (b) Less than Rs. 5,000 million, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 500 million whichever is lower.

The position limits would be applicable on the combined position in all derivative contracts on an underlying stock at an exchange. FPIs are under an obligation to adhere to the position limits prescribed for FPIs, which may change from time to time. Any such change will obligate the FPI to adhere to the new position limits, as opposed to the position limits set out above. The FPIs are also required to comply with the procedure for trading, settlement and reporting as prescribed by the relevant derivative exchange, clearing house or clearing corporation, from time to time.

#### **Participatory notes and derivative instruments**

SEBI has issued disclosure norms regarding participatory notes or such other similar instruments issued in respect of underlying Indian securities. Accordingly, FPIs are required to disclose on a monthly basis details regarding, inter alia, names and the locations of persons to whom the offshore instruments are issued by the FPI and its affiliates/associates; nature and type of investors; and quantity and value of the offshore instruments and the underlying Indian securities. In light of the above, if the FPI and/or its affiliates/associates issue any participatory notes, the details of such investors will have to be disclosed to SEBI by the FPI. Further, FPIs are restricted from issuing participatory notes to entities/investors who are not regulated by an appropriate foreign regulatory authority in their home jurisdiction. In addition FPIs and their affiliates and associates are effectively restricted from issuing participatory notes to Resident Indians, NRIs, Non-Regulated Entities, Category II unregulated broad based funds and Category III foreign portfolio investors. As per Regulation 22 of the FPI Regulations only Appropriately Regulated Entities are eligible to hold participatory notes and offshore derivative instruments (as such term is defined under the FPI Regulations).

Any person shall be considered appropriately regulated if it is regulated or supervised by the securities market regulator or the banking regulator of the concerned foreign jurisdiction, in the same capacity in which it proposes to make investments in India.

Regulation 22 of the FPI Regulations also mandates that no further issue or transfer is made of any participatory notes and such other similar instruments to any person other than a person regulated by an

appropriate foreign regulatory authority. Additionally, the details of any such further issue or transfer of the participatory notes or such other similar instruments are required to be disclosed by the FPI in the monthly reporting to SEBI. The FPIs are also required to do “Know Your Client” on the ultimate beneficial holder of the participatory note and ensure that such ultimate beneficial holder is also a person regulated by an appropriate regulatory authority.

### **Exchange Controls**

The Mauritius subsidiary has been authorised by the RBI to open a foreign currency denominated account and a special non- resident Rupee account in India. This authorisation is valid while the registration of the FPI continues.

Income, net of withholding tax, if any, may be credited to the special non-resident Rupee account. Transfers from the special non-resident Rupee account to the foreign currency denominated account are permitted, subject to payment of taxes wherever applicable and obtaining of appropriate tax clearance certification. Transfers of sums between the foreign currency denominated account and the special non-resident Rupee account must be made at the market rates of exchange. Currency held in the foreign currency denominated account may be freely remitted outside India.

The FPI is also permitted to enter into INR-foreign currency forward contracts or options to the extent of its exposure in Indian securities to hedge its exposure in Rupees.

***Please note that the above is based on the current provisions of the Indian laws, and the regulations thereunder, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such changes could have different tax implications.***

### **Definitions Extracted from the Indian Income Tax Act 1961**

The following terms used in this Prospectus shall have the following meanings, each as extracted from the relevant Indian legislation:

**“Restricted Entity”** means (i) any **“Person Resident in India”** as such term is defined in the Income Tax Act (as amended or supplemented from time to time), (ii) any person who is a **“Non-Resident Indian”** or a **“Person of Indian Origin”** as such terms are defined in the Income Tax Act (as amended or supplemented from time to time), (iii) any person in India or any entity incorporated or registered in India, (iv) Category II- unregulated broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated (as such term is defined under Regulation (5)(b)(iii) of the FPI Regulations), (v) Category III foreign portfolio investors (as such term is defined under Regulation (5)(c) of FPI Regulations), and/or (vi) any person who has the intention of purchasing Units in the SENSEX India ETF to circumvent or otherwise avoid any requirements applicable under the FPI Regulations (as amended or supplemented from time to time) and/or any other subsidiary regulations or circulars issued pursuant thereto.

**“Non-Regulated Entity”** means an entity not regulated by an appropriate foreign regulatory authority as defined in Regulation 22 of FPI Regulations.

**“Non-Resident Indian”** as such term is defined in Sub-section 115C (e) of the Income Tax Act means an individual, being a citizen of India or a person of Indian origin who is not a Resident.



**“Person”** as the term is defined in Sub-section 2(31) of the Income Tax Act includes:

- (i) an individual;
- (ii) a Hindu Undivided Family;
- (iii) a company;
- (iv) a firm;
- (v) an association of persons or a body of individuals, whether incorporated or not;
- (vi) a local authority; and
- (vii) every artificial juridical person, not falling within any of the preceding sub-clauses.

**“Person of Indian Origin”** as such term is defined in Explanation to Sub-section 115C (e) of the Income Tax Act refers to a person who was, or if either of his parents or any of his grand-parents was born in undivided India.

**“Person Resident in India”** as the term is defined in Section 6 of the Income Tax Act, means an individual who in any previous year —

- is in India in that year for a period or periods amounting in all to one hundred and eighty-two days or more; or
- having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year.

In the case of an individual, if such an individual being a citizen of India, leaves India in any previous year (as a member of the crew of an “Indian ship” as defined in Sub-section 3(18) of the Merchant Shipping Act, 1958 (44 of 1958), or for the purposes of employment outside India, the provisions of sub-clause (b) shall apply in relation to that year as if for the words “sixty days”, the words “one hundred and eighty-two days” had been substituted. Further, in the case of an individual, if such an individual being a citizen of India, or a person of Indian origin within the meaning of Explanation to Sub-section 115C (e), who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (b) shall apply in relation to that year as if for the words “sixty days”, the words “one hundred and eighty-two days” had been substituted.

If a person is resident in India in a previous year relevant to an assessment year in respect of any source of income, he shall be deemed to be resident in India in the previous year relevant to the assessment year in respect of each of his other sources of income.

**“Person Resident outside India”** as the term is defined under Explanation I to Regulation 5 b) of the FPI Regulations means any person that is regulated or supervised by the securities market regulator or the banking regulator of the concerned foreign jurisdiction, in the same capacity in which it proposes to make investments in India.

**“Broad based fund”** as the term is defined in the Explanation (2) to the Regulation 5 of the FPI Regulations refers to:

- (i) A fund, established or incorporated outside India, which has at least twenty investors, with no investor holding more than forty-nine per cent of the shares or units of the fund. Provided that if the broad based fund has an institutional investor who holds more than forty nine per cent of the shares or units in the fund, then such institutional investor must itself be a broad based fund.
- (ii) For the purpose of (i) above, for ascertaining the number of investors in a fund, direct investors as well as underlying investors shall be considered.
- (iii) For the purpose of (ii) above, only investors of entities which have been set up for the sole purpose of pooling funds and making investments, shall be considered for the purpose of determining underlying investors.

## SCHEDULE 4

### THE MSCI INDICES

This Schedule 4 is a summary of certain select provisions of MSCI's Global Investable Market Indices ("GIMI") methodology. This Schedule 4 does not contain, and is not intended to contain, every element of the GIMI methodology. It is provided for informational purposes only in order to highlight certain key elements of the methodology's framework. For a complete understanding of the GIMI methodology, please refer to the full methodology book available on the website, <https://www.msci.com/index-methodology>.

#### MSCI Global Investable Market Indices

The MSCI indices based on the GIMI methodology aim to provide:

- coverage of the relevant investable opportunity set with non-overlapping size and style segmentation.
- a strong emphasis on investability and replicability of the indices through the use of size and liquidity screens.
- size segmentation that aims to balance the objectives of global size integrity and country diversification.
- a balance between index stability and timely reflection of changes in the opportunity set.
- a complete and consistent index family, with Standard, Large Cap, Mid Cap, Small Cap, Mid+Small Cap and Investable Market Indices.

Additionally, the GIMI methodology uses:

- a building block approach to permit the creation and calculation of meaningful composite indices.
- the Global Industry Classification Standard (GICS®) to create sector and industry indices.
- the MSCI Global Value and Growth Methodology to construct Value and Growth Indices.
- minimum free float requirements for eligibility and free float-adjusted capitalization weighting to appropriately reflect the size of each investment opportunity and facilitate the replicability of the Indices.
- timely and consistent treatment of corporate events and synchronized rebalancings, globally.

#### Index Construction

The GIMI index construction process involves: (i) defining the equity universe, (ii) determining the market investable equity universe for each market, (iii) determining market capitalization size segments for each market, (iv) applying final size-segment investability requirements and (v) applying index continuity rules for the Standard Index (Large Cap + Mid Cap).

**(i) Defining the Equity Universe.** MSCI begins with securities listed in countries included in the MSCI Global Investable Market Indices. Of these countries, currently 23 are classified as developed markets and 23 as emerging markets. All listed equity securities, including Real Estate Investment Trusts (REITs) and certain income trusts listed in Canada are eligible for inclusion in the Equity Universe. Limited partnerships, limited liability companies, and business trusts, which are listed in the USA and are not structured to be taxed as limited partnerships, are likewise eligible for inclusion in the Equity Universe. Conversely, mutual funds, ETFs, equity derivatives, and most investment trusts are not eligible for inclusion in the Equity Universe. Preferred shares that exhibit characteristics of equity securities are eligible. Each company and its securities (i.e., share classes) is classified in one and only one country, which allows for a distinctive sorting of each company by its respective country.

**(ii) Determining the Market Investable Equity Universe for Each Market.** A Market Investable Equity Universe for a market is derived by identifying eligible listings for each security in the Equity Universe, and applying investability screens to individual companies and securities in the Equity Universe that are classified in that market. Some investability requirements are applied at the individual security level and some at the overall company level, represented by the aggregation of individual securities of the company. As a result, the inclusion or exclusion of one security does not imply the automatic inclusion or exclusion of other securities of the same company.

**(iii) Determining Market Capitalization Size-Segments for Each Market.** In each market, MSCI creates an Investable Market Index, Standard Index, Large Cap Index, Mid Cap Index and Small Cap Index. The Standard Index is the aggregation of the Large Cap Index and the Mid Cap Index. The Investable Market Index is the aggregation of the Standard Index and the Small Cap Index. In order to create size components that can be meaningfully aggregated into composites, individual market size segments balance the following two objectives:

1. achieving global size integrity by ensuring that companies of comparable and relevant sizes are included in a given size segment across all markets in a composite index.
2. achieving consistent market coverage by ensuring that each market's size segment is represented in its proportional weight in the composite universe.

**(iv) Applying Final Size-Segment Investability Requirements.** In order to enhance the replicability of Size-Segment Indices, additional size-segment investability requirements are set for the Investable Market and the Standard Indices. These investability requirements include minimum free float market capitalization and minimum foreign room.

**(v) Applying Index Continuity Rules for the Standard Index.** In order to achieve index continuity, as well as provide some basic level of diversification within a market index, notwithstanding the effect of other index construction rules, a minimum number of five constituents will be maintained for a developed market Standard Index and a minimum number of three constituents will be maintained for an emerging market Standard Index.

## **Weighting**

All indices under the GIMI methodology are free-float weighted, i.e., companies are included in the indices at the value of their free public float, as measured by the Foreign Inclusion Factor multiplied by security price. In cases where other foreign investment restrictions exist that materially limit the ability of international investors to freely invest in a particular equity market, sector or security, a Limited Investability Factor (LIF) may also be applied to the free float to insure that the investability objectives of the indices can be achieved.

## **Free Float / Foreign Inclusion Factor**

MSCI defines the free float of a security as the proportion of shares outstanding that are deemed to be available for purchase in the public equity markets by international investors. A constituent's Foreign Inclusion Factor (FIF) is equal to its estimated free float rounded-up to the closest 5% for constituents with free float equal to or exceeding 15%. For example, a constituent security with a free float of 23.2% will be included in the index at 25% of its market capitalization. For securities with a free float of less than 15%, the estimated free float is adjusted to the nearest 1%.

## **Regional Weights**

Market capitalization weighting, combined with a consistent target of 99% of free float-adjusted market capitalization, aims to ensure that each country's weight in regional and international composite indices approximates its weight in the total universe of developing and emerging markets. A market is equivalent to a single country except for Europe, where all markets are aggregated into one single market for index construction purposes. Individual country indices of the European developed markets are derived from the constituents of the MSCI GIMI Europe Index.

### **Prices**

The prices used to calculate the MSCI indices are the official exchange closing prices or those figures accepted as such. MSCI reserves the right to use an alternative pricing source on any given day.

### **Foreign Exchange Rates**

MSCI currently uses the WM/Reuters Closing Spot Rates, taken at 4:00 p.m., London time. MSCI may monitor exchange rates independently and may, under exceptional circumstances, elect to use an alternative exchange rate if the WM Reuters rate is believed not to be representative for a given currency on a particular day.

### **Index Maintenance**

MSCI indices are maintained with the objective of reflecting, on a timely basis, the evolution of the underlying equity markets. In maintaining the MSCI indices, emphasis is also placed on continuity, replicability and minimizing index turnover. Among other things, maintaining the MSCI indices involves making: additions to and deletions from the indices, changes in number of shares, and changes in FIFs as a result of updated free float estimates.

Index maintenance can be described by three broad categories of implementation of changes:

**(i) Semi-Annual Index Reviews (SAIRs).** The objective of the SAIRs is to systematically reassess the various dimensions of the Equity Universe for all markets on a fixed semiannual timetable. An SAIR involves a comprehensive review of the Size Segment and Global Value and Growth Indices.

During each SAIR, the Equity Universe is updated and the Global Minimum Size Range is recalculated for each size segment. Then, the following index maintenance activities are undertaken for each market:

- Updating the Market Investable Equity Universe.
- Reassessing the Segment Number of Companies and the Market Size-Segment
- Cutoffs.
- Assigning companies to the size segments taking into account buffer zones.
- Assessing conformity with Final Size-Segment Investability Requirements.

**(ii) Quarterly Index Reviews (QIRs).** QIRs are designed to ensure that the indices continue to be an accurate reflection of the evolving equity marketplace. This is achieved by a timely reflection of significant market driven changes that were not captured in the index at the time of their actual occurrence but are significant enough to be reflected before the next SAIR.

QIRs may result in additions or deletions due to migration to another Size Segment Index, and changes in FIFs and in number of shares. Only additions of significant new investable companies are considered, and only for the Standard Index. The buffer zones used to manage the migration of companies from one segment to another are wider than those used in the SAIR. The style classification is reviewed only for companies that are reassigned to a different size segment.

**(iii) Ongoing event-related changes. Ongoing event-related changes to the indices are the result of** mergers, acquisitions, spin-offs, bankruptcies, reorganizations and other similar corporate events. They can also result from capital reorganizations in the form of rights issues, bonus issues, public placements and other similar corporate actions that take place on a continuing basis. These changes generally are reflected in the indices at the time of the event.

The SAIR is carried out once every 6 months and implemented generally as of the close of the last business day of May and November. The implementation of changes resulting from a QIR generally occurs as of the close of the last business day of February and August. The results of the SAIR and QIR are generally announced at least ten business days in advance of implementation.

### **Market Reclassifications**

Potential changes in the status of countries (stand-alone, frontier, emerging, developed) follow their own separate timetables. During an Annual Market Classification Review, MSCI analyzes and seeks feedback on those markets it has placed under review for potential market reclassification. Every June, MSCI communicates its conclusions from discussions with the investment community on the list of countries under review and announces the new list of countries, if any, under review for potential market reclassification in the upcoming cycle. Ample lead time is provided for implementation of changes in market classification into developed, emerging or frontier status.

## **SCHEDULE 5**

### **DISCLAIMER BY MSCI**

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**iShares Southeast Asia Trust  
- iShares MSCI India Index ETF**

**Prospectus**

Required pursuant to the Securities and Futures Act, Chapter 289 of Singapore

**Board of Directors of BlackRock (Singapore) Limited**

Signed:

Signed:

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Kevin Shane Lee Hardy  
Director

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Lynda Hall  
Director  
(Signed by Kevin Shane Lee Hardy for and  
on behalf of Lynda Hall)

Signed:

Signed:

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Robert William Lamb  
Director  
(Signed by Kevin Shane Lee Hardy for and  
on behalf of Robert William Lamb)

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Shane Andrew Flatman  
Director  
(Signed by Kevin Shane Lee Hardy for and  
on behalf of Shane Andrew Flatman)

Signed:

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Toby Cameron Robert Ritch  
Director  
(Signed by Kevin Shane Lee Hardy for and  
on behalf of Toby Cameron Robert Ritch)