



iShares Trust ARBN 125 632 411

PROSPECTUS

for

iShares S&P MidCap 400 Index Fund

(ASX: IJH)

Dated 26 November 2009

CONTENTS

1.	INVESTMENT OVERVIEW	3
2.	ABOUT THIS PROSPECTUS	7
3.	CDIS AND SHARES ISSUES.....	8
4.	INFORMATION ABOUT THE FUND.....	11
5.	INCLUDED DOCUMENTS.....	14
6.	TAX CONSIDERATIONS	17
7.	ADDITIONAL INFORMATION	19
8.	GLOSSARY	23
9.	CORPORATE DIRECTORY	25

1. INVESTMENT OVERVIEW

The iShares S&P MidCap 400 Index Fund seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P MidCap 400 Index.

The S&P MidCap 400 Index was developed by Standard & Poor's Financial Services LLC (a subsidiary of The McGraw-Hill Companies). ("**S & P**") to measure the performance of the mid-capitalisation sector of the U.S. equity market. As of 29 May 2009, the S&P MidCap 400 Index included approximately 7.4% of the market capitalisation of all U.S. equity securities. The stocks in the S&P MidCap 400 Index have a market capitalisation between \$750 million and \$3.3 billion (which may fluctuate depending on the overall level of the equity markets) and are selected for liquidity and industry group representation. The S&P MidCap 400 Index consists of stocks from a broad range of industries. The iShares S&P MidCap 400 Index Fund uses a representative sampling strategy in seeking to track the S&P MidCap 400 Index.

1.1 About iShares funds

This Prospectus concerns a class of shares (known as the iShares S&P MidCap 400 Index Fund, the "**Fund**") issued by iShares Trust (the "**Company**") which are quoted on the Australian Securities Exchange ("**ASX**") under the trading code "**IJH**".

The Company and another entity called iShares, Inc. are listed on ASX, and have several of their iShares funds (classes of shares) trading on ASX. Both iShares entities are organised and operate under laws of the United States of America ("**US**") and specific states thereof, and are registered in Australia as foreign companies under the Corporations Act 2001 (the "**Act**").

An iShares fund is an exchange traded fund whose shares trade like other listed securities on ASX. The buying and selling (i.e. trading) of shares in an iShares fund on ASX is settled by way of CHESSE Depository Interests (or "**CDIs**"). CDIs are 'securities' for the purposes of the Act.

As exchange traded funds, the shares of an iShares fund trade on a continuous basis at prevailing market prices on various exchanges, including ASX. Each fund issues (creates) and redeems shares at net asset value ("**NAV**") once each day, in large blocks of shares. Each block of shares is exchanged for a basket of securities and cash that generally reflects the particular fund's holdings. Only certain institutional investors in the US ("**Authorized Participants**") who are able to settle complex baskets of securities can purchase or redeem shares directly with the fund. All other investors may purchase or sell shares only through Authorized Participants or on an exchange, including ASX. Transactions with Authorized Participants or on exchanges occur at prices established by the parties, which may differ from an iShares fund's most recent or next determined NAV.

1.2 Key features of iShares funds

Each iShares fund holds a portfolio of securities that is managed to generally correspond to the performance, before fees and expenses, of a particular index of stocks or bonds. The name of each fund generally refers to the relevant specific underlying index and the provider of that index, who is responsible for choosing the components of the index and the weight of each component in the index. Each index provider has agreed to license use of the index to the iShares fund.

Barclays Global Fund Advisors ("**BGFA**"), the investment adviser to each iShares fund, monitors any changes to the indices underlying the funds. BGFA may, pursuant to applicable US rules and regulations governing each fund, recommend a change to the investment objective or strategies of the funds in response to such changes.

Diversification In contrast to a direct investment in a single company, an iShares fund provides exposure to the securities underlying the particular index the iShares fund seeks

to track. iShares funds provide Australian investors with what can be an efficient way of gaining access to international markets.

Cost efficiency	As each iShares fund is passively managed and designed to follow a particular underlying index, the expense of managing an iShares fund is generally lower than that of actively managed investment funds.
Transparency of performance	Each iShares fund seeks investment results that correspond generally to the performance (before fees and expenses) of a particular index. iShares funds buy/sell securities in a manner that the fund's investment manager believes will help the fund achieve its investment objective, but do not necessarily hold all of the securities in the fund's underlying index or hold securities in the same weightings as the index.
Tradable	Unlike unlisted managed funds and unit trusts, which can permit trades (buy/sell) to be processed only at a closing price, iShares funds can provide much greater trading flexibility as they are listed on ASX and can trade throughout the trading day.

1.3 Risk factors

All investors should be aware of the risks before making an investment decision. The principal risks of an investment in the Fund include the following, each of which is described in more detail in the section 'Principal Risks' beginning at page 3 of the US Prospectus:

- Asset class risk.
- Concentration risk.
- Equity securities risk.
- Issuer risk.
- Management risk.
- Market risk.
- Market trading risks.
- Mid-Capitalisation companies risk.
- Passive investments risk.
- Tracking error risk.

Other risks associated with all of the Company's funds are also mentioned in the Statement of Additional Information ("SAI"), parts of which form Included Documents (see section 5).

Australian specific risks

In addition to the principal risks mentioned above, there are Australian specific risks investors should be aware of.

ASX Listing	Admission by ASX of the Company to listing on ASX as a listed foreign company imposes various listing obligations with which the Company must comply on an ongoing basis. Whilst the Company will seek to comply with its
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listing obligations, there can be no assurance that the requirements necessary to maintain the listing of the Shares will continue to be met or will remain unchanged.

Market Trading Risks

As mentioned in the US Prospectus (on page 4), and despite ASX listing, there can be no assurance that an active trading market for Shares or CDIs will develop or be maintained. Further, Shares of the Fund may trade on ASX at, above or below their NAV. Trading of Shares on ASX will be executed in Australian dollars ("A\$") whereas NAV is determined in US dollars ("US\$").

The per share NAV (in US\$) of the Fund will fluctuate with changes in the market value of the Fund's holdings. The trading prices in A\$ of the Shares in the Fund will fluctuate in accordance with changes in its NAV and changes in foreign exchange rates, as well as market supply and demand.

Foreign exchange risk

Trading of Shares (settled by way of CDIs) on ASX will be executed in A\$ whereas NAV is determined in US\$. Also, dividends or distributions will be determined in US\$ and then converted into A\$ prior to payment to holders of CDIs (refer to section 7.5 for further details).

The performance of an iShares fund (including the Fund) is not guaranteed by any foreign or Australian regulatory or depositary institution, or any Barclays or other entity.

There is no guarantee that any distributions in respect of an iShares fund will be declared in the future, or that if declared, the amount of any distribution will remain constant or increase at any time.

1.4 Fees and costs

If you own shares of an iShares fund, you will incur management fees that vary depending on the particular fund. In addition, you will also incur the cost of the 'spread' - that is, the difference between what professional investors are willing to pay for fund shares (the 'bid' price) and the price at which they are willing to sell fund shares (the 'ask' price). Details of the fees and expenses are included in the US Prospectus for the Fund in the section entitled 'Fees and Expenses' on page 8.

You will also incur usual and customary brokerage commissions when buying or selling shares of a fund on ASX.

1.5 Tax

Information regarding tax matters for Australian investors is set out under section 6 of this Prospectus.

1.6 Financial reports

The Fund's financial year ends 31 March. The Semi-Annual and Annual Reports of the Fund, which are published after 30 September and 31 March of each year respectively, will not be mailed or otherwise sent to shareholders (or holders of CDIs). However, copies of these reports can be obtained electronically at iShares.com.au. An announcement will be made to ASX as these reports become available. The Fund's US financial statements (included in its Annual Report) will also be lodged with ASIC annually (see section 7.2).

1.7 Governance and compliance structure

The business activities of the Company and the iShares funds are governed by relevant US and Australian laws and regulations. An extensive corporate governance structure is in place. In Australia, Barclays Global Investors Australia Limited (ABN 33 001 804 566, AFSL No. 225398) ("**BGIA**") is primarily

responsible for ongoing compliance and communications with Australian regulators and statutory bodies. Refer to section 4.4 for further information about BGIA.

1.8 Registrar

Computershare Investor Services Pty Limited ("**Computershare**") has been engaged to maintain the Australian register of CDI holders and provide services to iShares investors (including facilitating payment of any distributions) in relation to their CDI holdings.

1.9 Other assistance and product information

Any general (non financial advisory) assistance regarding iShares investment products can be obtained by calling **1300 iShares** (1300 474 2737). Further information on the different iShares funds listed on ASX (including prospectuses) is available from the website at iShares.com.au or from your investment adviser.

2. ABOUT THIS PROSPECTUS

This is a Prospectus relating to shares of beneficial interest with no par value ("**Shares**") and relating to CDIs over such Shares of the Company issued in respect of the Fund.

The main purpose of this Prospectus is to enable secondary trading on ASX of:

- (a) to the extent it is Shares that are traded on ASX:
 - (i) Shares issued from time to time in the US outside the Offer and after the date of this Prospectus, but before the Offer closes; and
 - (ii) Shares issued in the US primary market in the 12 months up to the date of this Prospectus;
- (b) to the extent it is CDIs that are traded on ASX, CDIs issued after the date of this Prospectus but before the Offer closes.

Further details of the offers and issues of Shares and CDIs are set out in section 3 of this Prospectus and in the US Prospectus which is updated and filed with the Securities Exchange Commission at least annually. This Prospectus refers to and includes parts of the US Prospectus and parts of the SAI under subsection 712(3) of the Act. Please refer to section 5 of this Prospectus for further details of the US Prospectus and the SAI and how to obtain a copy of any of the Included Documents.

This Prospectus is dated 26 November 2009 and was lodged with the Australian Securities & Investments Commission ("**ASIC**") on 26 November 2009. ASIC takes no responsibility for the content of this Prospectus.

CDIs are issued in Australia in reliance on a class order issued by ASIC, Class Order CO 02/311. ASIC has also issued an instrument of relief, INS 07/810 dated 8 October 2007, relating to offers for sale of CDIs on ASX.

The full text of this Prospectus (as well as the Included Documents) should be read, as the information contained in individual sections of this Prospectus is not intended to and does not provide a comprehensive review of the Fund or the Shares or CDIs to which this Prospectus relates.

Shares (or CDIs) commenced quotation on ASX on 10 October 2007.

ASX takes no responsibility for the content of this Prospectus. Admission by ASX of the Company and quotation of the Shares (or CDIs) on ASX is not an endorsement by ASX (or a related body of ASX) of the Company or the Fund.

Several expressions used throughout this Prospectus are defined in the Glossary in [section 8](#).

3. CDIs AND SHARES ISSUES

3.1 iShares will be held as CDIs

The Company is required to have CDIs issued over ASX quoted Shares and so the Company has established a suitable CDI program.

Instead of holding Shares, Australian investors will hold CDIs which are Australian financial instruments designed to give the CDI holder rights and entitlements equivalent to holding the foreign Shares issued by the Company (CDIs are securities). A Depository Nominee holds title on behalf of CDI holders as shown in the diagram below.

The Company has appointed a Depository Nominee. Beneficial title to Shares that are to be held in the form of CDIs will be vested in the Depository Nominee.



This is a simplified diagram that does not show the DTC ownership arrangements behind the Depository Nominee

CDIs may be held in uncertificated form on either the Issuer Sponsored Subregister or the CHESSE Subregister, which together make up the Australian CDI Register (maintained by Computershare) for the Fund.

3.2 Rights attaching to CDIs

With the exception of voting arrangements (see below), CDI holders generally have rights equivalent to those of other investors in Shares (i.e. beneficial owners of Shares as shown on DTC records or DTC Participant records).

In relation to corporate actions such as bonus issues, rights issues and capital reconstructions, CDI holders will generally receive equal treatment to that of holders of Shares because under the ASTC Settlement Rules, all economic benefits such as dividends, bonus issues, rights issues or similar corporate actions must flow through to CDI holders as if they were the holders of the corresponding Shares.

However, in some cases, marginal differences may exist between the resulting entitlements of CDI holders and the entitlements they would have accrued if they held Shares directly through DTC or a DTC Participant. This is because, for the purposes of certain corporate actions, the Depository Nominee's holding of Shares is, for US legal reasons, treated as a single holding, rather than as a number of smaller separate holdings corresponding to the individual interests of CDI holders (thus, for example, CDI holders will not benefit to the same extent from the rounding up of fractional entitlements as if they held Shares directly).

Regarding voting, in accordance with the ASTC Settlement Rules, if a meeting of holders of Shares in the Fund is convened, each holder of a CDI over Shares in the Fund will be given notice of the meeting at the same time as notice is sent to holders of Shares via the DTC system. The notice will include a form permitting the CDI holder to direct the Depository Nominee to cast, or authorise or arrange the casting of, proxy votes in accordance with the CDI holder's written directions. Only holders of Shares (being beneficial owners of Shares as shown on DTC records or DTC Participant records) or their proxies can attend and vote at meetings of holders of Shares.

The rest of this section 3 contains information primarily of interest to professional analysts or advisers or investors with similar specialist information needs, including potential Applicants under the Offer.

3.3 Nature of Shares

The Company's Shares are shares of beneficial interest with no par value. Each Share issued by the Fund has a pro rata interest in the assets of the Fund.

Shares can be created only in a specified number of Shares called 'Creation Units', which may be issued by the Fund at the end of each US trading day. The value of a Creation Unit varies but the approximate value of a Creation Unit as of 13 November 2009 was US\$3,491,371.

SEI Investments Distribution Co. ("SEI"), based in the US, is the 'Distributor' of Creation Units for the Fund on an agency basis.

The Company has other shares on issue (in respect of other funds of the Company).

The Shares that trade in the secondary market are issued in the primary market at their NAV only to wholesale and sophisticated investors, such as market makers and large traders. Only Authorized Participants (all being participants in The Depository Trust Company ("DTC") and having a specific contract with SEI) are able to arrange the issue of Creation Units. Issues of Creation Units for the Fund occur only in the US. Shares in the Fund trade on exchanges at market prices established by the parties to the transaction (which may differ from the Fund's most recent or next calculated NAV).

As with creations of Shares, redemption of Shares can be done only in Creation Units, principally 'in-kind' (i.e. 'in specie' or in exchange) for a portfolio of securities in the underlying index of the Fund and a specified amount of cash. Except when aggregated in Creation Units, Shares are not redeemable although they may still trade on the secondary market.

Shares are held in book-entry form with no certificates issued. DTC or its nominee (Cede & Co.) is the record owner of all outstanding (i.e. issued) Shares and is recognised as the record owner of all Shares for all purposes. Investors (except those holding via CDIs) are beneficial owners as shown on DTC records or DTC Participant records.

Also refer to the section headed 'Shareholder Information' beginning at page 9 of the US Prospectus and the sections headed 'Additional Information Concerning the Trust' and 'Creation and Redemption of Creation Units' beginning at pages 73 and 75 of the SAI respectively.

3.4 Custody agreement

Computershare Trust Company, N.A. is a DTC Participant and has entered into a Custody Agreement with the Depository Nominee, such that the Depository Nominee will become and remain a 'beneficial owner' of Shares to facilitate and underpin the Company's required Australian CDI program. Further information on the DTC system is contained in section 7.11 of this Prospectus. BGIA has agreed to facilitate certain obligations of the Company in connection with the Custody Agreement. See also section 4.4.

3.5 CDI issuance

The Fund's CDIs, to be issued under the arrangements as described above, will be transferable in CHESS, with the Company acting as Principal Issuer. A CDI Register will be maintained by the Company (through Computershare) in Australia.

CDIs are created and issued from time to time in accordance with the ASTC Settlement Rules (specifically section 13 of those Rules). Generally this occurs when the Company through Computershare records a person in the CDI Register as the holder of CDIs, in conjunction with causing appropriate title to the underlying Shares to be vested in the Depository Nominee through the Custody Agreement mentioned in section 3.4 above. The Depository Nominee has a very passive role and it will not actively offer CDIs for issue.

3.6 Conversion of Shares into CDIs

As the Shares are designed to trade in high volumes the Company expects that there will be demand for conversion of Shares into CDIs (and vice versa), particularly to create a supply of Shares or CDIs for secondary trading on ASX. Those Shares being converted into CDIs will generally originate from DTC Participants in the US.

Persons interested in converting existing Shares held in the DTC system into CDIs should contact Computershare **1300 iShares** (1300 474 2737) for information on the conversion procedure.

3.7 Other issues of Shares

The Fund is designed to issue (create) and redeem Shares once each day and has issued and redeemed shares during the 12 months prior to the date of this Prospectus.

The main purpose of the Prospectus is to enable secondary trading on ASX, including, to the extent it is Shares that are traded on ASX:

- (a) secondary trading on ASX of Shares issued from time to time in the US outside the Offer and after the date of this Prospectus, but before the Offer closes; and
- (b) secondary trading on ASX of Shares issued in the US primary market in the 12 months up to the date of this Prospectus.

3.8 Terms and conditions of the Offer

The Company invites applications from Eligible Investors for the issue of Shares through the Offer. Applications for Shares (or CDIs over Shares) must be for a minimum quantity of Shares comprised in a Creation Unit or for multiples thereof, and must be made to the Company through an Authorized Participant.

The Offer opens on the date of this Prospectus and remains open for acceptance until the day before the Expiry Date.

However, the Company reserves the right to close the Offer early, vary any other date and time in this Prospectus, or to accept late Applications, without notice.

Any offers of Shares (or CDIs) for issue received in Australia for which this Prospectus may be used, are made in, or accompanied by, this Prospectus. The Company is offering the Shares with disclosure to investors under Part 6D.2 of the Act.

Shares to be issued under the Offer may, at the Australian holder's election, be held:

- (a) through DTC or a DTC Participant in the US;
- (b) on the Issuer Sponsored Subregister (uncertificated) in Australia by way of CDIs; or
- (c) on the CHESSE Subregister (uncertificated) in Australia by way of CDIs.

The Issue Consideration for a Creation Unit of Shares is:

- (a) the Deposit Securities; and
- (b) the Cash Component.

Applicants will need to provide the applicable Issue Consideration before being issued a Creation Unit of Shares. Applicants will, through the Authorized Participant selected by the Applicant, be advised of the exact Issue Consideration (or the method for calculating the exact Issue Consideration) they are required to provide for Shares and how it is to be provided.

Potential Applicants should note that the approximate value of a Creation Unit as of 13 November 2009 was US\$3,491,371.

4. INFORMATION ABOUT THE FUND

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus and the Included Documents.

4.1 About the Company

The Company is a Delaware Statutory Business Trust organised on 16 December 1999, which for Australian law purposes constitutes a body corporate. The Company is not an Australian public company. The liability of shareholders is limited.

Relevant information enabling an assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company (which may be Fund specific) is set out below and in the US Prospectus (particularly the section headed 'Financial Highlights' at page 17), including the SAI (including the sections headed 'General Description of the Trust and its Funds' beginning at page 1 and 'Management' beginning at page 30). Further information is contained in the Included Documents (refer to section 5 of this Prospectus).

The Company itself does not, and is not under US law required to, prepare financial statements relating solely to itself separate from its funds. Rather, each fund of the Company, including the Fund covered by this Prospectus, prepares and issues financial statements solely on behalf of such fund.

As of 13 November 2009, the Company had 152 exchange traded funds.

4.2 About the Fund

The following information details historical financial data for the Fund. Readers of this Prospectus must note that past performance is not a reliable indicator of future performance.

The Fund's underlying index is the S&P MidCap 400 Index. The Fund seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P MidCap 400 Index.

Relevant information enabling an assessment of the assets and liabilities, financial position, performance, profits and losses, of the Fund is set out below and on page 17 of the US Prospectus.

A detailed description of the Fund, including its investment objective, principal investment strategies, principal risks, portfolio holdings information, performance information, fees and expenses, management fees and creation and redemption fees, is set out on pages 1 to 16 of the US Prospectus.

See also the SAI (including the section headed 'S&P Indexes' beginning at page 17). Further information is contained in the Included Documents (refer to section 5 of this Prospectus).

Financials

The Fund has a financial year ending on 31 March. Its net assets as at 31 March 2009 were approximately US\$3,500 million with a NAV per share of US\$48.79.

As at 13 November 2009, the Fund's unaudited financials were: total assets of US\$6,648,129,844, total liabilities of US\$475,386,291, net assets of US\$6,172,743,553 with a NAV per share of US\$69.83.

Unaudited NAV figures (in US\$) for the Fund are announced to ASX weekly.

4.3 About BGFA

BGFA is the Company's investment adviser and has overall responsibility for the general management and administration of the Company (refer to the section headed 'Management' beginning at page 8 of the US Prospectus).

BGFA is paid a management fee for the services it provides the Company. For further information about the management fee for the Fund (as at the date of this Prospectus), refer to pages 8 and 9 of the US Prospectus and the section headed 'Investment Advisory, Administrative and Distribution Services' beginning at page 57 of the SAI.

The BlackRock Transaction

On June 16, 2009, Barclays PLC ("**Barclays**"), the parent company of BGFA as at the date of this Prospectus, entered into an agreement to sell its interests in BGFA and certain affiliated companies to BlackRock, Inc. (the "**BlackRock Transaction**"). The BlackRock Transaction is subject to certain regulatory approvals as well as other customary conditions prior to closing. The Company will keep the market informed about the BlackRock Transaction by making any necessary announcements.

Under the US Investment Company Act of 1940, as amended, completion of the BlackRock Transaction will cause the automatic termination of the Fund's current investment advisory agreement with BGFA. In order for the management of the Fund to continue uninterrupted, the Directors have approved a new investment advisory agreement with BGFA. The new investment advisory agreement was approved by the holders of Shares at a special meeting of such holders held in the United States on 4 November 2009.

The Company does not expect that the BlackRock Transaction will have any material adverse effect from the point of view of an investor/CDI holder. However, BGFA's name will change to BlackRock Fund Advisors as a consequence of the BlackRock Transaction.

4.4 About BGIA

BGIA provides a range of services to the Company in Australia in connection with the Company's listing on ASX and the quotation and trading of shares (and CDIs) in the Company on ASX.

BGIA is an Australian related body corporate of the Company's investment adviser, BGFA. BGIA is a major investment manager in Australia offering a range of financial services to a range of clients including: Australian corporations; industry, public sector and endowment funds; master funds; and wrap account distributors.

The Company, as a registered foreign company under the Act and as required by, and for the purposes of, the Act, has appointed BGIA as its local agent to accept on the Company's behalf service of process and notices.

As part of the BlackRock Transaction (described in section 4.3above), BGIA will, subject to completion of the BlackRock Transaction, become part of the BlackRock group of companies. It is expected that BGIA will continue to perform its current role on completion of the BlackRock Transaction, although its name will change to BlackRock Asset Management Australia Limited.

Financial services licensing: intermediary authorisation

The Company will not hold an Australian financial services licence ("**AFSL**"). Instead, the Company will rely on section 911A(2)(b) of the Act (or Corporations Regulation 7.6.01(1)(n)) for an exemption from any requirement to hold an AFSL in respect of the issuing of CDIs (or Shares) in Australia. In this regard, the Company has entered into an Instrument of Delegation and Authority and Intermediary Authorisation Agreement with BGIA (an AFSL holder), under which BGIA is authorised to make offers to arrange, and arrange for, the issue of CDIs by the Company (to the extent that the Company issues CDIs) and the Company will issue CDIs in accordance with such offers if they are accepted. No amounts are payable to BGIA under this Agreement.

Other authorisation / delegations

In addition to the intermediary authorisation described above, under the Agreement mentioned above:

- (a) the Company delegates to BGIA certain powers it has under the ASTC Settlement Rules in connection with the Company's CDI program and authorises BGIA to sub-delegate those powers to a professional Australian registry. BGIA has sub-delegated these powers to Computershare.

- (b) the Company authorises BGIA to engage, on behalf of the Company, a professional Australian registry to provide to, or for the benefit of, the Company the Australian registry services required in connection with the Company's admission to the official list of ASX, the trading of the Company's shares on ASX and the Company's Australian CDI Program (including to establish and maintain, or facilitate the establishment and maintenance, of the required registers). Pursuant to this authorisation, BGIA has engaged Computershare.

In addition, certain employees of BGIA have been appointed as attorneys to, among other things, do everything necessary or expedient in connection with:

- (a) the Company's ASX listing, the quotation by ASX of any of the shares issued by the Company and satisfying the Company's ongoing obligations under the ASX Listing Rules as a foreign exempt listing and under the Act as a registered foreign company;
- (b) the Company's ongoing relations with ASX and ASTC;
- (c) the issue of CDIs over any of the Company's shares in accordance with the ASTC Settlement Rules;
- (d) satisfying the Company's obligations under the ASTC Settlement Rules and any applicable ASX Market Rules; and
- (e) the engagement, appointment or removal by the Company of an Australian registry.

4.5 About the Index Provider

Refer to section headed 'Investment Objective' on page 1 and 'Index Provider' on page 18 of the US Prospectus for information regarding the index provider, S&P.

5. INCLUDED DOCUMENTS

5.1 Included Documents

The following Included Documents are referred to and are included in this Prospectus under subsection 712(3) of the Act:

- (a) parts of the US Prospectus - see sections 5.3 and 5.7 below; and
- (b) parts of the SAI see sections 5.5 to 5.7 below.

The US Prospectus and the SAI have been lodged with ASIC, and this Prospectus simply refers to parts of these documents instead of setting out the information that is contained in them.

The information below is provided to allow a person to whom the Offer is made to decide whether to obtain a copy of either the US Prospectus or the SAI. For convenience, a copy of the US Prospectus will be distributed together with this Prospectus.

5.2 Right to obtain copies

The Company will give a copy of any of the Included Documents free of charge to anyone who asks for a copy during the application period of this Prospectus. People have this right to obtain a copy of the Included Documents.

Copies of the Included Documents may be obtained from Barclays Global Investors Australia Limited (BGIA) or by calling **1300** iShares (1300 474 2737) and are accessible and downloadable from the Company's website at iShares.com.au.

5.3 US Prospectus

The US Prospectus contains information regarding:

- The nature of the Fund and the investment adviser to the Fund.
- The Fund's investment objective (including information regarding the index provider).
- Principal investment strategies (including representative sampling, tracking error and industry concentration policy).
- Principal risks.
- Portfolio holdings information.
- Performance information.
- Fees and expenses.
- Management of the Company (including investment adviser, portfolio managers, and administrator, custodian and transfer agent).
- Shareholder information (including information on buying and selling shares, book entry, share prices, determination of NAV, dividends and distributions, US taxes on distributions, US taxes when shares are sold, creations and redemptions and transaction fees).
- Distribution.
- Financial highlights for the Fund (for a share outstanding throughout the relevant period), including NAV and total return information.
- The index provider for the Fund.
- Disclaimers by the index provider, the NYSE Arca and BGFA.

- Supplemental information (including premium/discount information and total return information).

The above information is set out in the order it is listed in the 'Table of Contents' in the US Prospectus.

However, certain information in the US Prospectus is not referred to and therefore excluded from this Prospectus (see section 5.7 below).

5.4 Relationship between SAI and US Prospectus

The Company's SAI is incorporated by reference into the US Prospectus and for US legal purposes is a part of the US Prospectus. However, only parts of the SAI are included in this Prospectus (see section 5.7).

5.5 Statement of Additional Information

The SAI contains information regarding:

- General description of the Trust and its funds.
- Exchange listing and trading.
- Investment strategies and risks.
- General considerations and risks.
- Proxy voting policy.
- Portfolio holdings information.
- Construction and maintenance of the underlying indexes.
- The S&P Indexes (including the S&P MidCap 400 Index).
- Investment limitations.
- Continuous offering.
- Management (including trustees and officers, committees of the board of trustees, remuneration of trustees, and control persons and principal holders of securities).
- Investment advisory, administrative and distribution services (including investment adviser, portfolio managers, codes of ethics, administrator, custodian and transfer agent and distributor).
- Brokerage transactions.
- Additional information concerning the Trust.
- Creation and redemption of creation units.
- US taxes.
- Financial statements – see section 5.6 of this Prospectus.
- Miscellaneous information.

The above information is set out in the order it is listed in the 'Table of Contents' in the SAI.

However, certain information in the SAI is not referred to and therefore excluded from this Prospectus (see section 5.7 below).

5.6 Financial statements of the Fund

The Financial Statements and Notes contained in the Annual Reports of the Company for various funds are incorporated by reference into and are deemed for US legal purposes to be part of the Company's SAI.

However, for the purpose of section 712 of the Act, this Prospectus does not refer to and therefore excludes the Annual Reports for the Fund (and the other funds covered by the SAI).

5.7 Excluded information

For the purposes of section 712 of the Act, this Prospectus does not refer to and therefore excludes:

- (a) from the US Prospectus (see section 5.3 above), all the information:
 - (i) under the headings 'Taxes', 'Taxes on Distributions' and 'Taxes When Shares are Sold' (on pages 13 to 14);
- (b) from the SAI (see section 5.5 above), all information:
 - (i) under the heading 'Construction and Maintenance of the Underlying Indexes' (on pages 13 to 26 of the SAI) other than the introductory paragraphs under the heading 'S&P Indexes' on pages 17 to 19 of the SAI and the description of the S&P MidCap 400 Index on page 25 of the SAI;
 - (ii) in the sentence that commences with the words 'In such event, distributions to individuals should be...' under the heading 'Taxation of RICs' on page 96 of the SAI;
 - (iii) under the headings 'Taxation of U.S. Shareholders', 'Sales of Shares', 'Back-Up Withholding', 'Qualified Dividend Income', 'Corporate Dividends Received Deduction', 'Excess Inclusion Income', 'Reporting', 'Other Taxes' and 'Taxation of Non-US Shareholders' on pages 103 to 109 of the SAI;
 - (iv) in the second paragraph under the heading 'Foreign Investments' (except for the first sentence of that paragraph and the beginning of the second sentence up to and including the words '...before and/or thereafter') on page 107 of the SAI; and
 - (v) elsewhere in the SAI that relates solely to a fund or funds of the Company other than the Fund.

5.8 Consequential filings in the US

Certain documents which may be filed or prepared by the Company in the US subsequent to the date of this Prospectus may be incorporated by reference in the US Prospectus. Such documents (if any) cannot (for legal and timing reasons) be taken to be included in this Prospectus under section 712(3) of the Act. Such documents (if any) may be given to ASX as announcements by the Company and will be made available on the website at iShares.com.au.

6. TAX CONSIDERATIONS

6.1 General information only

The following is a general summary of the main Australian income tax implications of an investment in the iShares funds listed on ASX by an Australian investor holding CDIs over Shares.

The information in this summary is of a general nature only and cannot and does not address all of the tax issues which may be relevant to an investor. It is not legal, financial or tax advice. Australian taxation laws are complex and may change over time.

In addition, this section also provides limited and general information in respect of US estate tax and withholding tax obligations.

Important: Investors must seek their own professional taxation advice regarding Australian and any US tax matters applicable to their own facts and circumstances.

6.2 Assumptions

The comments outlined in this summary assume that the investor:

- is an Australian resident for income tax purposes with an income year ending on 30 June;
- is an individual taxpayer or a complying superannuation fund;
- does not carry on a business of either trading or dealing in shares or otherwise hold investments on revenue account - any subsequent disposal of the investment in a fund will therefore be subject to the capital gains tax regime; and
- returns dividend distributions from holding shares in the iShares funds on a cash basis.

This summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office generally accepted as at the date of this Prospectus.

Taxation laws may change in the future without notice.

The government is currently reviewing the Australian tax system, including a review of anti-deferral rules. Investors should consult their tax adviser to understand how any future reforms may affect their iShares investment.

6.3 Distributions

The investor's assessable distribution amount should be the dividend distribution received during the financial year gross of any US withholding tax deducted. The investor should be entitled to a credit for the US withholding tax, up to the amount of any Australian tax payable on the dividend distribution.

The withholding tax rate is generally limited to 15% under the Australia/US Double Tax Agreement. Investors may be required to complete US tax forms to allow access to the limited rate.

From time to time, an iShares fund may return capital to investors. A return of capital is a return of part of the cost which was outlaid in making the original investment in the fund.

There is no guarantee that any distributions in respect of an iShares fund will be declared in the future, or that if declared, the amount of any distributions will remain at current levels or increase at any time.

6.4 Capital gains / losses

General

The sale or other disposal of Shares (or CDIs) will constitute a capital gains tax ("CGT") event for Australian tax purposes. A capital gain will be made if the capital proceeds received on the occurrence of the CGT event are greater than the cost base of the Shares or CDIs.

The capital gain may be able to be reduced if the investor claims the discounting concession which reduces the nominal capital gain by 50% for individuals and by 33 1/3% for complying superannuation funds. This applies where the CDIs were held for at least 12 months prior to the CGT event.

If the capital proceeds on the disposal of the CDIs are less than the investor's reduced cost base of the CDIs, the difference is treated as a capital loss. Such losses can be offset against capital gains arising in the current or future income years, but cannot be used to reduce tax payable on ordinary income (such as dividends).

Return of capital

For the purposes of calculating a capital gain/loss, an investor should reduce the cost base of their CDIs by any amounts that are characterised as a 'return of capital'. Where the total returns of capital exceed the cost base of the CDIs (i.e. the cost base has been reduced to zero), the excess is assessable as a capital gain, even if the investor has not sold their iShares investment.

6.5 Accruals taxation - FIF and CFC provisions

The Foreign Investment Fund ("**FIF**") accrual provisions do not apply on the basis that the Company is a Regulated Investment Company ("**RIC**") under subchapter M of the Internal Revenue Code of 1986 in the US. It is expected that the Company will continue to qualify as a RIC into the future. Accordingly, Australian resident investors should only be taxable on the dividend distributions paid to them during the financial year and not based on FIF accrual calculated amounts.

The Controlled Foreign Company ("**CFC**") rules are unlikely to apply on the basis that each iShares fund is a large US listed fund and the requisite investor control tests should not be satisfied.

6.6 US estate tax

US tax laws seek to apply estate tax on US situated assets held by individuals worldwide (including shares in US companies). This means an investor (who is not a US citizen and is not domiciled in the US) may be subject to US estate tax if at the time of their death, they beneficially own Shares.

The amount of the estate tax is determined by reference to the value of the Shares held at death. However the amount of any such tax may be reduced pursuant to an Australian/US estate tax treaty. The reduction can include a credit of US\$13,000 for the first US\$60,000 of US situated assets (including Shares) is exempt. Depending on the structure/vehicle that owns the US situated assets US estate tax may not apply.

The estate tax is levied on a self assessment basis such that the estate is responsible for making the appropriate filings and where applicable, paying the tax.

7. ADDITIONAL INFORMATION

7.1 ASX listing

The Company has been a registered foreign company under the Act since 28 May 2007.

The Company was admitted to ASX's official list on 5 October 2007 as an ASX foreign exempt listing.

The Company acts as Principal Issuer in relation to CDIs issued or to be issued in respect of the Shares and those CDIs have been approved by ASTC.

As the Company is an ASX foreign exempt entity under the ASX Listing Rules, its Shares (including the shares of its other listed funds) are deemed not to be ED (Enhanced Disclosure) securities. This means that the Company is not a disclosing entity for the purposes of the Act.

Under the ASX Listing Rules, the Company (in respect of the Fund) must immediately provide to ASX, in English, certain information that it provides to its overseas home exchange (i.e. NYSE Arca) that is, or is to be, made public and must continue to comply with the Listing Rules (or their equivalent) of its overseas home exchange.

7.2 Australian financial reporting requirements

Investors should note that the Chapter 2M financial reporting regime under the Act does not apply to the Company.

The Company will annually be lodging with ASIC US financial statements for the Fund (together with unaudited cash flow statements for the Fund prepared in accordance with the Act) in compliance with the conditions of an ASIC instrument granting the Company relief from section 601CK of the Act.

7.3 Capital structure

Shares in the Company are issued and redeemed at the end of each US trading day.

As at 13 November 2009 the Fund had 88,400,000 Shares on issue. However, given the daily issue and redemption process it is not possible to predict the number of Shares which will be on issue at any time in the future. There is an unlimited number of Shares (or CDIs) being offered under the Offer.

7.4 Rights attaching to Shares

A description of the share capital of the Company and the rights attaching to Shares (together with dividend payment procedures) is set out in the US Prospectus (including the SAI) (refer to the section headed 'Shareholder Information' beginning at page 9 of the US Prospectus, and the sections headed 'Additional Information Concerning the Trust' and 'Creation and Redemption of Creation Units' beginning at pages 73 and 75 of the SAI respectively).

Shares are held in book-entry form with no certificates issued. DTC or its nominee (Cede & Co.) is the record owner of all outstanding (i.e. issued) Shares and is recognised as the owner of all Shares for all purposes. Investors (except those holding via CDIs) are beneficial owners as shown on DTC records or DTC Participant records.

7.5 Payment of distributions

The announcement by the Company of any distributions payable in respect of iShares funds quoted on ASX will be in US\$, and converted into A\$ prior to payment to holders of CDIs.

A declaration by the Company to pay a distribution will be announced to ASX. Investors holding CDIs in respect of shares in an iShares fund as of the record date for a distribution relating to those shares will be entitled to participate in the distribution.

CDI holders will generally receive distributions payments (to which they are entitled) 12 business days following the record date. The value of the A\$ distribution payment is dependent on the prevailing foreign exchange rate on the date that rate is struck (usually 9 days following the record date).

Payment of distributions will generally be made by direct credit into a nominated Australian bank account. Distributions cannot be automatically reinvested into the Fund.

7.6 Applications

Eligible Investors interested in making an Application should contact BGIA for details of Application procedures and requirements (including the procedure for providing the Issue Consideration).

An Eligible Investor will be able to make an Application only through an Authorized Participant introduced to them (if required) by BGIA. Authorized Participants are the only persons who are authorised to place orders with SEI and create a Creation Unit of Shares in the Fund. BGIA will arrange for the provision of any services to Eligible Investors by Authorized Participants. Authorized Participants are not obliged to, and might not, agree to assist in the making of an Application by an Eligible Investor.

The Company reserves the right to reject any Application for any reason or to allocate any Applicant a lesser number of Shares than applied for.

7.7 Interests of Directors

The Directors of the Company (known as Trustees of iShares Trust) as at the date of this Prospectus are:

- Lee T. Kranefuss
- John E. Martinez
- George G.C. Parker
- Cecilia H. Herbert
- Charles A. Hurty
- John E. Kerrigan
- Robert H. Silver
- Darrell Duffie

Robert S. Kapito will also become a Director of the Company on completion of the BlackRock Transaction

Except as set out in this Prospectus or the US Prospectus or the SAI as may be updated:

- no Director has had in the last 2 years before lodgement of this Prospectus, an interest in:
 - the formation or promotion of the Company;
 - the Offer; or
 - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; and
- no amounts, whether in cash or Shares or otherwise have been paid or agreed to be paid (by anyone), and no benefit has been given or agreed to be given (by anyone), to any Director, either to induce them to become, or to qualify as, a Director, or otherwise for services provided by them in connection with the promotion or formation of the Company or the Offer.

7.8 Interests of advisers and others

Except as set out below or elsewhere in this Prospectus or the US Prospectus:

- no financial services licensee named in this Prospectus as a licensee involved in the issue or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or has held in the 2 years before the date of this Prospectus, any interest in:
 - the formation or promotion of the Company;
 - the Offer; or
 - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; and
- no amount has been paid or agreed to be paid (by anyone) and no value or any benefit has been given or agreed to be given (by anyone) to any financial services licensee named in this Prospectus as a licensee involved in the issue, or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, in each case for services provided in connection with the formation or promotion of the Company or the Offer.

Minter Ellison acts as Australian legal advisers to BGIA and to the Company and iShares, Inc. and, among other things, acted in connection with the ASX listing of the Company and iShares, Inc. in October 2007, the preparation in 2007 of an initial prospectus for Shares, and the preparation in 2007 and 2008 and earlier in 2009 of several other prospectuses relating to shares in other funds of both companies, for which it was paid approximately A\$412,000. Minter Ellison will be paid approximately A\$2,000 for services in connection with the preparation of this Prospectus. It will also be paid similar fees for services in connection with the preparation of each of several prospectuses for other funds of the Company and iShares, Inc. to be lodged with ASIC at or around the same time as the lodgement of this Prospectus with ASIC.

BGIA is an Australian financial services licensee involved in the issue of Shares and CDIs (refer to section 4.4 above). BGIA will not receive any fees or payments for services provided in connection with the Offer. In particular, it will not receive any commissions, broking or underwriting fees relating to any issues or secondary sales of Shares or CDIs. BGIA may in the future receive payments or benefits from other entities in the corporate group of which it is part, attributable to any increased acceptance of iShares funds as an asset or financial product class in Australia. BGIA may be compensated for services provided in bringing iShares funds to Australia.

7.9 Consents to the inclusion of information and statements

The following persons have consented to statements (as indicated below) being included in this Prospectus, in each case in the form and context in which it is included:

- BGFA – all statements described as being made by, or said to be based on statements by, or otherwise attributable to BGFA; and
- PricewaterhouseCoopers LLP – all statements described as being made by, or said to be based on statements by, or otherwise attributable to PricewaterhouseCoopers LLP.

7.10 Other consents

Minter Ellison has given and has not withdrawn its consent to be named in this Prospectus as Australian legal advisers and takes no responsibility for any part of this Prospectus other than references to its name.

Barclays Global Investors Australia Limited has given and has not withdrawn its consent to be named in this Prospectus in the form and context in which all references to its name appear and takes no responsibility for any part of this Prospectus other than references to its name.

Computershare Investor Services Pty Limited has given and has not withdrawn its consent to be named in this Prospectus in the form and context in which all references to its name appear and takes no responsibility for any part of this Prospectus other than references to its name.

7.11 DTC

DTC, a limited-purpose trust company, was created in the US to hold securities of its participants (DTC Participants) and to facilitate the clearance and settlement of securities transactions among the DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Excluding the Australian branch office of major overseas DTC Participants, there are few (if any) Australian entities who are DTC Participants.

For more information about DTC, refer to the section in the US Prospectus under the heading 'Shareholder Information – Book Entry' at pages 10 and 11 and in the SAI under the heading 'DTC as Securities Depository for Shares of the Funds' at pages 74 and 75. See also sections 3.1 to 3.4 above.

7.12 Expiry Date

No Shares will be offered, issued or transferred on the basis of this Prospectus after the Expiry Date, being 26 December 2010, the date 13 months after the date of this Prospectus.

7.13 Consent to lodge Prospectus

This Prospectus is prepared by, or on behalf of, and is used by the Company. The Company is the person offering the Shares. The information contained in this Prospectus may be limited having regard to the matters that Eligible Investors may reasonably be expected to know and the fact that certain matters may reasonably be expected to be known to likely investors' professional advisers. Each of the Directors has consented to the lodgement of this Prospectus with ASIC.

8. GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise.

"**A\$**" means Australian dollars.

"**Act**" means the *Corporations Act 2001 (Cth)*.

"**Applicant**" means an Eligible Investor who makes an Application for Shares (or corresponding CDIs) under this Prospectus.

"**Application**" means an application to apply for Shares (or corresponding CDIs) under this Prospectus.

"**ASIC**" means the Australian Securities & Investments Commission.

"**ASTC Settlement Rules**" means the operating rules of ASX Settlement and Transfer Corporation Pty Limited (the ASTC operating rules).

"**ASX**" means ASX Limited.

"**AFSL**" means an Australian financial services licence.

"**Authorized Participant**" means a DTC Participant who has executed an agreement with SEI with respect to creations and redemptions of Creation Units that has been delivered to the Fund and accepted by SEI (being the only persons who are authorised to place orders with SEI with respect to a Creation Unit of Shares of the Fund).

"**BGIA**" means Barclays Global Investors Australia Limited ACN 001 804 566 (Australian financial service licence number 225398) and which (subject to, and following, completion of the BlackRock Transaction) will be renamed BlackRock Asset Management Australia Limited.

"**BGFA**" means Barclays Global Fund Advisors and which (subject to, and following, completion of the BlackRock Transaction) will be renamed BlackRock Fund Advisors.

"**BlackRock Transaction**" means the sale by Barclays PLC of its interests in BGFA and certain affiliated companies to BlackRock, Inc. which is described in section 4.3.

"**Cash Component**" means the difference, if any, between the net asset value of the Shares per Creation Unit that applies to an order to purchase or redeem a Creation Unit and the market value of the Deposit Securities at the time of the relevant NAV calculation.

"**CHESS**" means the Clearing House Electronic Subregister System operated by ASX Settlement and Transfer Corporation Pty Limited (ASTC) and another ASX subsidiary.

"**CDIs**" means CHESS Depository Interests (over Shares) issued under the ASTC Settlement Rules and the Company's terms of issue.

"**CDI Register**" means the register of CDI holdings maintained in Australia under the ASTC Settlement Rules, consisting of an Issuer Sponsored Subregister of holders of CDIs and a CHESS Subregister of holders of CDIs.

"**Company**" means iShares, Trust ARBN 125 632 411

"**Computershare**" means Computershare Investor Services Pty Limited ACN 078 279 277.

"**Creation Unit**" means 50,000 Shares for the Fund.

"**Deposit Securities**" means the in-kind deposit of a portfolio of specific securities designated by the Fund's investment adviser, and notified to Authorized Participants, with respect to Creation Unit transactions in the Fund's shares as of a particular day.

"**Depository Nominee**" means the entity appointed as such under the ASTC Settlement Rules to hold beneficial title to Shares that are, or are to be, held in the form of CDIs. The Company has appointed

CHESS Depository Nominees Pty Limited (ACN 071 346 506) a subsidiary of ASX as its Depository Nominee.

"**Director**" means a Trustee of the Company.

"**DTC**" means The Depository Trust Company.

"**DTC Participant**" means a participant of DTC.

"**Eligible Investor**" means person who is resident, and receives this Prospectus, in Australia.

"**Expiry Date**" means 26 December 2010, being the date 13 months after the date of this Prospectus.

"**Fund**" means the iShares S&P MidCap 400 Index Fund.

"**Included Documents**" means the US Prospectus and the SAI excluding the material outlined in section 5.7 which are included in this Prospectus by reference pursuant to subsection 712(3) of the Act.

"**Issue Consideration**" means the consideration to be provided for a Creation Unit of Shares and which comprises the Deposit Securities and the Cash Component.

"**Listing Rules**" means the listing rules of ASX.

"**Offer**" means the offer of Shares under this Prospectus (being an invitation made by the Company for Eligible Investors to apply for such Shares) (and a corresponding offer of CDIs relating to the Shares).

"**S&P**" means Standard & Poor's Financial Services LLC (a subsidiary of The McGraw-Hill Companies).

"**SAI**" means the Company's Statement of Additional Information dated 1 August 2009 as updated by Supplements dated 1 August 2009 and 3 September 2009.

"**SEI**" means SEI Investments Distribution Co.

"**Share(s)**" means shares of beneficial interest with no par value of the Company referable to the Fund (each Share having a pro-rata interest in the assets of the Fund).

"**US\$**" means United States of America dollars.

"**US Prospectus**" means the prospectus of the Company relating to the Fund and dated 1 August 2009 and as updated by Supplements dated 1 August 2009 and 3 September 2009.

9. CORPORATE DIRECTORY

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