



Register of ASX Operating Warrant and AQUA Rule Waivers

16 to 31 January 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	11/11/2013
Participant	Participants (All)
Waiver Number	WPA130020-001
Decision	<p>Pursuant to ASX Operating Rule 6030 ASX grants relief from the definition of "ETF" under ASX Operating Rule 7100 to allow the proposed ETF to be an "ETF" and therefore an "ETF Security" for the purpose of the definition of an AQUA Product. Noting that this is in spite of the fact that the proposed ETF does not meet the requirement under the definition for Vanguard to have the power to continuously issue and have quoted on ASX securities in the proposed ETF.</p> <p>The waiver is subject to the following conditions:</p> <p>(a) the Issuer of the proposed ETF detailing in the Product Disclosure Statement the 3% limit on holdings in the underlying mutual fund and the implications for this in respect of not being able to issue further units in the product itself; and</p> <p>(b) a requirement on the Issuer of the proposed ETF that it will make an immediate announcement to the market if and when it reaches a holding of 2.5% of the underlying security and every 0.1% above this amount, and when the holding falls below 2.5%.</p> <p>The waiver applies to all Market Participants. The effect of the relief is that for the purposes of the ASX Operating Rules:</p> <ul style="list-style-type: none"> * the proposed ETF is an ETF and ETF Security for the purpose of Schedule 10A * ASX Operating Rules 3310 and Procedure 3310 will apply to the reporting of Special Trades of the proposed ETF. <p>ASX's decision is solely related to its consideration of the application of ASX Operating Rule 7100, specifically the definitions of AQUA Product, ETF and ETF Security."</p>
Basis For Decision	<p>Underlying Policy ASX will list ETFs that satisfy the definition of an ETF which is currently defined in the ASX Operating Rules as 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 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</p>

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and overseas.

The Proposed ETF is designed to track the returns of the FTSE Emerging Index (with net dividends reinvested) in Australian dollars, before taking into account fees, expenses and tax. Vanguard have explained that this will be achieved by investing in the Vanguard FTSE Emerging Markets ETF listed on NYSE Arca (NYSE Code: VWO) ("US ETF"). The US ETF seeks to track the FTSE Emerging Index in USD.

The Proposed ETF would fall within the definition of an ETF if it were not for limb (ii) of the Rule which provides for the Issuer to have the "power and approval to continuously issue and have quoted on ASX Equity Securities in the scheme". The Australian Fund is restricted under US law from holding more than 3% of the assets of the US Fund as a whole (i.e. the total assets of all classes in the US Fund). In the event that this 3% limit is reached, the Australian Fund would be closed for applications until such time as the Australian Fund's holding declined below 3% of the US Fund.

The underlying policy provides that ASX may waive a requirement where it can be shown that the ETF substantially satisfies the current definition, except matters that are unnecessarily restrictive, minor or inconsequential.