



# **Register of ASX Settlement Operating Rule Waivers**

**16 to 31 May 2018**

**The purpose of this register is to record when ASX has exercised its discretion and granted a waiver from the ASX Settlement Operating 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:  
- Customer Service Centre on 131 279**

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| <b>Rule Number</b>        | 13.8.11(c)  |
| <b>Date</b>               | 2/05/2018   |
| <b>ASX Code</b>           | ISI   |
| <b>Listed Company</b>     | ISHARES, INC.   |
| <b>Waiver Number</b>      | WLC180110-001   |
| <b>Decision</b>           | <p>1. Based solely on the information provided, ASX Limited ("ASX") grants iShares, Inc. (the "Corporation") a waiver of ASX Settlement Operating Rule 13.8.11(c) to the extent necessary for the Corporation not to comply with the quorum requirements for a meeting of security holders as prescribed by the Corporation's governing documents, in connection with an approval sought pursuant to ASX Operating Rule 10A.3.1(ca) in respect of a reorganisation proposed by the Corporation which involves the exchange of CHESSE Depository Interests in respect of shares in certain US exchange traded funds issued by the Corporation that are quoted and traded under the ASX Listing Rules ("CDI"), for units in newly established Australian registered managed investment schemes that will hold such shares, that is admitted as an AQUA Product Series to Trading Status, on the following conditions:</p> <p>1.1 the quorum for the meeting of CDI holders as required pursuant to ASX Operating Rule 10A.3.1(ca), be two CDI holders present at all times during the meeting; and</p> <p>1.2. the percentage of votes required for approval of the resolution be not less than 75% of votes cast by CDI holders entitled to vote on the resolution.</p>  |
| <b>Basis For Decision</b> | <p><b>Underlying Policy</b><br/> ASX Settlement Operating Rule 13.8.11 requires that where a meeting of holders of CDIs is to be convened for any purpose:</p> <p>i. The meeting may be convened by the directors or other governing body, as the case requires, of the Principal Issuer to which the CDIs relate, or in any other manner in which a meeting of holders of financial products of the Principal Issuer may be convened under the law of the place of formation of the Principal Issuer;</p> <p>ii. the rights of holders of CDIs to appoint a proxy, to vote on a show of hands, to call for a poll and vote on a poll must be determined as if the meeting were a meeting of holders of financial products of the Principal Issuer;</p> <p>iii. the requirements for notice of the meeting and the rules and procedures for a meeting of holders of CDIs must be the requirements, rules and procedures that would apply to a meeting of holders of financial products of the Principal Issuer.</p> <p><b>Present Application</b><br/> The Waiver is considered necessary in the circumstances in respect of the Corporation's compliance with ASX Operating Rule 10A.3.1(ca) in respect of the Reorganisation which requires the approval of security holders. BlackRock has submitted that if the quorum requirement of the US-based Governing Documents, being 33.3% of the shares entitled to vote in person or by proxy is applied in accordance with ASX Settlement Operating Rule 13.8.11(c), with consideration to Australian shareholder engagement, this would render a meeting of CDI holders practically an impossibility for</p> |

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entities like the Corporation.

BlackRock has submitted that the Governing Documents were drafted with consideration to US law, which in turn, was drafted with consideration to the US investment market, which has an operational structure that is materially different to Australia. Under the US operational structure, obtaining a higher shareholder quorum requirement is significantly easier on the basis that registered shareholders of corporations typically consist of large institutional investors which may be acting as market makers or holding securities in custody for the beneficial interest of end investors, accordingly the share registers contain materially few shareholders. In comparison, Australian share registers typically contain a mixture of institutional and end retail investors. Given that the majority of CDI holders are retail investors, the large number of CDI holders in each CDI register fundamentally renders the quorum requirements of the Governing Documents materially difficult to meet.

Blackrock has also submitted that the Governing Documents do not contemplate and were not drafted with consideration to a meeting of CDI holders and that the meeting of CDI holders is not a meeting of US shareholders, but rather, is a meeting of Australian domiciled CDI holders only, there is no legal or regulatory obligation in the Governing Documents which would require the meeting of CDI holders to be held in accordance with the shareholder meeting provisions of the Governing Documents. Accordingly, BlackRock submits that it would be appropriate to apply the usual quorum requirements applicable under the Corporations Act in relation to meetings of unitholders of registered managed investment schemes in Australia.

US Counsel has confirmed that from a US law perspective, the Reorganisation will not require board or shareholder approval (including the Australian shareholders that hold the applicable CDIs) and that the Corporation's Governing Documents include appropriate powers to permit the Corporation to implement the Reorganisation. BlackRock has submitted that the proposed convening of a meeting of security holders is purely for the purpose of satisfying the requirement of ASX Operating Rule 10A.3.1(ca). In the circumstances and as an alternative, BlackRock has proposed to apply a minimum quorum of two CDI holders, present and at all times during the meeting, being the equivalent quorum requirement applicable to a registered managed investment scheme under s252R(2) of the Corporations Act. BlackRock has also offered to increase the minimum percentage threshold for a vote to be carried at the meeting of CDI holders from 50% to 75% of votes cast on the resolution.

Pursuant to ASX Operating Rules Procedure 10A.3.1, all CDI holders will, subject to the voting exclusion prescribed in this Procedure, be entitled to vote either in person or by proxy on the resolution to approve the Reorganisation, with each CDI entitling a CDI holder to one vote; and will also be provided with a notice of meeting which contains detailed disclosure and information regarding the Reorganisation in order for CDI holders to consider the vote to approve the Reorganisation. Accordingly, it is considered there is a sufficient basis to grant the Waiver.

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| <b>Rule Number</b>        | 13.8.11(c)  |
| <b>Date</b>               | 2/05/2018   |
| <b>ASX Code</b>           | IST   |
| <b>Listed Company</b>     | ISHARES TRUST   |
| <b>Waiver Number</b>      | WLC180111-001   |
| <b>Decision</b>           | <p>1. Based solely on the information provided, ASX Limited ("ASX") grants iShares Trust (the "Corporation") a waiver of ASX Settlement Operating Rule 13.8.11(c) to the extent necessary for the Corporation not to comply with the quorum requirements for a meeting of security holders as prescribed by the Corporation's governing documents, in connection with an approval sought pursuant to ASX Operating Rule 10A.3.1(ca) in respect of a reorganisation proposed by the Corporation which involves the exchange of CHESSE Depositary Interests in respect of shares in certain US exchange traded funds issued by the Corporation that are quoted and traded under the ASX Listing Rules ("CDI"), for units in newly established Australian registered managed investment schemes that will hold such shares, that is admitted as an AQUA Product Series to Trading Status, on the following conditions:</p> <p>1.1 the quorum for the meeting of CDI holders as required pursuant to ASX Operating Rule 10A.3.1(ca), be two CDI holders present at all times during the meeting; and</p> <p>1.2. the percentage of votes required for approval of the resolution be not less than 75% of votes cast by CDI holders entitled to vote on the resolution.</p>  |
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