



Register of ASX Operating Warrant and AQUA Rule Waivers

16 to 30 November 2014

The purpose of this register is to record when ASX has exercised its discretion and granted a waiver from the ASX Operating Warrant and AQUA rules. Waivers are published bi-monthly and include information such as:

- Organisation**
- Rule Number**
- Decision Details**
- Basis for Decision**

**For all product enquiries, please contact:
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Rule Number	7100 ETF
Date	11/11/2014
Participant	Participants (All)
Waiver Number	WPA140027-001
Decision	<p>Based solely on the information provided, and subject to the qualifications below, ASX grants a waiver pursuant to ASX Operating Rule 6030 as follows:</p> <p>ASX grants Vanguard relief from limb (iii) of the definition of "ETF" under ASX Operating Rule 7100 which provides for the issue of new Equity Securities in return for the subscriber transferring to the scheme a portfolio of Securities. This relief is restricted to the Vanguard MSCI Index International Shares ETF (VGS) and the Vanguard MSCI Index International Shares Hedged ETF (VGAD) ("the proposed ETFs") and will allow them to be an "ETF" and therefore an "ETF Security" for the purpose of the definition of AQUA Products. The proposed ETFs do not provide for "in specie" applications, instead new securities are issued in return for the subscribers transferring cash into the scheme.</p> <p>The waiver applies to all Market Participants.</p> <p>The effect of the relief is that for the purposes of the ASX Operating Rules:</p> <ul style="list-style-type: none"> * The proposed ETFs are ETFs and ETF Securities for the purpose of Schedule 10A; * ASX Operating Rule and Procedure 3310 will apply to the reporting of Special Trades of the VGS and VGAD ETFs. <p>ASX's decision is solely related to its consideration of the application of ASX Operating Rule 7100 specifically to the definitions of AQUA Product, ETF and ETF Security.</p>
Basis For Decision	<p>Underlying Policy</p> <p>ASX will list ETFs that satisfy the definition of an ETF which is currently defined in the ASX Operating Rules as:</p> <p>a registered managed investment scheme or a scheme which ASIC has exempted from the registration requirements:</p> <ul style="list-style-type: none"> (i) listed on ASX or admitted under Rule [2121]; (ii) with power and approval to continuously issue and have quoted on ASX Equity Securities in the scheme; (iii) which provides for the issue of new Equity Securities in return for the subscriber transferring to the scheme a portfolio of Securities; and (iv) for which the price of the Underlying Instrument is continuously disclosed or can be immediately ascertained. <p>Present Application</p> <p>Vanguard MSCI Index International Shares ETF (VGS) will be an ETF class of units in the Vanguard International Shares Index Fund (Unhedged Fund), a registered managed investment scheme which seeks to track the return (income and capital appreciation) of the MSCI World ex-Australia (with net dividends reinvested) in Australian dollars Index.</p> <p>Vanguard MSCI Index International Shares Hedged ETF (VGAD) will be an ETF class of units in the Vanguard Global Shares Index (Hedged) Fund (Hedged Fund), a single class registered managed</p>

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investment scheme that seeks to track the return (income and capital appreciation) of the MSCI World ex-Australian (with net dividends reinvested) hedged into Australian dollars Index.

Where it can be shown that an ETF substantially satisfies the current definition except for matters that may be unnecessarily restrictive, minor or inconsequential then ASX will assess the impact of these in the light of current market trends both in Australia and overseas. Many of the products currently being developed, while still an ETF under all other requirements of the rules, are not made up of underlying securities (e.g. foreign exchange or government bonds) and thus provide for the issue of new Equity Securities in return for the subscriber transferring cash to the scheme rather than a portfolio of Securities as required by limb (iii).

Vanguard have submitted that it is not commercially feasible to implement an in-specie redemption facility for the ETF's particularly where it is extremely unlikely that participants would transact in-specie because of the operational complexities and inefficiencies. On this basis, Vanguard have indicated that the proposed ETFs will not provide for in-specie applications in accordance with limb (iii) of the definition of ETF in ASX Operating Rule 7100. Instead, the proposed ETFs will only provide for the issue of new Equity Securities in return for the subscriber transferring to the respective scheme an amount of cash.