- iShares BSE SENSEX India Index ETF (the "SENSEX India ETF") aims to provide investment results that, before fees and expenses, closely correspond with the performance of its underlying index, the Bombay Stock Exchange Sensitive Index, quoted in Rupee. The SENSEX India ETF is subject to concentration risk as a result of investing into a single country.
- The SENSEX India ETF may invest up to 15% of the net asset value, with a maximum exposure to any single issuer of 10%, in India Access Products ("IAPs") which are derivative instruments linked to an Indian Security issued by third parties ("IAP issuers"). An IAP represents only an obligation of each IAP issuer to provide the economic performance equivalent to holding the underlying Security. The SENSEX India ETF is subject to counterparty risk associated with each IAP issuer and may suffer losses potentially equal to the full value of the IAPs issued by an IAP issuer if such IAP issuer fails to perform its obligations under the IAPs.
- Prices on the Stock Exchange of Hong Kong ("SEHK") are based on secondary market trading factors and may deviate significantly from the net asset value of the SENSEX India ETF.
- Generally, investments in emerging markets are subject to a greater risk of loss than investments in a developed market. 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.

IMPORTANT: Investments involve risks. Investors are advised to consider their own investment objectives and circumstances in determining the suitability of an investment in the SENSEX India ETF. An investment in the SENSEX India ETF may not be suitable for everyone. 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.

iShares BSE SENSEX INDIA INDEX ETF

a sub-fund of the iShares Asia Trust
a Hong Kong unit trust authorised under
Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong
Stock Code: 2836

PROSPECTUS

Listing Agent and Manager
BlackRock Asset Management North Asia Limited
21 December 2009

iShares®

IMPORTANT NOTICE

The acquisition by BlackRock, Inc. of Barclays Global Investors which includes the Manager, was completed on 1 December 2009 in New York. The Manager now forms part of the BlackRock group of companies, the largest asset manager in the world. The Manager's name has now changed to BlackRock Asset Management North Asia Limited. The Manager's board of directors was restructured on 1 December 2009 to comprise of the following directors:

Rohit Bhagat (newly appointed);
Nicholas Michael Whateley Good (continuing);
Michael Timothy Marquardt (newly appointed); and
Peter William Swarbreck (newly appointed).

Biographies of each of the directors is included in the section "Management of the Trust".

The following directors retired with effect from 1 December 2009:

Robert J. Haber;
Frederick James Horsey;
David Jonathan Semaya; and
Mark A A C Talbot.

Contents

IMPORTANT

This prospectus has been prepared in connection with the offer in Hong Kong of Units in the iShares BSE SENSEX India Index ETF (the "SENSEX India ETF") a sub-fund of iShares Asia Trust (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 16 November 2001, as amended, between Barclays Global Investors North Asia Limited (now known as BlackRock Asset Management North Asia Limited) (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee").

The directors of the Manager accept full responsibility for the information contained in this prospectus and for the accuracy and fairness of the opinions expressed, and confirm that this prospectus includes particulars given in compliance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Code on Unit Trusts and Mutual Funds (the "Code") for the purposes of giving information with regard to the Units of the SENSEX India ETF and that having made all reasonable enquiries, the directors confirm that, to the best of their knowledge and belief, the information contained in this prospectus is true, accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this prospectus misleading, whether of fact or opinion; any inferences that might reasonably be drawn from any statement in the prospectus are true and are not misleading; and all opinions and intents expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. The Trustee is not responsible for the preparation of this prospectus and shall not be held liable to any person for any information disclosed in this Prospectus.

The Trust and the SENSEX India ETF have been authorised by the Securities and Futures Commission (the "SFC") in Hong Kong pursuant to section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust and the SENSEX India ETF or for the correctness of any statements made or opinions expressed in this prospectus.

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 SENSEX India ETF is appropriate for them.

Dealings in the Units in the SENSEX India ETF on the SEHK commenced on 2 November 2006. Units in the SENSEX India ETF have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearing and settlement in the Central Clearing and Settlement System ("CCASS") with effect from 2 November 2006. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should note that Units may not be acquired by, or for the account of, Non-Resident Indians and Persons Residents in India.

No action has been taken to permit an offering of Units of the SENSEX India ETF or the distribution of this prospectus in any jurisdiction other than Hong Kong 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. Furthermore, distribution of this prospectus shall not be permitted unless it is accompanied by a copy of the latest annual report and accounts of the SENSEX India ETF and, if later, its most recent interim report, which form a part of this prospectus.

In particular:

- Units have not been registered under the United States Securities Act of 1933 (as amended) 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);
- The SENSEX India ETF has not been and will not be registered under the United States Investment Company Act of 1940, as amended;
- 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.

Investors should note that any amendment or addendum to this prospectus will be posted on the Manager's website (www.iShares.com.hk) and copies of such amendment or addendum will also be available at the offices of the Manager.

DIRECTORY

iShares BSE SENSEX India Index ETF ("SENSEX India ETF")

MANAGER AND LISTING AGENT

BLACKROCK ASSET MANAGEMENT NORTH ASIA LIMITED
SUITE 2503-05, ONE INTERNATIONAL FINANCE CENTRE
1 HARBOUR VIEW STREET
CENTRAL
HONG KONG

DIRECTORS OF THE MANAGER

ROHIT BHAGAT
NICHOLAS MICHAEL WHATELEY GOOD
MICHAEL TIMOTHY MARQUARDT
PETER WILLIAM SWARBRECK

TRUSTEE, CUSTODIAN AND REGISTRAR

HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED
1 QUEEN'S ROAD
CENTRAL
HONG KONG

SERVICE AGENT

HK CONVERSION AGENCY SERVICES LIMITED
2ND FLOOR, VICWOOD PLAZA
199 DES VOEUX ROAD
CENTRAL
HONG KONG

AUDITORS

PRICEWATERHOUSECOOPERS
33RD FLOOR, CHEUNG KONG CENTER
2 QUEEN'S ROAD
CENTRAL
HONG KONG

SECTION 1 – GENERAL INFORMATION RELATING TO THE TRUST

This prospectus provides the information you need to make an informed decision about investing in the SENSEX India ETF. It contains important facts about the Trust as a whole and the SENSEX India ETF. Section 1 of this prospectus includes general information concerning the Trust and its Index Funds, including the SENSEX India ETF. Section 2 includes specific information relevant to the SENSEX India ETF only.

For the purposes of this Section 1 of the Prospectus, a reference to an Index Fund includes any wholly owned subsidiary.

The Trust

The Trust is an umbrella unit trust created by a trust deed dated 16 November 2001 made under Hong Kong law between Barclays Global Investors North Asia Limited (now known as BlackRock Asset Management North Asia Limited) as Manager and HSBC Institutional Trust Services (Asia) Limited as Trustee. The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets within the Trust (each such separate pool of assets constituting an Index Fund) for each class of Units. The assets of an Index Fund will be invested and administered separately from the other assets of the Trust. The Manager reserves the right to establish additional Index Funds and to issue further classes of Units in the future.

This Prospectus relates to the iShares BSE SENSEX India Index ETF, an exchange traded fund ("ETF"), authorised by the SFC. Investors should note that an ETF differs from a typical unit trust offered in Hong Kong.

ETFs are funds that trade like other publicly-traded Securities and are designed to track an index. The Units of each Index Fund are listed on the SEHK and trade like any other equity Security listed on the SEHK. Only Participating Dealers may create or redeem Units directly from an Index Fund at Net Asset Value. All other investors may generally only purchase and sell Units in each Index Fund on the SEHK.

PRICES FOR AN INDEX FUND LISTED ON THE SEHK ARE BASED ON SECONDARY MARKET TRADING FACTORS AND MAY DEVIATE SIGNIFICANTLY FROM THE NET ASSET VALUE OF THE INDEX FUND.

Investment Objective of the Index Funds

The investment objective of each Index Fund is to provide investment results that, before expenses, closely correspond with the performance of the Underlying Index relevant to the Index Fund.

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 determines the relative weightings of the Securities in the index and publishes information regarding the market value of the index.

There can be no assurance that an Index Fund will achieve its investment objective.

Investment Policies of the Index Funds

Indexing Investment Approach

Index Funds are not managed according to traditional methods of "active" investment management, which involve the buying and selling of Securities based on the fund manager's economic, financial and market analysis and investment judgment. Unlike an actively managed investment fund an Index Fund does not attempt to "beat" the market or its Underlying Index. Instead, the Manager, using a "passive" or indexing investment approach, attempts to deliver an investment performance which, before expenses, closely corresponds with the performance of the Underlying Index relevant to the Index Fund. The Manager will do so either by a Replication Strategy or by a

Representative Sampling Strategy as described under "Principal Investment Strategies" or by investing substantially all its assets in a wholly owned subsidiary which adopts a Replication Strategy or a Representative Sampling Strategy.

The use of an indexing investment approach may eliminate some of the risks of active management such as poor stock selection. An indexing investment approach may also help increase after-cost performance by keeping portfolio turnover low in comparison to actively managed investment funds.

The Trust is designed for investors who want a relatively inexpensive passive approach to investing in a portfolio of stocks of a broad market, market segment, or market sector of a single country or region. Diversification is a generally recognised way to reduce investment portfolio risk. Also, the stocks in some Underlying Indices may be difficult to purchase or hold, or may not be available to retail investors.

The Trust offers investors a convenient way to obtain index-based exposure to the stock markets of a specific country or region. However, movements in the prices of Units may be volatile. Therefore, if you purchase Units, you should be able to tolerate sudden, or even drastic, changes in the value of your investment. The Manager cannot assure that any Index Fund will achieve its investment objective.

The Manager generally seeks to achieve the objective of each Index Fund primarily by investing (directly or indirectly) in Securities comprised in the relevant Underlying Index. An Index Fund operates as an index fund and will not be actively managed; as such, adverse performance of a Security from an Index Fund's portfolio will ordinarily not result in the elimination of the Security from an Index Fund's portfolio. For different reasons, an Index Fund may not invest in all of the Securities of its Underlying Index. Some Index Funds may even invest (either directly or indirectly) in Securities that are not in their Underlying Indices.

Investment of Assets

Each Index Fund has a policy to remain as fully invested as practicable. Each Index Fund will normally have at least 95 per cent of its total assets invested (directly or indirectly) in Securities comprised in the Underlying Index, based on one of the principal investment strategies described below, except, in limited circumstances, to help meet Redemption Applications. The Manager may invest an Index Fund's assets in 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 Index Fund's 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 which the Manager believes will help the Index Fund 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 an Index Fund's Underlying Index, although there can be no assurance that these futures contracts will correlate with the performance of the Index Fund's Underlying Index. The Manager will not use these instruments to leverage, or borrow against, an Index Fund's Securities holdings or for speculative purposes. In some cases, the use of these special investment techniques can adversely affect the performance of an Index Fund.

Principal Investment Strategies of the Index Funds

Representative Sampling Strategy

An Index Fund may not (either directly or indirectly) hold all of the Securities that comprise its Underlying Index if the Manager believes that a Replication Strategy is not the most efficient means to track the Underlying Index. Having regard to the number of Securities constituting the Underlying Index, the liquidity of such Securities, any restrictions on the ownership of Securities, high transaction expenses and other trading costs, and tax and other regulatory restrictions the Manager may decide to adopt a Representative Sampling Strategy instead.

Using a Representative Sampling Strategy, an Index Fund will hold a representative sample of the Securities in its Underlying Index (either directly or indirectly), selected by the Manager using quantitative analytical models in a technique known as "portfolio sampling". Under this technique, each Security is considered for inclusion in an Index

Fund based on its contribution to certain capitalisation, industry and fundamental investment characteristics. The Manager seeks to construct the portfolio of an Index Fund so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of its Underlying Index. Over time, the Manager may alter (or “rebalance”) the portfolio composition of an Index Fund to reflect changes in the characteristics of its Underlying Index or to bring the performance and characteristics of an Index Fund more in line with that of its Underlying Index. The Manager will review each Index Fund regularly and will adjust the Index Fund’s portfolio, when necessary, to conform to changes in the composition of the Underlying Index. Rebalancing may also be required for tax purposes. These rebalancings will require an Index Fund to incur transaction costs and other expenses.

Replication Strategy

Although a Representative Sampling Strategy has proven an effective means of approximating index performance in the past, it may not enable an Index Fund to track the Underlying Index’s performance as well as a Replication Strategy. Using a Replication Strategy, an Index Fund will invest in substantially all the Securities constituting the Underlying Index (either directly or indirectly) in substantially the same weightings (i.e. proportions) as these Securities have in the Underlying Index. The Manager reserves the right to invest in all the constituent stocks of an Underlying Index, and may do so on a regular basis for an Index Fund with an Underlying Index comprised of relatively few stocks.

Investors should note that the Manager may switch between the above strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the relevant Index Fund by tracking the relevant Underlying Index as closely as possible for the benefit of investors.

Future Developments

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

Principal Risk Factors Common to the Index Funds

Each Index Fund is subject to the following principal risks. Additional risks associated with the SENSEX India ETF are discussed in Section 2 below. Some or all of the following risks may adversely affect an Index Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective. There can be no assurance that the investment objective of an Index Fund will be achieved. Prospective investors should carefully evaluate the merits and risks of an investment in a particular Index Fund in the context of their overall financial circumstances, knowledge and experience as an investor.

Investment Risks

- **Market Risk.** Past performance is not indicative of future performance. The Net Asset Value of an Index Fund 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. There can be no assurance that an Index Fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of each Index Fund is based on the capital appreciation and income on the Securities it holds, less expenses incurred. Each Index Fund’s return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Index Fund may experience volatility and decline in a manner that broadly corresponds with its Underlying Index. Investors in an Index Fund 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 an Index Fund may not make distributions to investors.

- **Asset Class Risk.** Although the Manager is responsible for the continuous supervision of the investment portfolio of each Index Fund, the returns from the types of Securities in which an Index Fund 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 Index Funds are not actively managed. Accordingly, each Index Fund may be affected by a decline in world market segments relating to its Underlying Index. Each Index Fund 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 an Index Fund 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 has absolute discretion to exercise shareholders' rights with respect to Securities comprising the Index Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Index Fund being achieved. Investors should also note that in certain cases, none of the Manager, the Index Fund or the Unitholders has any voting rights with respect to Securities comprising the Index Fund.

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

- **Concentration.** If the Underlying Index of an Index Fund is concentrated in a particular stock, group of stocks, industry or group of industries, that Index Fund may be adversely affected by the performance of those stocks and be subject to price volatility. In addition, an Index Fund that is concentrated in a single stock, group of stocks, industry or group of industries 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. Each Index Fund may invest in 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 Index Fund. Thus an Index Fund's losses may be greater if it invests in derivatives than if it invests only in conventional Securities. In addition, many derivatives are not traded on exchanges. As a result, an Index Fund that engages in transactions involving derivatives 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 Index Fund 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 relevant Index Fund may sustain financial loss.

- **Foreign Exchange Risk.** Many of an Index Fund's assets and Securities are not denominated in Hong Kong dollars. A substantial portion of the revenue and income of an Index Fund may be received in currencies other than Hong Kong dollars. Accordingly any fluctuation in the relevant exchange rates will affect the value of Securities as well as the Net Asset Value of the relevant Index Fund. Significant changes, including changes in liquidity, may occur in such markets within very short periods of time, often within minutes. An Index Fund 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**. Each Index Fund 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-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong 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-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong 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 Index Funds may invest are considered 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, investments in emerging markets are subject to a greater risk of loss than investments in a developed market. 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 an Index Fund 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 an Index Fund 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 a particular Index Fund. 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.** An Index Fund 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 depositaries. In the event of the insolvency of the custodian or other depositaries, the Index Fund will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the Index Fund. The Index Fund's Securities are however maintained by the custodian or other depositaries in segregated accounts and would be protected in the event of insolvency of the custodian or other depositaries.

- **Securities Lending Risk**. The Manager may engage in a securities lending programme on behalf of the Index Funds. A default by a counterparty, or 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 Index Fund.

Market Trading Risks associated with an 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 an Index Fund 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 an Index Fund may trade on the SEHK when the Index Fund does not accept orders to purchase 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 Index Fund accepts purchase and redemption orders. Additionally, as foreign stock exchanges may be open on days when Units in an Index Fund are not priced, the value of the Securities in an Index Fund's portfolio may change on days when investors will not be able to purchase or sell an Index Fund's Units.

- **Dealing risk.** Following listing on the SEHK, 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 SEHK may be suspended.** Investors will not be able to purchase or sell Units on the SEHK during any period that the SEHK suspends trading in the Units. The SEHK may suspend the trading of Units whenever the SEHK 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 SEHK is suspended.

- **Units may be delisted from the SEHK.** The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that the Index Fund will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units of an Index Fund are delisted from the SEHK, Unitholders of such Units will have the option to redeem such Units as may then be held by them by reference to the then Net Asset Value of the relevant Index Fund.

- **No trading market in the Units.** Although the Units are listed on the SEHK 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 SEHK 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 an Index Fund. It is the Manager's intention that there will always be at least one market maker for the Units.

- **Reliance on Participating Dealers.** The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities through the CCASS 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 an Index Fund or disposal of an Index Fund'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.

- **An ETF is different from a typical unit trust offered to the public in Hong Kong.** Investors should note that an ETF is not like a typical unit trust offered to the public in Hong Kong. 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. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities in CCASS 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 SEHK. These features are not usually present in a typical unit trust offered to the public in Hong Kong, where units can generally be purchased and redeemed directly by the retail public.

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

Legal and regulatory risks

- **Right of the SFC to withdraw authorisation.** Each Index Fund seeks to provide investment results that, before expenses, closely correspond with the performance of the Underlying Index. Each Index Fund has been authorised as a collective investment scheme under the Code by the SFC pursuant to Section 104 of the Securities and Futures Ordinance. The SFC however reserves the right to withdraw the authorisation of an Index Fund or impose such conditions as it considers appropriate. The SFC may withdraw authorisation if an Underlying Index is no longer considered acceptable to the SFC. In addition, any authorisation granted by the SFC may be subject to certain waivers which may be withdrawn or varied by the SFC. If as a result of such withdrawal or variation of waivers it becomes illegal, impractical or inadvisable to continue an Index Fund, the relevant Index Fund will be terminated.

- **Legal and Regulatory Risk.** Each Index Fund may be subject to the law and regulation of more than one jurisdiction. Typically the legal and regulatory risk to which an Index Fund may be exposed includes, but is not limited to, the law and regulation of the jurisdiction in which it is listed and the jurisdiction(s) governing the Securities in which an Index Fund invests. Each Index Fund 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 an Index Fund. 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 an Index Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for any Index Fund. In the worst case scenario, a Unitholder may lose all its investments in the Index Fund.

- **Taxation in overseas jurisdictions.** The Index Funds will make investments in a number of different jurisdictions. Interest, dividend and other income realised by an Index Fund 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.** Investing in an Index Fund 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.

Risk Factors Relating to the Underlying Index

- **The Underlying Index is subject to fluctuations.** The performance of the Units should, before expenses, correspond closely with the performance of the 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 Index Fund 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.

- **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 Index Fund. 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 replacement or substitute index which the Manager chooses to use. An Index Fund 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 and which meets the acceptability criteria under the Code. Any such replacement index will be notified to Unitholders, subject to the prior approval of the SFC under the Code. Accordingly prospective investors should note that the ability of an Index Fund 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.

Investment and Borrowing Restrictions of the Index Funds

Investment Restrictions

The investment restrictions applicable to each Index Fund are set out in the Trust Deed and (unless varied in Section 2) are summarised below:-

(a) the Index Funds may not collectively hold more than 10 per cent of any one class of security issued by any single issuer, unless permitted under the Code or otherwise agreed by the SFC;

(b) no more than 10 per cent of the latest available Net Asset Value of an Index Fund may be invested in securities issued by any single issuer, unless permitted under the Code or otherwise agreed by the SFC;

(c) no more than 15 per cent of the latest available Net Asset Value of an Index Fund may be invested in securities which are not quoted, listed or dealt in on a Market;

(d) no more than 30 per cent of the latest available Net Asset Value of an Index Fund may be invested in government and other public securities of the same issue (save that any Index Fund may invest all of its assets in government and other public securities in at least six different issues);

(e) no Index Fund may hold options and warrants valued at more than 15 per cent of its latest available Net Asset Value, except that this 15 per cent limit will not apply to options and warrants acquired for hedging purposes unless otherwise agreed by the SFC;

(f) no more than 20 per cent of the latest available Net Asset Value of an Index Fund may be invested in (i) commodities including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, securities of companies engaged in the production, processing or trading of commodities) and (ii) Futures Contracts (but without prejudice to the Manager's right to take positions in Futures Contracts in order to protect the assets of the Trust against adverse and unusual currency or market fluctuations); and

(g) no more than 10 per cent of the latest available Net Asset Value of an Index Fund may be invested in units of shares in other collective investment schemes unless permitted under the Code or otherwise agreed by the SFC.

In addition, the Trust is subject to the following additional restrictions. The Manager shall not for the account of an Index Fund:-

- invest in shares or contracts which are not quoted, listed or dealt in on a Market unless the Manager reasonably believes (either generally or in any particular case) that (i) it is possible to make an investment more advantageously in some other manner and (ii) it is not possible to effect such investment on a Market;
- invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trust (REITs) that are listed on a stock exchange);
- make short sales unless (i) the Index Fund's liability to deliver securities does not exceed 10 per cent of its latest available Net Asset Value; and (ii) the security which is to be sold short is actively traded on a market where short selling activity is permitted;
- grant or create in favour of any person any option and for the avoidance of doubt, write uncovered options;
- effect or enter into any underwriting or sub-underwriting contracts in relation to the subscription or purchase of Securities (other than the initial issue of Units);
- invest in any investment or other property which involves the assumption of any liability by the Trustee which is unlimited;
- lend any monies comprising part of the Trust Fund to any person (but which shall not prohibit the holding or investment of uninvested cash in any of the ways or instruments permitted under the Trust Deed);
- invest in any type of debt or loan securities (but which shall not prohibit the holding or investment of uninvested cash in any of the ways or instruments permitted under the Trust Deed); or
- assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

Borrowing Policy

Borrowing against the assets of any Index Fund 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 any Index Fund. The Trustee may at the request of the Manager borrow for the account of any Index Fund any currency for the following purposes:-

- facilitating the creation or redemption of Units or defraying operating expenses;
- enabling the Manager to acquire Securities for the account of any Index Fund;
- for any other proper purpose as may be agreed by the Manager and the Trustee.

The assets of an Index Fund may be charged or pledged to secure such borrowing for the account of that Index Fund.

Stock Lending

The Manager may, with the consent of the Trustee, arrange for the Securities of any Index Fund to be loaned by the Trust. This kind of Securities lending will occur only if the Trustee and the Manager have used reasonable endeavours to satisfy themselves that collateral in an amount at least equal to the current market value of the Securities loaned has been provided to the Trust by the borrower, and the borrower has met the approval criteria agreed between the Trustee and the Manager. Net income will be credited to the relevant Index Fund which loaned the Securities. The lending agent, which may include the Manager, Trustee or a Connected Person, is entitled to retain any fees or other benefits it receives in connection with such Securities lending. These fees or other benefits may include a percentage of the gross lending revenues earned as well as fees for managing any cash collateral received from the Borrower. Generally, the maximum level of Securities available for lending is limited to 75 per cent of the latest available Net Asset Value of the relevant Index Fund (however the Manager may determine a different percentage, either up or down).

Counterparty Risk Management

To mitigate borrower's risk, the Manager applies viability checks including counterparty credit analysis and evaluation, establishes borrowing limits, and monitors the credit quality of that counterparty and agreed limits. The Manager reviews and approves the types of transactions and limits requested by the business units on the basis of a counterparty's ability to meet its obligations. In addition, the Manager selects only those borrowers with whom there is sufficient knowledge and comfort with both their operations and business practices.

If a new counterparty expresses its interest in establishing a borrowing relationship, the Manager, will perform a comprehensive review of its financial statements, minimum capitalization levels, business reputation, lines of business, credit enhancements (if any), earnings, management quality, external credit ratings, the scope of business operations and its risk management framework.

The Manager seeks to mitigate counterparty exposure by limiting the total amount of lending to a single counterparty (rather than a limit on any particular loan) and by applying consistent standards in evaluating the risk exposure of each transaction.

Collateral Risk Management

Collateral may consist of cash, securities as agreed between the Manager and the borrower, or letters of credit issued by a bank approved by the Manager and not affiliated with the borrower. Cash received as collateral will be invested by the Manager in money market instruments either directly or in funds or accounts which invest in such instruments, including funds or accounts managed by the Manager or a Connected Person. Securities received as collateral may be held directly by the Trustee or by an escrow agent pursuant to a tri-party custodial arrangement.

With regard to Securities as collateral, the Manager approves of collateral instruments based on the following criteria:

- liquidity of the collateral (based on the market size of the security), number of market makers/dealers, bid-ask spreads, benchmark spreads, trading volumes and concentration of holdings;

- market risk exposure to the collateral, based on price volatility and volatilities of other relevant parameters; and in certain cases correlations to the security being collateralized; and
- issuer risk of debt securities, based on the creditworthiness of the issuer.

All loans and related non-cash collateral are revalued daily (marked to market) using latest available closing market prices, and where necessary, collateral values are topped up through margin calls.

Management and Administration of the iShares Asia Trust

Manager

The Manager is BlackRock Asset Management North Asia 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 Hong Kong with limited liability on 10 August 1998 and is licensed by the SFC in Hong Kong for types 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the Securities and Futures Ordinance.

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 is also the Listing Agent for the SENSEX India ETF.

Directors of the Manager

Rohit Bhagat, is BlackRock's Chairman, Asia-Pacific with responsibility for all business activity in the region, which includes Japan, Australia, China/Hong Kong, Singapore, India, Korea, and Taiwan. Previously, Mr. Bhagat served as Global Chief Operating Officer of Barclays Global Investors (BGI), with oversight responsibility for the technology, operations, finance, corporate development, strategic planning, human resources, corporate marketing, legal, compliance, and risk functions for the firm. Before joining BGI, he was with The Boston Consulting Group (BCG), a premier management consulting firm, where he was a Senior Vice President based in San Francisco and ran the west coast Financial Services practice. While at BCG, Mr. Bhagat's responsibilities included leading assignments for clients in asset management, retail banking, wealth management, brokerage, and capital markets. He also launched and developed BCG's Indian practice. Prior to that, he was with Booz-Allen & Hamilton, a strategic management and technology consulting firm. Mr. Bhagat holds an MBA from the Kellogg Graduate School of Management, Northwestern University, an MS in Engineering from the University of Texas at Austin, and a Bachelor of Technology in Mechanical Engineering from the Indian Institute of Technology in New Delhi, India.

Nicholas Michael Whateley Good is Head of iShares, Asia-Pacific. He is responsible for all aspects of the iShares business across the Asia-Pacific region including sales, marketing, business strategy, investments, operations and new product development in Blackrock offices in Australia, Hong Kong, Japan and Singapore. Mr. Good joined BlackRock following the merger with Barclays Global Investors (BGI) in 2009. Mr. Good joined BGI in 2006 from the Boston Consulting Group, where he served as a lead client manager consulting in a number of industries, including finance. Mr. Good holds a BA and MA in biochemistry from Oxford University, UK.

Michael Timothy Marquardt, is the Chief Operating Officer, Asia ex-Japan for BlackRock. Mr. Marquardt joined BlackRock following the merger with Barclays Global Investors (BGI) in 2009. Mr. Marquardt joined BGI in 2000 where he began in San Francisco working first as a Global Risk Manager and then as a Senior Project Manager on strategic initiatives. In 2005 Mr. Marquardt moved to Japan as Chief Administrative Officer, later becoming Chief Operating Officer. Mr. Marquardt was responsible for BGI Japan's Operations, IT, Finance, HR, Risk, Legal and Compliance groups. Prior to working at BGI, Mr. Marquardt was employed as Relationship Manager and Private Banking analyst for American Express Bank located in London. Mr. Marquardt holds an MBA with High Honors from Boston University, a BA in Economics and History from Clark University.

Peter William Swarbreck, is Head of BlackRock's retail business in Asia ex-Japan. Mr. Swarbreck joined BlackRock following the merger with Merrill Lynch Investment Managers (MLIM) in 2006. At MLIM, Mr. Swarbreck was head of fixed income business management for Europe, the Middle East, Africa, and Asia Pacific regions and responsible for the development of new fixed income products. Mr. Swarbreck joined Mercury Asset Management (which became a part of MLIM) in 1990, and held a variety of positions including business development and client relationship management. Prior to joining MLIM, Mr. Swarbreck worked in fixed investment management for an international bank in the Middle East and was previously a fund manager at two leading fund management firms.

Trustee, Custodian and Registrar

HSBC Institutional Trust Services (Asia) Limited (the "Trustee"), which is a registered trust company in Hong Kong, was incorporated in 1974. HSBC Institutional Trust Services (Asia) 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 (including a Connected Person) to be custodian of such assets or to act as its agent. The Trustee is required to exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such persons and, during the term of their appointment, must satisfy itself as to the ongoing suitability of such persons to provide custodial services to the Trust, having regard to the market or markets for which such persons are appointed to act as custodian. The Trustee will remain responsible for the acts or omissions of such persons in the same manner as if such acts or omissions were those of the Trustee, except where such persons are appointed in respect of a market or markets which the Trustee has determined by notice to the Manager to be emerging markets. Notwithstanding the above, the Trustee will remain responsible for the acts or omissions of any associate of the Trustee appointed in respect of an emerging market.

The Trustee is entitled, in the absence of manifest error, to rely upon the register of Unitholders as conclusive evidence of the matters contained in the register of Unitholders. The Trustee may appoint a Registrar, but other than where the Registrar is HSBC Institutional Trust Services (Asia) Limited, the Trustee shall not be responsible or liable for any loss, claim or liability arising from the Registrar's wilful default, fraud, negligence, breach of the obligations of the Registrar under the Trust Deed or breach of the terms of the agreement between the Manager and the Registrar.

The Trustee will also act as the Registrar of the SENSEX India ETF. The Trustee is entitled to the fees set out below under the section headed "Charges and Expenses".

Service Agent

HK Conversion Agency Services Limited is the service agent of the SENSEX India ETF under the terms of the service agency agreement entered into among the Registrar, the Service Agent and the Participating Dealer. HK Conversion Agency Services Limited will perform, as Service Agent certain services in connection with the creation and redemption of Units by Participating Dealers.

Auditor

The Manager has appointed PriceWaterhouseCoopers to act as the auditor of the Trust and each of the Index Funds (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

Brokerage Transactions

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 Index Funds 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. 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 for any Index Fund.

It is expected that brokerage or other agency transactions for the account of the Trust may be executed through affiliates of the Manager. However, for so long as an Index Fund is authorised by the SFC, no more than 50 per cent in aggregate of such Index Fund's transactions in any one financial period of such Index Fund shall be carried out with or through a broker or dealer connected to the Manager or any Connected Person of the Manager.

Soft Dollar Benefits

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 Index Funds. The Manager (as well any of its Connected Persons) will not retain any cash rebates from any broker or dealer.

Determination of Net Asset Value

The Net Asset Value of each Index Fund will be determined as at the close of trading on the Market in which the relevant Index Fund is invested or, in the case of an Index Fund investing in more than one Market, the official close of trading on the last relevant Market to close on each Dealing Day (or at such other time as the Manager and the Trustee determine) by valuing the assets of the relevant Index Fund and deducting the liabilities of the relevant Index Fund, in accordance with the terms of the Trust Deed.

The Trust Deed provides amongst other things that:-

(i) except in the case of any interest in a mutual fund corporation or a unit trust to which paragraph (ii) applies, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market shall be made 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 for such investments provided that the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing price or the last traded price (as the case may be);

(ii) the value of each interest in any mutual fund corporation or unit trust shall be the last available net asset value per share or unit in such mutual fund corporation or unit trust;

(iii) if no net asset value, official closing price, bid and offer prices or price quotations are available as provided in paragraph (ii) above, the value of the relevant investment 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;

(iv) the value of any investment which is not listed or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the relevant Index Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments;

(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 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

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of any Index Fund for the whole or any part of any period during which:

(a) there exists any state of affairs prohibiting the normal disposal of the relevant Index Fund's investments; or

(b) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Index Fund or the Net Asset Value per Unit of the relevant Index Fund, or when for any other reason the value of any Security or other asset in the relevant Index Fund 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 that Index Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of that Index Fund; 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 that Index Fund or the subscription or realisation of Units of the relevant Index Fund 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 relevant class is suspended.

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 any class and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application during:

(i) any period when a Market on which a Security has its primary listing, or the official clearing and settlement depositary (if any) of such Market, is closed; or

(ii) any period when dealings on a Market on which a Security 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 depositary (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 relevant Index Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant class; or

(v) any period when the Underlying Index for the relevant Index Fund is not compiled or published.

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

Such suspension shall take effect forthwith upon its declaration and once effective there shall be no determination of the Net Asset Value of the relevant Index Fund until the Manager declares 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.

The Manager shall publish an announcement on its website containing information about the suspension of the calculation of the Net Asset Value and the suspension of dealing (at least once a month during the period of such suspension) and resumption of dealing. No Units will be issued or realised during any period of suspension.

Issue Price and Redemption Value

The Issue Price of Units of a class, created and issued pursuant to a Creation Application, shall be the Net Asset Value of the relevant Index Fund divided by the total number of Units of the relevant class in issue for that Index Fund rounded to the nearest 2 decimal places. The Issue Price will be rounded to 4 decimal places from 1 January 2010.

The Redemption Value of Units of a class on a Dealing Day shall be the Net Asset Value of the relevant Index Fund divided by the total number of Units of the relevant class in issue for that Index Fund rounded to the nearest 2 decimal places. The Redemption Value will be rounded to 4 decimal places from 1 January 2010.

Dealing prices representing the Net Asset Value per Unit shall be published according to the SFC's requirements.

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 relevant Index Fund being adversely affected which the Trust or the relevant Index Fund might not otherwise have suffered; or
- in the circumstances which, in the Manager's opinion, may result in the Trust or the relevant Index Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the relevant Index Fund 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 it 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 SENSEX India ETF being held by Non-Resident Indians and as otherwise required by Indian Law. The attention of investors is drawn to "Dealing on the SEHK" on page 26.

Transfer of Units

Where Unit certificates are issued in respect of Units in an Index Fund, Units may be transferred by using the standard transfer form issued by SEHK or 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 of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding in the relevant Index Fund.

Charges and Expenses

Manager's Fee

Under the terms of the Trust Deed, the Manager may, on giving not less than 3 months' notice to the Trustee and the affected Unitholders, increase the rate of the management fee payable in respect of an Index Fund up to or towards the maximum rate of 2.0 per cent per annum of the Net Asset Value of the Index Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrear.

The Manager may appoint sub-advisers, on terms and conditions determined by the Manager, to provide investment advice in respect of any or all of the Index Funds. The Manager will be responsible for the fees of such appointed persons.

Further details of the Manager's fee in respect of the SENSEX India ETF are set out in Section 2 of this prospectus.

Trustee's Fee

The Trustee may increase the rate of trustee fees payable in respect of the relevant Index Fund (up to or towards the maximum rate of 1.0 per cent per annum set out in the Trust Deed) on giving not less than 3 months' notice to affected Unitholders.

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, daylight settlement fee, partial delivery request 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.

Further details of the Trustee's fee in respect of the SENSEX India ETF are set out in Section 2 of this prospectus.

Registrar's Fee

The Registrar may charge a fee based on the number of Unitholders on the register or on the number of redemptions, creations or transfers in respect of any Index Fund.

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, envelopes and the Unit certificates (if any).

Further details of the Registrar's fee in respect of the SENSEX India ETF are set out in Section 2 of this prospectus.

Service Agent's Fees

The Service Agent will charge a fee for each Application which will be met out of the Transaction Fee. Such fee may be either based on the total aggregated value of the creation and redemption applications transacted daily or fixed.

Further details of the Service Agent's fee in respect of the SENSEX India ETF are set out in Section 2 of this prospectus.

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 Index Funds.

Unless otherwise provided in Section 2 of this prospectus the Manager will bear the fees and expenses of 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 any Index Fund by any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly reports, account and other circulars relating to the Trust or any Index Fund, the expenses of publishing Unit prices and all other operating costs relating to the administration of the Trust.

The cost of establishing the Trust, including the costs of seeking and obtaining the listing and all initial legal and printing costs have been borne by the Manager. If subsequent Index Funds are launched and incur preliminary expenses which are specific to them, such expenses will either be allocated to the relevant Index Fund for whose account they were incurred or be paid by the Manager.

Expenses incurred which are not specific to any particular Index Fund will be allocated among all the Index Funds in proportion to their respective Net Asset Value as at the close of their respective Initial Offer Periods.

Statutory and General Information

Distribution Policy

The Manager may in its absolute discretion distribute income to Unitholders at such times as it may determine in each financial year. The amount to be distributed to Unitholders will be derived from the net income of the relevant Index Fund.

On a distribution from an Index Fund the Registrar, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders. The Trustee is not responsible for any error in such allocation or for any incorrect payment or failure by the Registrar to make any such payment.

Amounts to be distributed in respect of each Unit of a class shall be rounded to nearest unit (being the smallest denomination commonly in use) of the relevant Index Fund's currency of account. Any amount of income not distributed, in accordance with the Trust Deed and unclaimed for twelve calendar months after the relevant distribution date shall be deemed to form part of the Income Property of the relevant Index Fund and any right a Unitholder may previously have had in respect of such undistributed income shall be extinguished.

Reports and Accounts

The financial year-end of the Trust is 31 December every year. Audited accounts are to be prepared (according to International Financial Reporting Standards) and sent to Unitholders within four months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to the last Dealing Day in June of each year and sent to Unitholders within two months of such date. The reports provide details of the assets of the Trust and the Manager's statement on transactions during the period under review (including a list of any constituent Securities of an Underlying Index, if any, that each accounts for more than 10 per cent of the weighting of the Underlying Index as at the end of the relevant period and their respective weighting showing any limits adopted by the Index Fund have been complied with). The reports shall also provide a comparison of the Index Fund's performance and the actual Underlying Index Performance over the relevant period.

Trust Deed

The Trust was established under Hong Kong law by a trust deed made by 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.

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 or alteration unless 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 to modify the terms of the Trust Deed, including 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 considered by holders of at least 25 per cent of the Units in issue and passed by a 75 per cent majority of the votes cast. Unitholders will be given not less than 21 days' notice of such meeting.

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 60 days; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; (iv) a law is passed that renders it illegal, or in the opinion of the Trustee, impracticable or inadvisable to continue the Trust; (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by Extraordinary Resolution; or (vi) 30 days after the Trustee notifies the Manager of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust (or in the case of (iii) any Index Fund) if: (i) after 3 years from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Index Fund is less than HK$150 million; (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the Trust; (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects an Index Fund and which renders such Index Fund illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue such Index Fund; or (iv) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate any Index Fund if (i) after 3 years from the date of the creation of such Index Fund, the Net Asset Value of such Index Fund is less than HK$150 million; (ii) at any time the Net Asset Value of such Index Fund is less than the Hong Kong dollar equivalent of US$10 million; (iii) its Underlying Index is no longer available for benchmarking or if the Units of the relevant Index Fund are no longer listed on the SEHK or any other Recognised Stock Exchange; (iv) at any time, the Index Fund ceases to have any Participating Dealer; or (v) if, the Manager is unable to implement its investment strategy. In such circumstances, unless the Manager and the Trustee agree that another strategy is: (a) possible, feasible as well as practicable; and (b) in the best interests of the Unitholders, the Units then in issue shall be compulsorily redeemed at the Net Asset Value of the Index Fund. The Manager shall, in such event, notify the SFC in advance in such circumstance and agree with the SFC appropriate methods of notification of Unitholders in the Index Fund prior to such redemption and termination. Further, the Unitholders may at any time authorise termination of the Trust or any Index Fund by extraordinary resolution.

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.

Notice of any termination of an Index Fund will be given to the Unitholders after the SFC has approved release of the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Index Fund and the alternatives available to them, and any other information required by the Code.

Unless previously terminated, the Trust will terminate on 16 November 2081.

Conflicts of Interest

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment adviser 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 any Index Fund.

In addition:-

- the Manager or any of its 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 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 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; and
- the monies of the Trust may be deposited with the Manager, the Trustee or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

It is, therefore, possible that any of the Trustee, the Manager or the Registrar or their Connected Persons may, in the course of business, have potential conflicts of interest with the Trust or any Index Fund. 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.

Inspection of Documents

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK$150 per set of copy documents:-

- Trust Deed;
- Registrar Agreements;
- Conversion Agency and Service Agency Agreements;
- Participation Agreements; and
- The most recent annual report and accounts of the Trust and the most recent semi-annual report of the Trust.

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.

Further Information about the SENSEX India ETF

The Manager will publish information with respect to the SENSEX India ETF, both in the English and in the Chinese languages, on the Manager's website at www.ishares.com.hk including:

- this prospectus (as revised from time to time);
- the latest annual and semi-annual financial reports of the SENSEX India ETF;

- any public announcements or notices made by the SENSEX India ETF, including information with regard to the Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading; and
- monthly holdings;
- near real-time estimated Net Asset Value throughout each Dealing Day and the final Net Asset Value for each Dealing Day; and
- a list of current Participating Dealers.

In addition, the Index Provider will publish the real time Index level (Ticker: SENSEX) on Bloomberg, updated throughout the day. The Index may also be viewed using the following information vendors: Reuters, Global Topic and Thomson Financial ONE.

SECTION 2 – INFORMATION RELATING TO THE SENSEX INDIA ETF

This section of the prospectus sets out specific information applicable to the SENSEX India ETF. Prospective investors' attention is drawn to "Risk Factors relating to the SENSEX India ETF".

For the purposes of this Section 2 of the Prospectus, a reference to the SENSEX India ETF includes the Mauritius subsidiary (as explained further under the section "Information about the Mauritius subsidiary" in Appendix V).

Key Information

The following table is a summary of key information in respect of the SENSEX India ETF, and should be read in conjunction with the full text of this Section 2 of this prospectus.

Instrument Type	Exchange Traded Fund ("ETF")
Tracked Index	BSE SENSEX
Listing Date	2 November 2006
Exchange Listing	SEHK – Main Board
Stock Code	2836
Trading Board Lot Size	200 Units
Trading Currency	Hong Kong dollars (HK$)
Dividend Payout	Annually (if any)
Application Unit (only Participating Dealers)	Minimum 400,000 Units (or multiples thereof)
Manager	BlackRock Asset Management North Asia Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Registrar	HSBC Institutional Trust Services (Asia) Limited
Service Agent	HK Conversion Agency Service Limited
Web Site	www.ishares.com.hk

Exchange Listing and Trading

Dealings on the SEHK in Units in the SENSEX India ETF began on 2 November 2006. Units in the SENSEX India ETF trade on the SEHK in board lots of 200 Units. Units 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.

If trading of the Units of the SENSEX India ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

Investment Objective and Strategy of the SENSEX India ETF

Investment Objective

The SENSEX India ETF seeks to track the performance of the Index in Hong Kong dollar terms.

Investment Strategy of the SENSEX India ETF

The SENSEX India ETF will invest indirectly into the Indian market through a wholly owned subsidiary incorporated in Mauritius (the "Mauritius subsidiary"). The Mauritius subsidiary was established solely for the purpose of making investments in the Indian market on behalf of the SENSEX India ETF[1]. The Mauritius subsidiary will invest mainly in Indian Securities. It may also invest up to 15 per cent of its net asset value in India Access Products ("IAPs"), being derivative instruments linked to Indian Securities issued by third parties. An IAP represents only an obligation of the IAP issuer to provide the economic performance of the underlying Indian Security. Further information about IAPs is set out in Appendix IV.

Indian Securities may be acquired only by foreign investors who are registered as Foreign Institutional Investors ("FII") with the Securities Investment Board of India ("SEBI"). The Manager obtained its FII registration from the Securities Investment Board of India in December 2008, and has registered the Mauritius subsidiary as a sub-account of its FII.

The Manager intends to pursue a Representative Sampling Strategy to achieve the SENSEX India ETF's investment objective. As such, the Manager may overweight the holdings of the SENSEX India ETF (held by the Mauritius subsidiary) relative to the respective weightings of the Securities in the Index. For example such overweighting of holdings may occur if the Manager considers certain Securities in the 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 FII may hold more than 10 per cent of the total issued equity capital of an Indian company and the aggregate FII 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 FII. In pursuing a Representative Sampling Strategy, the Manager will select underlying Securities, based on their contribution to certain capitalisation, industry and fundamental investment characteristics.

Index and Indian Share Market

Index

The Index comprises the 30 largest and most actively traded stocks, representative of various sectors, on the Bombay Stock Exchange. The Index represents (as at 30 November 2009) approximately 45.07 per cent of total market capitalisation of the Bombay Stock Exchange. The Index has a base year 1978-79 with a base index value of 100. The Index is denominated in Rupees.

The Manager selected the Index for the SENSEX India ETF because it believes the Index has clearly defined rules and is a tradeable index with liquidity. The Index is a free-float market capitalisation weighted index comprising stocks with high liquidity.

The Bombay Stock Exchange is the oldest stock exchange in Asia. Popularly known as the "BSE", it was 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 of India under the Securities Contracts (Regulation) Act, 1956.

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[1] Prior to the registration of the Mauritius subsidiary as a sub-account of the Manager's FII, the SENSEX India ETF gained its exposure to the Indian market solely through the use of IAPs.

The Bombay Stock Exchange's role in the development of the Indian capital market is recognised and the Index, commonly known as SENSEX, first compiled in 1986 is well known in India.

Index Provider

The Index Provider is the Bombay Stock Exchange. The Manager has the non-exclusive right to use the Index in connection with the SENSEX India ETF. The Bombay Stock Exchange is independent of the Manager. The Index is used as a performance benchmark and as the basis for derivative trading as well as index tracking funds such as the SENSEX India ETF.

Index Construction

The general guidelines for selection of the constituent securities in the Index are as follows:

- Listing history
- Trading frequency
- Final rank
- Market capitalisation weightage
- Industry representation
- Track record

The constituents of the Index are periodically reviewed to ensure that the Index continues to reflect the state and structure of the underlying market it measures. Please see Appendix I for a list of all of the 30 constituent stocks in the Index as at 30 November 2009 and Appendix II for a description of some of the key ground rules applicable to the Index and further information in relation to constituent selection.

Calculation Times

The Index opens at 9:55 am (Bombay time) (12:25 pm (Hong Kong time)) and closes at 3:30 pm (Bombay time) (6:00 pm (Hong Kong time)) each day on which the Bombay Stock Exchange is open.* The Index is calculated and is updated continuously until the market closes. The Index is published as end of day values in Rupees.

The closing price of each constituent of the Index on a day on which the Bombay Stock Exchange is open is calculated by taking the weighted average of the trading prices of the constituent during the 30 minutes period immediately before the close of the Bombay Stock Exchange. If a constituent is not traded during that 30 minutes period, the last traded price of that constituent shall be taken as its closing price. At 3:40 pm (Bombay time) on each day on which the Bombay Stock Exchange is open, the closing value of the Index shall be calculated by reference to the closing price of each constituent of the Index as calculated above. The composition of the Index is reviewed semi-annually.

Exchange and Index's Times

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

	Trading of the SENSEX India ETF on the SEHK	Bombay Stock Exchange*	Index*
Commencement time (Morning)	9:30 am (Hong Kong time)	12:25 pm (Hong Kong time)	12:25 pm (Hong Kong time)
Closing time (Afternoon)	4:00 pm (Hong Kong time)	6:00 pm (Hong Kong time)	6:00 pm (Hong Kong time)

* Normally, the Bombay Stock Exchange opens for trading between 9:55 a.m. (Bombay time) (12:25 pm (Hong Kong time)) to 3:30 p.m. (Bombay time) (6:00 pm (Hong Kong time)) from Monday to Friday. However the Bombay Stock Exchange may from time to time schedule special trading sessions with a shorter or extended trading time on any day. In anticipation of such different trading time, the Bombay Stock Exchange will make a prior announcement with regard to the date and time of such special trading session on the Bombay Stock Exchange's website at www.bseindia.com and the Valuation Point, the commencement and/or closing time of the Index will be adjusted accordingly.

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 Bombay Stock Exchange at 6.00 pm (Hong Kong time). Because the Bombay Stock Exchange operates in a different time zone to Hong Kong, the Bombay Stock Exchange will be open after the SEHK is closed for trading. The attention of investors is drawn to the fact that Unitholders will not be able to trade Units after the SEHK is closed even if the value of the Securities comprising the Index changes before the Bombay Stock Exchange closes on that day.

Investment Restrictions

The investment restrictions set out on pages 10 and 11 apply to the SENSEX India ETF, subject to the following:-

- The SENSEX India ETF will invest substantially all its assets in the Mauritius subsidiary, a wholly owned subsidiary company established solely for the purpose of making investments in the Indian market. In these circumstances: (a) the underlying investments of the Mauritius subsidiary, together with the direct investments made by the SENSEX India ETF, must in aggregate comply with the investment restrictions described in this Prospectus; (b) the SENSEX India ETF will not incur additional fees and expenses as a result of the establishment of the Mauritius subsidiary as the Manager will rebate to the SENSEX India ETF the amount of ordinary fees and expenses incurred by the Mauritius subsidiary; and (c) the various reports required to be prepared for the SENSEX India ETF will be prepared in a consolidated form so as to include the assets (including investment portfolio) and liabilities of the Mauritius subsidiary as part of those of the SENSEX India ETF.

- For the avoidance of doubt the IAPs are subject to the investment restriction relating to securities which are not quoted, listed or dealt in on a Market effectively limiting investment in IAPs to 15 per cent of the net asset value.

- The SENSEX India ETF is permitted to enter Futures Contracts and Options for hedging purposes or to achieve its investment objective. The value of the SENSEX India ETF's investments in Options (in terms of the total amount of premium paid) and the value of the SENSEX India ETF investments in Futures Contracts (in terms of the total net aggregate value of outstanding contract prices payable by or to the SENSEX India ETF) will not, in the aggregate, exceed 10 per cent of the SENSEX India ETF's latest available Net Asset Value. The SENSEX India ETF may only enter into futures contracts which are traded on the Futures Exchange or a Recognised Futures Exchange.

- The SENSEX India ETF may overweight holdings of Securities relative to the respective weightings in the Index (taking into account any representative sampling strategy) on condition that the maximum extra weighting in any Security will not exceed 2 per cent. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit by the SENSEX India ETF. The annual and semi-annual reports of the SENSEX India ETF shall also disclose whether or not such limit has been complied with during such period.

Operation of the SENSEX India ETF

Investment in the SENSEX India ETF

There are two types of investors in the SENSEX India ETF, and two corresponding methods of investment in Units and realisation of investment in Units. The first type of investor is a Participating Dealer. Only a Participating Dealer can create and redeem Units directly with the SENSEX India ETF.

The second type of investor is any person, other than a Participating Dealer, who buys and sells the Units on the SEHK. The Manager expects that at least one market maker will maintain a market for the Units of the SENSEX India ETF on the SEHK.

Participating Dealer

The role of the Participating Dealer is to create and redeem Units in the SENSEX India ETF from time to time. A Participating Dealer has no obligation to create or redeem Units, and generally will do so only to the extent necessary to facilitate secondary market trading of SENSEX India ETF Units by the Participating Dealer or its clients. 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 a transfer of 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.

A list of Participating Dealers is available at www.ishares.com.hk.

Market Makers

A market maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK. 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 SEHK. 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 SEHK. The Manager anticipates that at least one market maker will maintain a market for Units of the SENSEX India ETF to facilitate efficient trading. The list of market markers in respect of the SENSEX India ETF from time to time will be displayed on www.hkex.com.hk.

Index Rebalancing

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

Distribution Policy

Any income earned by the SENSEX India ETF will be distributed in accordance with provisions of the Trust Deed annually. The Mauritius subsidiary Manager will receive dividends in Rupees or USD and convert these amounts to Hong Kong dollars prior to any distribution to the SENSEX India ETF.

No Certificates

Certificates will not be issued in respect of Units in the SENSEX India ETF. After listing all Units will be registered in the name of HKSCC Nominees Limited by the Registrar. The register of Unitholders of the SENSEX India ETF is the evidence of ownership. Any beneficial interest in the Units of the SENSEX India ETF will be established through an account with a Participating Dealer or a participant in CCASS.

Dealing on the SEHK

Investors, other than Participating Dealers, cannot create or redeem Units directly from the SENSEX India ETF. Only Participating Dealers may submit creation or redemption applications to the Manager.

However, as the SENSEX India ETF is listed on the SEHK, investors can place an order to buy Units during the trading day through a broker on the SEHK as one would in the case of a share listed on the SEHK, at any time after dealings in the Units commence. The trading price of Units of the SENSEX India ETF may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Units may not be acquired by, transferred to, purchased by or held for or on the account of and/or for the benefit of a person who is a Non-Resident Indian, or a Person Resident in India (each term as described in Appendix II).

Investors may place an order with a broker to sell their Units on the SEHK at any time during the trading day. To sell Units - or to buy new ones - an investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers. There are also one or more exchange participants that will make a market for the Units in the secondary trading market. These market makers will 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 SEHK.

No money should be paid to any intermediary in Hong Kong who is not licensed for type 1 regulated activity under the Securities and Futures Ordinance.

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) Units. Please see the section headed "Fees Payable on Dealings in Units on the SEHK" below.

Creation and Redemption by Participating Dealers

Continuous Offering of Units

Units in the SENSEX 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. The dealing period on any Dealing Day ends at the Dealing Deadline at 10.00 am (Hong Kong time). All dealing requests are dealt with at the same Net Asset Value at the same Valuation Point i.e. the close of the Bombay Stock Exchange (6.00 pm HK time). The Manager expects that Participating Dealers will generally accept and submit creation 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 request which would increase the cost of investment. 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.

Application Unit

Units in the SENSEX 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 400,000 Units (or whole multiples thereof). Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum holding of Units is one Application Unit.

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 SENSEX India ETF in Application Unit size in exchange for Securities or cash or a combination of both at the discretion of the Participating Dealer, in accordance with the Operating Guidelines and the Trust Deed. Where the aggregate value of the Securities delivered by a Participating Dealer, exceeds the Net Asset Value of an Application Unit as determined in accordance with the Operating Guidelines, the SENSEX India ETF will pay the Participating Dealer a cash amount equal to the difference. In the event that the SENSEX India ETF has insufficient cash required to pay such cash amount to the Participating Dealer, the Manager may effect sales of the Deposited Property of the SENSEX India ETF, or may borrow moneys to provide the cash required 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 would have certain adverse tax consequences for the SENSEX India ETF; or (ii) the Manager reasonably believes that the acceptance of any Security would be unlawful; or (iii) the acceptance of any Security would otherwise, in the opinion of the Manager, have an adverse effect on the SENSEX India ETF; or (iv) circumstances outside control of the Manager make it for all practicable purposes impossible to process Creation Applications; or (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 are denominated in Hong Kong dollars and no fractions of a Unit shall be created or issued by the Trustee.

An 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.

The creation and issue of Units pursuant to a Creation Application shall be effected as at the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines 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.

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 SENSEX India ETF is 10.00 am (Hong Kong time).

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 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 SENSEX 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)) for the benefit of the Registrar and/or the Service Agent.

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 Units in the SENSEX India ETF

The Trustee shall cancel Units in the SENSEX India ETF created and issued in respect of a Creation Application if it has not received good title to all Securities and or cash (including Duties and Charges) relating to the Creation Application by or on the relevant Settlement Day provided that the Manager may at its discretion, with the approval of the Trustee, (a) extend the settlement period (either for the Creation Application as a whole or for a particular Security) such extension to be on such terms and conditions (including as to the payment of collateral and an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager may determine and (b) partially settle the Creation Application to the extent to which Securities and/or cash have been vested in 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 or cash.

Upon the cancellation of any Units as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, any Securities or 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 and/or the Registrar an Application Cancellation Fee, currently HK$10,000;

- the Manager may at its discretion require the Participating Dealer to pay to the Trustee for the account of the SENSEX India ETF in respect of each Unit so cancelled Cancellation Compensation, being (a) 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 plus (b) such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the SENSEX India ETF as a result of any such cancellation;

- the Registrar and/or the Service Agent shall be entitled to the Transaction Fee payable in respect of a Redemption 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 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.

Investors cannot acquire or redeem Units directly from the SENSEX India ETF. Only Participating Dealers may submit redemption applications to the Manager. The Manager expects that Participating Dealers will generally accept and submit 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 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 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 SENSEX India ETF is 10.00 am (Hong Kong time).

The Manager shall, on receipt of an effective Redemption Application for the SENSEX India ETF from a Participating Dealer, effect the redemption of the relevant Units and shall require the Trustee to transfer to the Participating Dealer Securities or cash or a combination of both at the discretion of the Participating Dealer 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 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 Registrar may charge a Unit Cancellation Fee in connection with each accepted Redemption Application.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit in the SENSEX India ETF rounded to the nearest 2 decimal places. The Redemption Value will be rounded to 4 decimal places from 1 January 2010.

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 the Transaction Fee. To the extent that the cash is insufficient to pay such Duties and Charges and the Transaction Fee payable on such redemption the Participating Dealer shall promptly pay the shortfall in the currency of account for the SENSEX 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 such shortfall and any cash amount, Transaction Fee and Extension Fee payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

Any accepted Redemption Application will be effected by the transfer of Securities and/or payment of cash 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 Hong Kong 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 Manager shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any cash amount payable by the Participating Dealer and any Duties and Charges and the Transaction Fee payable have been deducted or otherwise paid in full.

Provided that 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 holder of such Units shall be removed from the register in respect of those Units on the relevant Settlement Day,

the Trustee shall transfer Securities and/or cash relevant to the Redemption Application out of the Deposited Property of the SENSEX India ETF to the Participating Dealer in accordance with the Operating Guidelines.

No Security or cash shall be transferred or 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 and/or the Service Agent;

- the Manager may charge the Participating Dealer for the account of the Trustee and/or the Registrar an Application Cancellation Fee, currently HK$10,000;

- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the SENSEX India ETF, in respect of each Unit Cancellation Compensation, being (a) 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 actual date when the Manager is able to repurchase the replacement Securities, made a Creation Application plus (b) such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the SENSEX 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 to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) 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 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 SENSEX 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 for Securities with a broker or counterparty nominated by the Participating Dealer. Should the nominated broker or counterparty 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 or counterparty and amend the terms of the Creation or Redemption Application to take into account the default and the changes to the terms.

Risk Factors Relating to the SENSEX India ETF

In addition to the principal risk factors set out in Section 1 of this prospectus, investors should also note the following additional risk factors associated with investing in the SENSEX India ETF. The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and they do not offer advice on the suitability of investing in the SENSEX India ETF. Investors should carefully consider the risk factors described below together with all of the other information included in this prospectus before deciding whether to invest in Units of the SENSEX India ETF. Authorisation of the SENSEX India ETF by the SFC does not imply official approval or endorsement of the Index by the SFC.

General Risk Factors

FII investment restrictions

Investors should note that the relevant Indian laws and regulations may limit the ability of the FII 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 SENSEX India ETF. This may occur in a number of circumstances, such as (i) where the aggregate FII 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 FII (or its sub-accounts) holds 10 per cent of the issued equity capital of an Indian company; and/or (iii) change in the applicable laws and regulations affecting the investment capacity of the FII. In the event that these limits are exceeded the relevant FIIs will be required to dispose of the Shares in order to comply with the relevant requirements and each FII may dispose of the relevant Shares on a "last in first out" basis. As a consequence, in such circumstances, the Manager may need to adopt further measures in line with Representative Sampling Strategy in order to achieve the SENSEX India ETF's investment objective. This may cause increased tracking error in general.

Counterparty risk of IAP issuers

The Mauritius subsidiary may invest up to 15 per cent of its net asset value in IAPs; with a maximum exposure to any single issuer of 10 per cent of the net asset value. The IAPs constitute direct, general and unsecured contractual obligations of the IAP issuer. The IAPs do not provide the SENSEX India ETF (or the Mauritius subsidiary) with any legal or equitable interest of any type in the underlying Indian Securities comprising the Index. Each IAP is designed to replicate the economic benefit of holding the underlying Indian Security. The value of the SENSEX India ETF's assets may therefore be affected by the credit risk of the IAP issuers (if any). Any default in relation to, or other failure to perform obligations under an IAP or related agreement of, any of the IAP issuers will have an adverse impact on the Net Asset Value of the SENSEX India ETF. The SENSEX India ETF is indirectly subject to counterparty risk associated with each IAP issuer and may suffer losses potentially equal to the full value of the IAPs issued by an IAP issuer if such IAP issuer fails to perform its obligations under the IAPs. Any loss would result in a reduction in the Net Asset Value and impair the ability of the SENSEX India ETF to achieve its investment objective to track the Underlying Index. In the event of any default by an IAP issuer, dealing may be suspended and the SENSEX India ETF may ultimately be terminated.

Liquidation of IAPs

Although the Index IAPs to be held by the SENSEX India ETF are listed on the Luxembourg Stock Exchange, the IAPs have no active secondary market.

Tracking error due to IAPs

The tracking error of the SENSEX India ETF may be increased by the overall costs of maintaining the IAPs. Such costs include the IAP Commission and the IAP maintenance charge (please see under "IAP Commission" below) as well as the spread and foreign exchange costs from investing in the IAPs. As a result of such costs the value of the IAPs may differ from the price of the Securities to which such IAPs are linked, leading to an increased tracking error, although the Manager does not believe that this will be significant.

Risk Factors Relating to India

Indian Exchange Controls

The operation of the FII's bank account in India is subject to regulation by the Reserve Bank of India ("RBI") under FEMA Regulations. A designated bank, namely any bank in India which has been authorised by the RBI to act as a banker to FIIs, is authorised to convert currency and repatriate capital and income on behalf of the FII. 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 SENSEX 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 FII experiences difficulties in obtaining reliable information regarding any corporate actions and dividends of companies in which the SENSEX 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 SENSEX 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 SENSEX India ETF.

Fraudulent Practices

The Securities and Exchange Board was created under the resolution of the Government of India in the Department of Economic Affairs on 12^{th} April 1988. In 1992 all the assets, rights and liabilities of the existing Securities and Exchange Board were transferred to SEBI. SEBI 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 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 SENSEX 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 SENSEX 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 SENSEX India ETF's assets so as to obtain a representative portfolio or to realise the SENSEX India ETF's investments at the places and times that it would wish to do so.

Risk Factors Relating to Mauritius

Mauritius Taxation and Exchange Control

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 per cent of its net income. However, the Mauritius subsidiary will be entitled to a deemed tax credit equivalent to the higher of the actual foreign tax suffered or 80 per cent 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.

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.

Reliance on the DTA

Mauritius has, as a tax planning jurisdiction focused on the development of its Global Business sector on the use of its growing networks of DTA Treaties. Mauritius has been used as a route for investment into emerging regions such as India and China. As at the date of this Prospectus, Mauritius has conducted 33 tax treaties and is currently awaiting on some 14 others.

Investors should note that no assurance can be given that the terms of the DTA will not be subject to re-negotiation in the future. Any change in the DTA could have a material adverse effect on the returns of the Mauritius subsidiary and as a result, the returns of the SENSEX India ETF. There can be no assurance that the DTA will continue and will be in force and effect during the life of the Mauritius subsidiary. There can be no assurance that the Mauritius subsidiary will be able to obtain or maintain the benefit of the DTA.

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.

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.

Fees Payable

There are 3 levels of fees and expenses applicable to investing in the SENSEX India ETF as set out in the following table, current as at the date of the Prospectus.

Fees and expenses payable by Participating Dealers on in respect of creation and redemption of Units (primary market)	**Amount**
Transaction Fee	HK$16,000[2] per Application
Application Cancellation Fee	HK$10,000[3] per Application
Extension Fee	HK$10,000[4] per Application
Partial Delivery Request Fee	HK$10,000[5] per Application
Stamp duty	Nil
Transaction levy and trading fee	Nil
Fees and expenses payable by investors on SEHK (secondary market)	**Amount**
Brokerage	Market rates
Transaction levy	0.004%[6]
Trading fee	0.005%[7]
Stamp duty	Nil
No money should be paid to any intermediary in Hong Kong which is not licensed or recognised to carry on Type 1 regulated activity under Part V of the SFO.	

Fees and expenses payable by SENSEX India ETF (see further disclosure below)	**Amount**
Management Fee[8]	0.99% p.a. of Net Asset Value

Fees and Expenses Payable by SENSEX India ETF

The SENSEX India ETF employs a single management 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, 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, fees and charges relating to the IAPs, or extraordinary items such as litigation expenses. The estimated Total Expense Ratio is expected to be 1.15% p.a.

The SENSEX 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 SENSEX India ETF will not be paid (either in whole or in part) out of the SENSEX India ETF.

Fees and Charges Relating to IAPs

IAP Commission: The IAP issuer charges a 0.295% commission (including stamp duty) on each purchase and sale of each IAP. The IAP Commission is included in the purchase price and sale price of the IAP and is accordingly an expense borne by the SENSEX India ETF. The IAP Commission may be increased generally or in respect of specific IAP issuers.

IAP Maintenance Charge: In addition to the IAP Commission, the IAP issuer is entitled to an IAP maintenance charge equal to 0.30% per annum of the daily mark to market value of the IAPs issued by the relevant IAP Issuer up to and including US$200 million, and 0.20% per annum for IAPs in excess of US$200 million, payable at the end of each quarter based on the period's number of actual days.

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2 HK$15,000 is payable to the Registrar and HK$1,000 is payable to the Service Agent.

3 An Application cancellation fee is payable to the Trustee and / or Registrar by the Participating Dealer in respect of either a withdrawn or failed Creation Application or Redemption Application. Cancellation compensation may also be payable pursuant to the terms of the Operating Guidelines.

4 An extension fee is payable by the Participating Dealer to the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement in respect of a Creation or Redemption Application.

5 A partial delivery request fee is payable by the Participating Dealer for the benefit of the Trustee or Registrar on each occasion the Manager grants the Participation Dealer's request for partial settlement.

6 Transaction levy of 0.004% of the price of the Units payable by the buyer and the seller.

7 Trading fee of 0.005% of the price of the Units, payable by the buyer and the seller.

8 Accrued daily and payable monthly in arrears.

Other Expenses: The SENSEX India ETF is generally required to bear all taxes and expenses including depositary charges transaction or exercise charges which may be or would be (i) incurred in connection with the exercise or redemption of the IAPs and/or any payment and/or delivery in respect thereof, (ii) incurred by the IAP issuer or its affiliate had such entity established, unwound or varied any underlying related hedging arrangements in respect of the IAPs; (iii) withheld by India (or any political subdivision of taxing authority thereof or therein); or (iv) payable in India by or on behalf of a foreign investor or its agent. Any such amounts are ordinarily built into the price of the IAPs.

Establishment costs

The cost of establishing the SENSEX 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.

Taxation

The following summary of taxation is of a general nature, for information purposes only, and is not intended to 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. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong, Mauritius and India at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus.

Hong Kong	
SENSEX India ETF	Profits Tax: As the SENSEX India ETF has been authorised by the SFC under section 104 of the Securities and Futures Ordinance, profits of the SENSEX India ETF arising from the sale or disposal of securities, net investment income received by or accruing to the SENSEX India ETF and other profits of the SENSEX India ETF are exempt from Hong Kong profits tax. Other taxes: Notwithstanding that profits or income of the SENSEX India ETF are exempt from Hong Kong profits tax, the SENSEX India ETF may be subject to tax in certain jurisdictions where investments are made on income or capital gains derived from such investments. Stamp Duty: Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty on the transfer of Hong Kong stocks to the SENSEX India ETF by an investor pursuant to an application in specie will be remitted or refunded. Similarly, Hong Kong stamp duty on the transfer of Hong Kong stocks by the Trust to an investor upon redemption of Units will also be remitted or refunded. No Hong Kong stamp duty is payable by the SENSEX India ETF on an issue or redemption of Units. The transfer of shares to the SENSEX India ETF by an investor pursuant to an application in specie is not subject to Hong Kong stamp duty if the underlying shares are not Hong Kong stocks. Similarly, the transfer of underlying shares from the SENSEX India ETF to the investor in relation to redemption of Units is also exempt from Hong Kong stamp duty if the underlying shares are not Hong Kong stocks.
Mauritius subsidiary	Under the general Hong Kong tax law and practice, exposure to Hong Kong profits tax will only arise if the Mauritius subsidiary is regarded as carrying on a trade, profession or business in Hong Kong either on its own or through an agent in Hong Kong; and profits from that trade, profession or business arise in or are derived from Hong Kong. The Mauritius subsidiary may be considered to be carrying on a trade, profession or business in Hong Kong through the activities of an agent in Hong Kong, such as the Investment Manager. As such, no assurance can be given that the Mauritius subsidiary notwithstanding being incorporated outside of Hong Kong will not be considered by the Hong Kong Inland Revenue Department to be subject to Hong Kong profits tax. An "agent" generally refers to someone who has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of his principal. If the Mauritius subsidiary is regarded as carrying on business in Hong Kong, a liability to profits tax, the rate of which is currently 16.5 percent, will only exist in respect of any profits which arise in or are derived from Hong Kong, excluding capital profits. Such amounts may include profits arising from the disposal of securities and derivatives (except those acquired and held as capital assets) where the purchase or sale contracts are effected in Hong Kong. The term "effected" in this context does not just refer to the execution of the contracts but also includes the negotiation and all steps leading to the final conclusion of the contracts. Interest income arising from certain debt instruments where the loan funds were first made available to the issuer in Hong Kong is Hong Kong sourced and subject to profits tax. Note that whilst profits in the nature of capital gains are excluded from taxation in Hong Kong, gains which are considered to be derived from trading activity as opposed to mere investment activity carried on in Hong Kong may potentially be subject to Hong Kong profits tax.

	The Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 ("Ordinance") was gazetted on 10 March 2006. Under the Ordinance, funds resident outside Hong Kong ("Offshore Funds") are exempted from Hong Kong profits tax provided specific conditions under the Ordinance are met. The Directors of the Mauritius subsidiary will conduct the affairs of the Mauritius subsidiary as far as possible in such a manner as to minimize the risk of the Mauritius subsidiary being considered to carry on a trade or business in Hong Kong and/or to comply with all the exemption conditions under the Ordinance but no assurance can be given that profits from the holding and disposal of certain investment in Hong Kong will not give rise to a liability for profits tax in Hong Kong. Dividends distributed by the Mauritius subsidiary to the SENSEX India ETF will not be subject to any withholding tax in Hong Kong.
Unitholders	<u>Profits Tax</u>: Unitholders who are Hong Kong residents will generally not be subject to any Hong Kong profits tax on dividends or distributions made by the SENSEX India ETF or capital gains realised on the sale, redemption or other disposal of the Units. However, where the Hong Kong Unitholder is carrying on a trade, profession or business in Hong Kong and derives gain on disposal of the units in the SENSEX India ETF from such trade, profession or business, such gain will be subject to profits tax in Hong Kong if it is of revenue nature and Hong Kong-sourced. <u>Stamp Duty</u>: As the underlying Securities of the SENSEX India ETF are not Hong Kong stocks, pursuant to an exemption granted by the Hong Kong government on 27 October 2006, the sale and purchase of Units by an investor are exempt from Hong Kong stamp duty. There is no Hong Kong ad valorem stamp duty when the SENSEX India ETF issues or redeems Units.
Mauritius	
Mauritius subsidiary	The Mauritius subsidiary holds a Global Business License (Category 1) from the FSC and will apply for a certificate of tax residence from the Mauritius Revenue Authority (the "MRA") through the FSC. The MRA will generally issue a tax residence certificate ("TRC") if the Mauritius subsidiary: • 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; • maintains, at all times, its principal bank accounts in Mauritius; • keeps and maintains, at all times, its accounting records in Mauritius; • prepares its statutory financial statements and causes its financial statements to be audited in Mauritius; • provides for meetings of directors to include at least 2 directors from Mauritius. 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). Further, 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. 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 allowed a credit for foreign tax on its income which is not derived from Mauritius against the Mauritius tax computed by reference to that same income. The deemed foreign tax credit shall be presumed to be equal to 80 per cent of the Mauritius tax chargeable. 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 DTAA entered into between India and Mauritius ("Tax Treaty") the Mauritius subsidiary would be entitled to claim underlying tax credit in respect of Dividend Distribution Tax ("DDT") paid by the Indian company if the shareholding exceeds a certain threshold. The DDT paid in India is currently charged at a rate of 16.995 per cent 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.

India	
Mauritius subsidiary	The primary revenue streams for the Mauritius subsidiary during the term of its investments is expected to consist of: • gains from the sale/buy-back of shares of the Indian companies; • dividends declared by the Indian companies; Section 90(2) of the Income Tax Act, 1961 (the "Act"), inter alia, provides that where a non-resident is a tax resident of a country with which India has a double tax avoidance agreement ("DTAA"), the provisions of the DTAA would apply to the extent the provisions of the DTAA are more beneficial than Indian domestic tax law. India has entered into a DTAA with Mauritius (the "Tax Treaty"). In order for a Mauritius company to be eligible to claim benefits under the Tax Treaty, it must be a tax resident in Mauritius, i.e. it should hold a valid Tax Residency Certificate ("TRC") issued by the Mauritius tax authorities on an annual basis. It is expected that the Mauritius subsidiary will receive a TRC. The tax implications for the Mauritius subsidiary could be significantly different if it has a permanent establishment ("PE") in India. If a PE were created in India, then the Mauritius subsidiary would be taxed on its income that is attributable to such a PE. No assurance can be provided that the Indian tax authorities will not challenge the eligibility of the Mauritius subsidiary for benefits under the Tax Treaty, or seek to assert that the Mauritius subsidiary has a PE in India. The discussion which follows describes certain Indian tax consequences for the Mauritius subsidiary, both, where the Mauritius subsidiary is eligible for benefits of the Tax Treaty, and where Tax Treaty benefits are not available. <u>Taxation of the Mauritius subsidiary if Tax Treaty Benefits Are Available</u> ***Gains on Sale of Shares of the Indian Companies***. If the Mauritius subsidiary is eligible for benefits under the Tax Treaty, capital gains derived from sale / buy back of shares of the Indian companies would be taxable only in Mauritius. Currently, the Mauritius tax law does not tax capital gains. Accordingly, if gains derived by the Mauritius subsidiary from the sale of shares in the Indian companies are treated as capital gains, such gains would not be taxable either in Mauritius or in India. The issue of whether gains arising from the sale of shares in the Indian companies should be classified as "Capital Gains" or as "Business Income" has traditionally been the subject matter of litigation with the Indian tax authorities. In recent years, certain contradictory advance rulings with respect to FIIs and private equity funds have given rise to additional uncertainty on this issue. In these rulings, it was held that the profits arising from the sale of portfolio investments in India would be treated as business income. In contrast, recently the Indian Authority for Advance Ruling has ruled in the case of certain investment funds registered as sub-accounts of foreign institutional investors that the profits arising on sale of portfolio investments in India represent capital gains, noting the intention of the legislator to allow such investors to make investments into the Indian capital market. Additionally, the Central Board of Direct Taxes has issued draft instructions for characterization of such gains and has issued a circular in this regard, which discussed the possibility of the gains being characterized either as business income or as capital gains. If the gains realized by the Mauritius subsidiary on the sale of shares in Indian companies are treated as business income, such gains would be taxable in India only if the Mauritius subsidiary has a PE in India, at the rate of 42.23 per cent (inclusive of surcharge of 2.5 per cent and education cess of 3 per cent. Surcharge of 2.5 per cent is leviable only if the income of the Mauritius subsidiary exceeds Rs. Ten million) ***<u>Dividends</u>****:* Under the current provisions of the Act, shareholders are not subject to Indian tax with respect to dividends declared or paid by an Indian company, regardless of whether or not the shareholder is a resident of India. Accordingly, the Mauritius subsidiary should not be subject to tax in India with respect to dividends received from the Indian companies. However, the Indian companies declaring, distributing or paying the dividend are required to pay a dividend distribution tax in India at a rate of 16.995 per cent (inclusive of surcharge and education cess).

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.

Gains on Sale of Shares in the Indian Companies: If the gains from the transfer or buy-back of shares in Indian companies are characterized as "capital gains" the gains will be treated for Indian tax purposes as "short-term capital gains" if the shares have been held for a period of twelve (12) months or less and "long-term capital gains" if held for more than twelve (12) months.

Long-term capital gains realized on the sale of shares of Indian companies listed on a recognized stock exchange in India are exempt from taxation in India, provided such transaction is subject to securities transaction tax ("STT") as further discussed below. Long-term capital gains with respect to shares not listed on any recognized stock exchange are subject to Indian tax at a rate of 21.12 per cent (including surcharge of 2.5 per cent and education cess of 3 per cent. Surcharge of 2.5 per cent is leviable only if the income of the Mauritius subsidiary exceeds Rs. Ten million).

Short-term capital gains realized on the sale of shares of Indian companies listed on a recognized stock exchange in India are subject to tax at a rate of 15.84 per cent (including surcharge of 2.5 per cent and education cess of 3 per cent. Surcharge of 2.5 per cent is leviable only if the income of the Mauritius subsidiary exceeds Rs. Ten million), provided such transaction is subject to STT. Short-term capital gains on the sale of shares of Indian companies that are listed but not subject to STT, or which are not listed on any recognized stock exchange in India, are subject to tax at a rate of 31.67 per cent (including surcharge of 2.5 per cent and education cess of 3 per cent. Surcharge of 2.5 per cent is leviable only if the income of the Mauritius subsidiary exceeds Rs. Ten million).

Securities transaction tax (STT): All transactions (excluding transactions in debt securities / debt oriented mutual funds) entered on a recognised stock exchange in India will be subject to a STT levied on the transaction value. In case of purchase/sale of equity shares and units of an equity oriented mutual fund which is settled by way of actual delivery or transfer of the equity share/unit, STT will be levied at the rate of 0.125 per cent on both the buyer and seller of the equity share/unit. For sale of equity shares and units of an equity oriented mutual fund settled otherwise than by way of actual delivery or transfer of the equity share/unit, STT will be levied at the rate of 0.025 per cent on the seller of the equity share/unit. Seller of an option / futures contract in securities would be subjected to a STT of 0.017 per cent. Further, in case the option in securities is exercised, the purchaser would be subject to a STT of 0.125 per cent. Sale of a unit of an equity oriented fund to the mutual fund would attract STT at the rate of 0.25 per cent. The STT can be claimed as a deduction against business income calculated as per the provisions of the Act.

DEFINITIONS

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

"Application" means, in respect of the SENSEX 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 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 each Index Fund, such number of Units of a class or multiples thereof as specified in this prospectus for the relevant Index Fund or such other multiple of Units of a class from time to time determined by the Manager, approved by the Trustee and notified to Participating Dealers, either generally or for a particular class or classes of Units.

"Bombay Stock Exchange" means The Bombay Stock Exchange Limited.

"Business Day" means a day (other than a Saturday) on which the SEHK is open for normal trading and on which the relevant Underlying Index is compiled and published (and in respect of the Index, a day on which the Bombay Stock Exchange is open for normal trading), and on which banks in Hong Kong and Mauritius are open for general business provided that, where as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee otherwise determine.

"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.

"CCASS" means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.

"CCASS Operational Procedures" means the CCASS Operational Procedures as amended from time to time.

"Code" means the Code on Unit Trusts and Mutual Funds dated April 2003 issued by the SFC (as amended or replaced from time to time).

"collective investment scheme" has the same meaning as in the Securities and Futures Ordinance of Hong Kong or the Securities Act of Mauritius as the context requires.

"Connected Person" has the meaning set out in the Code.

"Creation Application" means, in respect of the SENSEX 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, 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 a particular class or classes of Units.

"Dealing Deadline" in relation to any particular place and any particular Dealing Day, means 15 minutes after the SEHK officially closes for trading on that Dealing Day or such other time on that Dealing Day as the Manager (with the approval of the Trustee) may from time to time determine either generally or for a particular class or classes of Units.

"Deposited Property" means, in respect of each Index Fund, 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 relevant Index Fund 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 any particular transaction or dealing, 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 for the difference between (a) the prices used when valuing the Securities of the Trust 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 with the amount of cash received by the Trust 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 in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units.

"Enhanced Methodology" means improvements made by an Index Provider to the manner in which an Underlying Index is determined.

"Extension Fee" means any fee payable by a Participating Dealer in accordance with the Operating Guidelines because of the extension of any settlement period.

"FEMA Regulations" means and includes any regulations issued by the RBI, the Foreign Exchange and Management Act, 1999 ("FEMA") and the circulars issued thereunder from time to time.

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

"FSC" means the Financial Services Commission of Mauritius or its successors.

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

"Futures Exchange" means the Hong Kong Futures Exchange Limited or its successors.

"Future Index Share" means a share listed or to be listed on a stock exchange and which an Index Provider has announced will be included in the relevant Underlying Index or which the Manager and the Trustee reasonably believe will be included in the relevant Underlying Index within 30 days.

"HKSCC" means the Hong Kong Securities Clearing Company Limited or its successors.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Hong Kong dollar" or "HK$" means the lawful currency for the time being and from time to time of Hong Kong.

"Hong Kong stock" means a stock the transfer of which is required to be registered in Hong Kong.

"IAP" or "India Access Product" means a derivative instrument (such as a warrant, note or participation certificate) linked to an Indian Security issued by a third party.

"IAP issuer" means a financial institution which has agreed to issue and repurchase IAPs to and from the Mauritius subsidiary.

"Income Property" means, in respect of each Index Fund, (a) all interest, dividends and other sums deemed by the Manager 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 relevant Index Fund (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 payments received or receivable by the Trustee for the account of the relevant Index Fund in respect of an Application; and (d) all Cancellation Compensation received by the Trustee for the account of the relevant Index Fund, but excluding (i) the Deposited Property of the relevant Index Fund; (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 relevant Index Fund or previously distributed to Unitholders; (iii) gains for the account of the relevant Index Fund 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 relevant Index Fund.

"Index" means the Bombay Stock Exchange Sensitive Index which is commonly known as SENSEX or BSE-30.

"Index Committee" means the Index Committee of the Bombay Stock Exchange.

"Index Fund" means a segregated pool of assets and liabilities established under the Trust.

"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.

"Initial Issue Date", in respect of each Index Fund, means the date of the first issue of Units relating to the Index Fund, which shall be two Dealing Days following the close of the Initial Offer Period.

"Issue Price" means, in respect of each Index Fund, the price at which Units in that Index Fund may be issued, determined in accordance with the Trust Deed.

"Initial Offer Period", in respect of each Index Fund, means such period as may be agreed between the Trustee and the Manager.

"Investment Manager" means the investment manager of the Mauritius subsidiary being BlackRock Asset Management North Asia Limited or its successors.

"Listing Agent" means BlackRock Asset Management North Asia Limited or its successors.

"Manager" means the manager of the SENSEX India ETF being BlackRock Asset Management North Asia Limited or its successors.

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

(A) in relation to any Security: the SEHK or a Recognised Stock Exchange; and
(B) in relation to any Futures Contract: the Futures Exchange or any Recognised Futures Exchange.

"Mauritius subsidiary" means the iShares BSE SENSEX Mauritius Company, a wholly owned subsidiary of the SENSEX India ETF.

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

"Net Asset Value" means the net asset value of an Index Fund or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

"Non-Regulated Entity" has the meaning set forth in Appendix III.

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

"Operating Guidelines" means, in relation to the SENSEX India ETF, the guidelines for the creation and redemption set out in the Schedule to the Participation Agreement as 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 SENSEX India ETF.

"Participating Dealer" means, in respect of the SENSEX India ETF, any dealer (licensed for type 1 regulated activity under the Securities and Futures Ordinance) which has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

"Participation Agreement" means, in respect of the SENSEX 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 of Indian Origin" has the meaning set forth in Appendix III.

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

"Provisional Index" means an Underlying Index as adjusted to take account of Enhanced Methodology.

"RBI" means the Reserve Bank of India.

"Recognised Futures Exchange" means an international futures exchange which is recognised by the SFC or which is approved by the Trustee and the Manager.

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

"Redemption Application" means, in respect of the SENSEX 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 an Index Fund, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

"Registrar" means, in respect of the SENSEX India ETF, HSBC Institutional Trust Services (Asia) Limited or such other person as may from time to time be appointed by the Manager to keep the register of Unitholders of an Index Fund.

"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) Regulation, 1995 of India, as amended from time to time.

"Securities" means any share, stock, debenture, unit, loan stock, bond, security, commercial paper, acceptance, trade bill, treasury bill, 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; and
(E) any bill of exchange and any promissory note.

"SEHK" means The Stock Exchange of Hong Kong Limited or its successors.

"Securities and Futures Ordinance" means the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

"SENSEX India ETF" means iShares BSE SENSEX India Index ETF, the third Index Fund of the Trust.

"Service Agent" means, in respect of the SENSEX India ETF, HK Conversion Agency Services Limited, or such other person as may from time to time be appointment to act as service agent in relation to the SENSEX India ETF.

"Settlement Day" means the Business Day which is two 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 a particular class or classes of Units.

"SFC" means the Securities and Futures Commission of Hong Kong or its successors.

"Transaction Fee" means the fee in respect of an Index Fund which may at the discretion of the Manager be charged for the benefit of the Service Agent, Registrar and/or the Trustee to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer, the maximum level of which shall be as determined by the Manager from time to time and, in respect of the SENSEX India ETF, set out in this prospectus.

"Trust" means the umbrella unit trust constituted by the Trust Deed and called iShares 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 16 November 2001 between the Manager and the Trustee, as amended.

"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 (Asia) 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 SENSEX India ETF means the Index.

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

"Unit Cancellation Fee" means the fee charged by the Registrar in respect of the cancellation of Units in connection with an accepted Redemption Application.

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

"US dollar" 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 SENSEX India ETF, the official close of trading on the Market on which the Securities comprised in the Index are listed on each Dealing Day or such other time or times as determined by the Manager and the Trustee from time to time 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.

The information presented in Appendices I to V has been extracted from publicly available documents that have not been prepared or independently verified by the Manager/Listing Agent, the Trustee or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of such Appendices.

APPENDIX I – THE INDEX

As at 30 November 2009, the 10 largest constituent stocks of the Index (all 30 of such constituents which are listed below in order of free-float market capitalisation), represented in excess of 65.6100% of the total free-float market capitalisation, based on total shares in issue, of the Index.

Rank	Constituent name	Free-float market capitalisation (Rupee million)	% of Index weightings
1	Reliance Industries Ltd.	1,746,309.28	13.7500
2	Infosys Technologies Ltd.	1,161,734.45	9.1500
3	ICICI Bank Ltd.	962,233.21	7.5800
4	Larsen & Toubro Ltd.	870,066.14	6.8500
5	Housing Development Finance Corp. Ltd.	708,572.70	5.5800
6	ITC Ltd.	682,771.00	5.3800
7	HDFC Bank Ltd.	643,885.69	5.0700
8	State Bank of India	639,430.73	5.0400
9	Oil and Natural Gas Corporation Ltd.	512,923.02	4.0400
10	Tata Consultancy Services Ltd.	403,500.68	3.1800
11	Bharti Airtel Ltd.	398,269.78	3.1400
12	Bharat Heavy Electricals Ltd.	384,563.24	3.0300
13	Tata Steel Ltd.	357,352.08	2.8100
14	Sterlite Industries (India) Ltd.	324,317.12	2.5500
15	Hindustan Unilever Ltd.	311,050.59	2.4500
16	NTPC Ltd.	259,422.92	2.0400
17	Maruti Suzuki India Ltd.	225,595.42	1.7800
18	Tata Power Co. Ltd.	223,878.83	1.7600
19	Mahindra & Mahindra Ltd.	215,023.47	1.6900
20	Tata Motors Ltd.	190,229.93	1.5000
21	Wipro Ltd.	184,446.24	1.4500
22	Jaiprakash Associates Ltd.	174,005.09	1.3700
23	Hero Honda Motors Ltd.	171,821.11	1.3500
24	Grasim Industries Ltd.	163,721.13	1.2900
25	Reliance Infrastructure Ltd.	153,157.33	1.2100
26	Hindalco Industries Ltd.	152,935.18	1.2000

27	DLF Ltd.	149,182.39	1.1700
28	Reliance Communications Ltd.	124,218.30	0.9800
29	Sun Pharmaceutical Industries Ltd.	120,695.36	0.9500
30	ACC Ltd.	82,239.80	0.6500

Source: The constituent list of the Index is updated and available for public viewing on the Bombay Stock Exchange's website at www.bseindia.com

Investors should note that, in tracking the Index, the Manager may adopt a Representative Sampling Strategy in lieu of a Replication Strategy. 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 Index. This means that the SENSEX India ETF may not hold all shares in all the constituent companies of the Index. However, the Manager may swap between the strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the SENSEX India ETF.

APPENDIX II – THE BOMBAY STOCK EXCHANGE SENSITIVE INDEX (SENSEX)

Disclaimer by the Bombay Stock Exchange

The SENSEX India ETF is not sponsored, endorsed, sold or promoted by the Bombay Stock Exchange. The Bombay Stock Exchange makes no representation or warranty, express or implied to the Unitholders of the SENSEX India ETF or any member of the public in any manner whatsoever regarding the advisability of investing in securities generally or in the SENSEX India ETF or the ability of the Index to track general stock market performance. The relationship of the Bombay Stock Exchange towards the Manager is in respect of the licensing of the use of the Index which is determined, composed and calculated by the Bombay Stock Exchange without regard to the Manager or the SENSEX India ETF. The Bombay Stock Exchange has no obligation to take the needs of the Unitholders of the SENSEX India ETF into consideration in determining, composing or calculating the Index. The Bombay Stock Exchange is neither responsible for nor has participated in the determination of the time or price at which the Units of the SENSEX India ETF are to be issued or in the determination or calculation of the equation by which the Units are to be redeemed for the underlying securities. The Bombay Stock Exchange has no obligation or liability in connection with the administration, marketing or trading of the SENSEX India ETF.

The Bombay Stock Exchange does not guarantee the accuracy and/or the completeness and/or continuity of the Index or any data included therein and they shall have no liability for any errors, omissions or interruptions therein or change or cessation thereof. The Bombay Stock Exchange makes no warranty, express or implied, as to the results to be obtained by the Manager, Unitholders of the SENSEX India ETF or any other persons or entities from the use of the Index or any data included therein. The Bombay Stock Exchange makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall the Bombay Stock Exchange have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

Introduction and General Information

The BSE SENSEX (the "Index") which is commonly known as SENSEX, is a diversified index consisting of 30 stocks, each listed on the Bombay Stock Exchange, accounting for 12 sectors of the Indian economy. It is a free-float market-capitalisation weighted index and represented approximately 68.98% of total market capitalisation of the Bombay Stock Exchange as at the date of this prospectus.

The Index is used for a variety of purposes such as benchmarking fund portfolios, index-based derivatives and index funds. It is owned and managed by the Bombay Stock Exchange.

Base Year and Value

The base year of the Index is 1978-79 and the base value is 100.

Selection Criteria

The general guidelines for selection of the constituent securities in the Index are as follows:

Listing History

The constituent security should have a listing history of at least three months on the Bombay Stock Exchange. This requirement may be waived if the full market capitalisation of a newly listed company ranks among top 10 on the list of the Bombay Stock Exchange universe. In the event a company is listed on account of merger / demerger / amalgamation, this minimum listing history requirement would not be applicable.

Trading Frequency

The constituent security should have been traded on each and every trading day of the Bombay Stock Exchange in the last three months. Exceptions to this requirement may apply in the event of extreme circumstances such as constituent suspension.

Final Rank

The constituent security should be on the top 100 companies listed by "final rank". The final rank is arrived at by assigning 75 per cent weightage to the rank on the basis of three-month average full market capitalisation and 25 per cent weightage to the liquidity rank based on three-month average daily turnover and three-month average impact cost.

Market Capitalisation Weightage

The weightage of each constituent security in the Index based on three-month average free-float market capitalisation should be at least 0.5 per cent of the Index.

Industry Representation

The constituent security selection would generally take into account a balanced representation of the listed companies in the universe of the Bombay Stock Exchange.

Track Record

The company should have a track record which is acceptable to the Index Committee.

Index Calculation

Free-float methodology

The Index was initially calculated based on the "full market capitalisation" methodology but has shifted to the free-float methodology with effect from 1 September 2003. Free-float methodology refers to an index construction methodology that takes into consideration only the free-float market capitalisation of a company for the purpose of index calculation and assigning weight to stocks in an index. Free-float market capitalisation is defined as the proportion of the total shares issued by a company that are readily available for trading in the market. In other words, the market capitalisation of each company in a free-float index is reduced to the extent of its readily available shares in the market.

The following categories of shareholding are generally excluded from the definition of “free-float”:

- Holdings by founders / directors / acquirers which has control element
- Holdings by persons/ bodies with "controlling interest"
- Government holding as promoter/acquirer
- Holdings through the foreign direct investment route
- Strategic stakes by private corporate bodies/ individuals
- Equity held by associate / group companies (cross-holdings)
- Equity held by employee welfare trusts
- Locked-in shares and shares which would not be sold in the open market in normal course

The remaining shareholding would fall under the free-float category.

Calculation of the free-float market capitalisation

Under the free-float methodology, the level of the Index at any point of time reflects the free-float market value of 30 component stocks relative to a base period. The market capitalisation of a company is determined by multiplying the price of its stock by the number of shares issued by the company. This market capitalisation is further multiplied by the “free-float factor” (please see below) to determine the free-float market capitalisation.

Index Divisor

The calculation of the Index involves dividing the free-float market capitalisation of 30 companies in the Index by a number called the Index Divisor. The Index Divisor is the only link to the original base period value of the Index. It keeps the Index comparable over time and is the adjustment point for all Index adjustments arising out of corporate actions, replacement of constituent etc.

Free-Float Factor

The Bombay Stock Exchange determines the free-float factor for each company based on the detailed information submitted by the companies quarterly. Free-float factor is a multiple with which the total market capitalisation of a company is adjusted to arrive at the free-float market capitalisation. Once the free-float factor of a company is determined, it is rounded-off to the higher multiple of 5 and each company is categorised into one of the 20 bands given below. A free-float factor of say 0.55 means that only 55 per cent of the market capitalisation of the company will be considered for index calculation.

Free-float Bands

% Free-Float	Free-Float Factor	% Free-Float	Free-Float Factor
>0 – 5%	0.05	>50 – 55%	0.55
>5 – 10%	0.10	>55 – 60%	0.60
>10 – 15%	0.15	>60 – 65%	0.65
>15 – 20%	0.20	>65 – 70%	0.70
>20 – 25%	0.25	>70 – 75%	0.75
>25– 30%	0.30	>75 – 80%	0.80
>30 – 35%	0.35	>80 – 85%	0.85
>35 – 40%	0.40	>85 – 90%	0.90
>40 – 45%	0.45	>90 – 95%	0.95
>45 – 50%	0.50	>95 – 100%	1.00

Index Closure Algorithm

The closing price of the Index on any trading day is computed by taking the weighted average of all the trades on the Index constituents in the last 30 minutes of the trading session. If a constituent security of the Index has not traded in the last 30 minutes, the last traded price is taken for computation of the Index closure. If a constituent security has not traded at all in a day, then its last day's closing price is taken for computation of Index closure. The use of Index Closure Algorithm prevents any intentional manipulation of the closing Index value.

On-line Computation of the Index

During the trading hours of the Securities, prices of the Index constituent securities, at which latest trades are executed, are used by the trading system to calculate the Index every 15 seconds and disseminated in real time.

Adjustment for Bonus, Rights and Newly issued Capital

Problem arises when any constituent security pays a bonus or issues rights shares. If no adjustments were made, a discontinuity would arise between the current value of the Index and its previous value despite the absence of any substantial economic activity. The department of BSE Indices of the Bombay Stock Exchange will adjust the base value of the Index, which is used to alter market capitalisation of the constituent securities to arrive at the Index value.

The department of BSE Indices of the Bombay Stock Exchange keeps a close watch on the events that might affect the Index on a regular basis and carries out daily maintenance of the Index.

Below is a summary of adjustments that may take place in the event of rights issues, bonus issues and other issues:

- **Adjustments for Rights Issues:** When a constituent company issues right shares, the free-float market capitalisation of that company is increased by the number of additional shares issued based on the theoretical (ex-right) price. An offsetting or proportionate adjustment is then made to the Base Market Capitalisation (see "Base Market Capitalisation Adjustment" below).

- **Adjustments for Bonus Issue:** When a constituent company issues bonus shares, the market capitalisation of that company does not undergo any change. Therefore, there is no change in the Base Market Capitalisation, only the "number of shares" in the formula is updated.

- **Other Issues:** Base Market Capitalisation Adjustment (see below) is required when new shares are issued by way of conversion of debentures, mergers, spin-offs etc. or when equity is reduced by way of buy-back of shares, corporate restructuring etc.

- **Base Market Capitalisation Adjustment:**

  The formula for adjusting the Base Market Capitalisation is as follows:

$$\text{New Base Market Capitalisation} = \text{Old Base Market Capitalisation} \times \frac{\text{New Market Capitalisation}}{\text{Old Market Capitalisation}}$$

  By way of example, suppose a company issues right shares which increases the market capitalisation of the shares of that company by Rs.100 million. The existing Base Market Capitalisation (Old Base Market Capitalisation) is Rs. 2450 million and the aggregate market capitalisation of all the shares included in the index before the right issue is made is Rs. 4781 million. The "New Base Market Capitalisation " will then be:

$$\frac{2450 \text{ x } (4781+100)}{4781} = \text{Rs.}2501.24 \text{ million}$$

  This figure of 2501.24 will be used as the Base Market Capitalisation for calculating the Index from then onwards till the next base change becomes necessary.

Index Maintenance

One of the important aspects of maintaining continuity with the past is to update the base year average. The base year value adjustment ensures that replacement of stocks in Index, additional issue of capital and other corporate announcements such as rights issue do not destroy the historical value of the Index.

The department of BSE Indices of the Bombay Stock Exchange is responsible for the day-to-day maintenance of the Index within the broad index policy framework set by the Index Committee of the Bombay Stock Exchange. The department of BSE Indices ensures that the Index maintain its benchmark properties by striking a delicate balance between frequent replacements in the Index and maintaining its historical continuity. The Index Committee of the Bombay Stock Exchange comprises experts on capital markets from all major market segments. They include academics, fund-managers from leading mutual funds, finance-journalists, market participants, independent governing board members and the Bombay Stock Exchange administration.

The Index Committee meets semi-annually to review all Bombay Stock Exchange indices including the Index. In case of a revision in the Index constituents, the announcement of the incoming and outgoing constituents will be made six weeks in advance of the actual implementation of the revision of the Index.

APPENDIX III – FII

FII Regime

The FII invests under the SEBI (FII) Regulations currently prevailing in India. In September 1992, the Government of India issued guidelines which enable 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 SEBI (FII) Regulations in 1995.

An entity wishing to invest in India must register with the SEBI and must comply with the provisions of the SEBI (FII) Regulations. After the initial processing is complete, SEBI writes to the RBI mentioning the eligibility of the applicant. RBI grants approval to the FII through its designated bank. Such approval enables the FII to open a bank account in India through which inward and outward remittance is routed under FEMA.

Under the SEBI (FII) Regulations, Non-Resident Indians ("NRIs"), Persons Resident in India and an entity not regulated by an 'appropriate foreign regulatory authority' ("Non-Regulated Entities") are not permitted to invest through a FII or a sub-account.

An FII's registration is permanent unless the registration is suspended or cancelled by SEBI or surrendered by the FII. FIIs are 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 Mauritius subsidiary is a registered sub-account of BlackRock Asset Management North Asia Limited.

Under the SEBI (FII) Regulations, FIIs and their sub-accounts 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 recognized stock exchange in India;
- units of schemes floated by domestic mutual funds including Unit Trust of India, units of a scheme floated by a collective investment scheme, whether listed on a recognized stock exchange in India or not;
- dated government securities;
- derivatives traded on a recognized stock exchange in India;
- commercial paper;
- such other instruments as may be declared by the Central Government to be securities; and
- rights or interests in securities.

Although, the SEBI (FII) 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 FII only through a registered broker on a recognised stock exchange in India. Further FIIs 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.

Further, FIIs and sub-accounts 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 accordance with the framework specified by SEBI in this regard. FIIs 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. FIIs are also permitted to take forward cover on their equity and debt exposure to hedge against currency fluctuations. FIIs 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 FIIs' investments in Indian securities are as follows:

- The aggregate of all FII holdings together with sub-account holdings of all FIIs, in any Indian company cannot exceed 24 per cent 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 per cent 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 per cent is permitted in most sectors.
- No single FII/sub-account can hold more than 10 per cent of the issued capital of an Indian company.
- SEBI has vide its circular dated 16 October 2008 accorded flexibility to the FIIs to allocate the investments across equity and debt and has relaxed the conditions in regulation 15(2) of SEBI (FII) Regulations which provided that the total investments in equity and equity related instruments (including fully convertible debentures, convertible portion of partially convertible debentures and tradable warrants) made by a FII in India, whether on his own account or on account of his sub-accounts, shall not be less than 70 per cent of the aggregate of all the investments of the FII in India, made on his own account and on account of his sub-accounts.

In August 2000, the RBI permitted all FIIs to trade in exchange traded index future contracts on the Derivative Segment of the Bombay Stock Exchange and the Futures and Options Segment of the National Stock Exchange, provided the overall open interest of the FII would not exceed 100 per cent 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 per cent of the total open interest of 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 per cent 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 may 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 per cent 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 per cent of applicable MWPL or Rs. 3,000 million, whichever is lower and within which stock futures position cannot exceed 10 per cent 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 per cent of applicable MWPL and futures position cannot exceed 20 per cent of applicable MWPL or Rs. 500 million whichever is lower.

- At the sub-account level: Each Sub-account of a FII would have the following position limits: (i) a disclosure requirement for any person or persons acting in concert who together own 15 per cent or more of the open interest of all derivative contracts on a particular underlying index, (ii) the gross open position across all derivative contracts on a particular underlying stock of a sub-account of a FII should not exceed the higher of: (a) 1 per cent of the free float market capitalisation (in terms of number of shares) or (b) 5 per cent of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts) (iii) higher of Rs. 1,000 million or 15 per cent of total open interest in the market in exchange traded interest rate derivative contracts.

The position limits would be applicable on the combined position in all derivative contracts on an underlying stock at an exchange. FIIs are under an obligation to adhere to the position limits prescribed for FIIs and their sub-accounts, which may change from time to time. Any such change will obligate the FII to adhere to the new position limits, as opposed to the position limits set out above. The FIIs 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, FIIs 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; 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 FII issues any participatory notes, the details of such investors will have to be disclosed to SEBI by the FII. Further, FIIs 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 FIIs and their affiliates and associates are effectively restricted from issuing participatory notes to Resident Indians, NRIs, and Non-Regulated Entities. As per Regulation 15A of the SEBI (FII) Regulations the entities that are regulated by an appropriate regulatory authority and are accordingly eligible to hold participatory notes are as under:

(i) any person that is regulated/supervised and licensed/registered by a foreign central bank;
(ii) any person that is registered and regulated by a securities or futures regulator in any foreign country or state;
(iii) any broad based fund or portfolio incorporated or established outside India or proprietary fund of a registered foreign institutional investor or university fund, endowment, foundation, charitable trust or charitable society whose investments are managed by a person covered by clauses (i), or (ii) above.

Sub-accounts are not permitted to issue participatory notes or such other similar instruments.

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 FII 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 FII 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 Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Deposit) Regulations, 2000 of the RBI

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

"Non-Regulated Entity" means an entity not regulated by an appropriate foreign regulatory authority as defined in Regulation 15A of SEBI (FII) Regulations.

"Non-Resident Indian" means a person resident outside India who is a citizen of India or is a Person of Indian Origin.

"Person of Indian Origin" means a citizen of any country other than Bangladesh or Pakistan, if:

(a) he at any time held an Indian passport; or
(b) he or either of his parents or any of his grand-parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
(c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b).

"Person" includes:

(a) an individual;
(b) a Hindu undivided family;
(c) a company;
(d) a firm;
(e) an association of persons or a body of individuals, whether incorporated or not;
(f) every artificial juridical person, not falling within any of the preceding sub-clauses, and
(g) any agency, office or branch owned or controlled by such person.

"Person Resident in India" means:

(a) a Person residing in India for more than one hundred and eighty two (182) days during the course of the preceding financial year but does not include:
  - (i) a Person who has gone out of India or who stays outside India in either case:
    - (A) for or on taking up employment outside India; or
    - (B) for carrying on outside India a business or vocation outside India; or
    - (C) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period; or
  - (ii) a Person who has come to or stays in India, in either case, otherwise than:
    - (A) for or on taking up employment in India; or
    - (B) for carrying on in India a business or vocation in India; or
    - (C) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period; or

(b) any Person or body corporate registered or incorporated in India; or

(c) an office, branch or agency in India owned or controlled by a Person Resident Outside India; or

(d) an office, branch or agency outside India owned or controlled by a person resident in India.

APPENDIX IV – India Access Products

The following information is a general description of the IAPs.

So long as the IAP issuers honour their obligations under the IAPs held by the Mauritius subsidiary, the commercial terms of the IAPs should deliver substantially the same economic performance to the SENSEX India ETF as holding the relevant underlying Indian Securities, before deduction of costs and expenses charged by the relevant IAP issuer. Actual performance may vary, in practice, because the valuation of each IAP will be determined by a calculation agent appointed by the IAP issuer. There can be no guarantee that one calculation agent, valuing an IAP issued by a particular IAP issuer, will arrive at the same valuation as another calculation agent valuing an IAP issued by a different IAP issuer notwithstanding that both IAPs are referenced against the same underlying Security.

IAP issuer

The IAP issuer must be an institution with a minimum paid up capital of the equivalent of HK$150,000,000 and a credit rating in respect of senior debt of at least A- by Standard & Poor's (or equivalent rating given by Moody's or by Fitch) and a member company of a group including a bank prudentially supervised by a regulator in a jurisdiction reasonably acceptable to the Trustee and the Manager. In the event that the IAP issuer's obligations to the Mauritius subsidiary is guaranteed by a guarantor (the "Guarantor"), then the Guarantor (but not the IAP issuer) must fulfil these requirements.

The IAP issuer will inform the Manager as soon as possible if, for whatever reason, it fails to fulfil any of the above conditions. In addition, the Manager shall monitor an IAP issuer's ongoing compliance with the above minimum credit rating and should the IAP issuer cease to comply the Manager shall immediately notify the SFC. In the event that the credit rating of the IAP issuer or the Guarantor (as the case may be) in respect of senior debt falls below A- by Standard & Poor's (or an equivalent rating given by Moody's or by Fitch), then the Manager will notify Unitholders (and the SFC) and will no longer accept IAPs from that IAP issuer, unless credit support is provided as the Manager considers appropriate, until such time as the credit rating returns to the minimum acceptable credit rating.

A list of the current IAP issuers together with the exposure to the IAP issuer is available at www.ishares.com.hk.

Duration

The duration of each of the IAPs is agreed with the IAP issuer. The IAP issuers have agreed to use their best efforts to extend the duration of the IAPs for an additional term.

Notwithstanding the above, the obligations of an IAP issuer to sell IAPs to the Mauritius subsidiary or to extend the duration of the IAPs or to issue further IAPs are subject to certain qualifications, including (a) the IAP maintaining its FII and or sub-account, (b) normal market conditions, (c) any material changes to rules relating to investment in Indian securities such that the IAP issuer is unable or unwilling to offer or issue further IAPs, (d) limits imposed on FIIs and sub-accounts in relation to the holding of Indian Securities, (e) any limits imposed by the Manager on the holding of IAPs, (f) it ceases to be economically viable for the IAP issuer to issue IAPs, or (g) the IAP issuer will incur materially increased costs in order to perform its obligations.

Valuation

The IAPs will usually be valued by a calculation agent which is a Connected Person of the relevant IAP issuer or the IAP issuer itself. The calculation agent is appointed under the terms governing the IAPs. Under the terms of each IAP, the calculation agent determines the cash settlement amount of the IAP. The calculation agent will determine the value of the IAP in US dollars at the end of each Business Day provided normal market conditions exist.

Indicative prices for the IAPs are quoted continuously by the calculation agent during Indian market hours on a designated Bloomberg page provided normal market conditions exist. These prices allow a holder of an IAP to determine an indicative price in US dollars of that IAP.

The issue and settlement price of each IAP is calculated by reference to the Rupee price of the relevant underlying Indian Security (converted to US dollars) plus fees. The value of each IAP represents the US dollar equivalent of the official closing price of the relevant Indian Security, adjusted for transactions costs and the IAP Commission. A US dollar amount equal to any cash dividend paid on the underlying Security will be paid to the Mauritius subsidiary as the holder of the relevant IAPs. In the event of a stock dividend on the underlying Security, either additional IAPs will be distributed to the Mauritius subsidiary for zero consideration or a cash value will be paid. In the event of a rights issue on the underlying Security, the Mauritius subsidiary may be required to pay the equivalent of the subscription price and will receive additional IAPs or in certain circumstances a cash payment.

The Mauritius subsidiary is generally required to bear all taxes and expenses including depositary charges transaction or exercise charges which may be or would be (i) incurred in connection with the exercise or redemption of the IAPs and/or any payment and/or delivery in respect thereof, (ii) incurred by the IAP issuer or its affiliate had such entity established unwound or varied any underlying related hedging arrangements in respect of the IAP; (iii) withheld by India (or any political subdivision of taxing authority thereof or therein); or (iv) payable in India by or on behalf of a foreign investor or its agent. Any such amounts are ordinarily built into the price of the IAPs.

In order to ensure that the Net Asset Value of the Mauritius subsidiary reflects the proper value of the IAPs, the Trustee has agreed to conduct periodic independent valuations of selected IAPs following the methodology set out in the IAPs. In the event of any discrepancy as between the price of the IAP quoted by the calculation agent and the determination by the Trustee of the same, the Trustee will report such discrepancy to the Manager who will seek to reconcile the difference with the assistance of the relevant IAP issuer.

Settlement

IAPs generally provide for automatic settlement upon expiry or redemption and exercise at any time before their expiry or redemption date. Settlement may presently only be made in cash although the IAPs provide for the possibility of physical settlement (in addition to cash settlement) in certain circumstances. The amount payable by the IAP issuer at settlement is usually determined on the valuation date or in certain circumstances during the valuation period. In relation to certain IAPs, a notional exercise price per IAP is payable by the holder when exercised.

APPENDIX V – Information about the Mauritius Subsidiary

The Mauritius subsidiary is an open-ended company with variable share capital incorporated in Mauritius under the provisions of the Companies Act 2001 on 20 March 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 is a wholly owned subsidiary of the SENSEX India ETF. The Mauritius subsidiary shall not have any investors other than the SENSEX India ETF which holds non-voting redeemable participating shares of the Mauritius subsidiary. BlackRock Asset Management North Asia 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 a sub-account of the Manager which is registered as an FII 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 SENSEX 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 authorized under Section 104 of the Securities and Futures Ordinance in Hong Kong and is not available for direct investment by Hong Kong residents.

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 of Mauritius 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 SENSEX India ETF, as an investor in the Mauritius subsidiary, is not protected by any statutory compensation arrangements in Mauritius in the event of the failure.

Directors of the Mauritius subsidiary

Catherine Yung-Wen Barker
Mrs Barker is Director of Sales Strategy, iShares Asia ex-Japan. Based in Singapore, Mrs Barker leads sales strategy for iShares ETFs across Asia. Mrs Barker previously worked for BGI in London as a product manager and sales strategist and prior to that in fixed income sales in Singapore. Mrs Barker holds an economics degree from the Bristol University (BSc, Hons).

Hilary Glynn Bodin
Ms. Bodin is Director of iShares ETF Operations, Asia ex-Japan based in Hong Kong. Ms. Bodin previously worked as a consultant to Barclays Global Investors and Barclays Wealth Management in London and before that within the JPMorgan Chase group (formerly Flemings) for 15 years in various positions in technology and the asset management business. Ms. Bodin holds a philosophy degree from the University of Liverpool (BA, Hons) and is an Associate of the Chartered Institute of Bankers.

Michael Timothy Marquardt
Mr. Marquardt is the Chief Operating Officer, Asia ex-Japan for BlackRock. Mr. Marquardt joined BlackRock following the merger with Barclays Global Investors (BGI) in 2009. Mr. Marquardt joined BGI in 2000 where he began in San Francisco working first as a Global Risk Manager and then as a Senior Project Manager on strategic initiatives. In 2005 Mr. Marquardt moved to Japan as Chief Administrative Officer, later becoming Chief Operating Officer. Mr. Marquardt was responsible for BGI Japan's Operations, IT, Finance, HR, Risk, Legal and Compliance groups. Prior to working at BGI, Mr. Marquardt was employed as Relationship Manager and Private Banking analyst for American Express Bank located in London. Mr. Marquardt holds an MBA with High Honors from Boston University, a BA in Economics and History from Clark University.

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 Fellow of the Institute of Chartered Accountants in England and Wales. Mr. Lala has been a partner of one of the Big Four accounting firms all along his career a corporate affairs consultant and adviser. Whilst in audit practice, Mr. Lala has been leading audit assignments of World Bank financed projects in countries of East and West Africa. He was also Bursar of the University of Mauritius. Mr Lala is a founding Director of International Financial Services Limited where he has led and directed the production of the "IFS Guide to Mauritian Company Law". Mr. Lala is a past Chairman of the Stock Exchange Commission and has also been called upon by Government to serve on commissions and committees including currently as Chairman of the Financial Services Consultative Council Global Business Sub-Committee. Mr. Lala is also a director of SBI (Mauritius) Limited, a subsidiary of the State Bank of India and sits on numerous other boards, with diverse interests, ranging from financial institutions, investment funds, infomedia, tourism, to oil and general trade business.

Investment Manager of the Mauritius subsidiary
BlackRock Asset Management North Asia 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 27 April 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, breach of trust (if applicable) wilful default or fraud. The Investment Manager will be paid by the Mauritius subsidiary at rates to be agreed under the Investment Management Agreement.

Custodian of the Mauritius subsidiary
HSBC Institutional Trust Services (Asia) Limited has been appointed custodian of the Mauritius subsidiary pursuant to a custody agreement dated 12 June 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, fraud, wilful default or breach of trust, 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 (Asia) 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 (Asia) Limited has been appointed Administrator's Delegate pursuant to a delegation agreement between IFS, the Administrator's Delegate and the Mauritius subsidiary dated 12 June 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.