



Equity-ETFs

iShares STOXX Europe 50 (DE)

Full prospectus
including Terms and Conditions

BlackRock Asset Management Deutschland AG

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Commerzbank AG
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60327 Frankfurt/Main, Germany

DekaBank
Deutsche Girozentrale
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IMC Trading B.V., Amsterdam, Zug branch
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Permanent Liquidity Provider for listing on Euronext

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Market Maker for listing on the SIX Swiss Exchange AG

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Sales Prospectus including Terms and Conditions.

Securities identification number
(WKN):

Name	WKN
iShares STOXX Europe 50 (DE)	593 394

The most recent Sales Prospectus, the "General Terms and Conditions", and "Special Conditions" form the basis for the purchase or sale of fund units. It is not permitted to issue information or statements differing from this Sales Prospectus. Any purchase or sale of units based on information or statements not contained in the Sales Prospectus is at the sole risk of the investor. This Sales Prospectus is supplemented by the latest annual report. If the reporting date of the latest annual report is more than eight months ago, then the most recent semi-annual report must be offered to the purchaser prior to conclusion of a sales contract.

The contractual relationship between the Investment Management Company and investor as well as the pre-contractual relationship are subject to German law. In accordance with Section 23 Paragraph 2 of the "General Terms and Conditions", if the investor has no general place of jurisdiction in Germany, the place of jurisdiction for disputes arising from the contractual relationship shall be the registered office of the Investment Management Company. According to Section 123 Paragraph 1 of the German Investment Act (InvG – Investmentgesetz), all publications and promotional literature must be drawn up in German or must include a German translation. The Investment Management Company shall furthermore conduct all communication with its investors in German.

In the event of disputes connected with the provisions of the Investment Act, consumers may appeal to the Ombudsman's office for investment funds at the BVI Bundesverband Investment und Asset Management e.V., Unter den Linden 42, 10117 Berlin. This does not affect the right to appeal to courts of law.

In the event of any dispute arising from implementation of the provisions in the German Civil Code [BGB], concerning distance-selling contracts for financial services, the parties involved may contact the Arbitration Board of the Deutsche Bundesbank, P.O. Box 11 12 32 in 60047 Frankfurt/Main, tel.: +49 (0) 69 2388-1907 or -1906, fax: +49 (0) 69 2388-1919, schlichtung@bundesbank.de. This does not affect the right to appeal to courts of law (please visit the BVI website www.bvi.de for additional contact information).

The Sales Prospectus was drawn up in German and translated into several languages. Only the German version is legally binding.

Unless regulated differently in individual cases, all terms used in this Sales Prospectus correspond to those used in the Investment Act (InvG).

Restrictions on the issue of units.

The distribution of the information contained in this Sales Prospectus and the offer of the units described in this Sales Prospectus as part of a public sale are only permissible in countries in which a distribution licence has been granted.

In particular, units may not be distributed in the United States of America or to U.S. citizens. Natural persons subject to taxation in the U.S. include, for example, persons who

- (a) were born in the U.S. or its territories or possessions,
- (b) are naturalised citizens (e.g. green card holders),
- (c) were born abroad to citizens of the U.S.,
- (d) are not citizens of the U.S., but who spend the majority of their time in the U.S. or
- (e) are married to a citizen of the U.S.

Legal persons subject to taxation in the U.S. include, for example,

- (a) companies and corporations that were incorporated under the laws of one of the 50 U.S. states or the District of Columbia,
- (b) a company or partnership incorporated under an Act of Congress, or
- (c) pension funds incorporated as U.S. trusts.

The Investment Management Company may reject subscription requests at its own discretion at any time.

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Sales Prospectus.

1. General provisions

The investment fund iShares STOXX Europe 50 (DE) (hereinafter referred to as the "Investment Fund") is a "Directive-Compliant Investment Fund" as defined by the German Investment Act (InvG). It is managed by BlackRock Asset Management Deutschland AG (hereinafter referred to as the "Company").

Management of the Investment Fund consists primarily of investing the money that investors have deposited with the Company in various assets, separated from the assets of the Company and in accordance with the principle of risk diversification. The Investment Fund does not form part of the bankruptcy estate of the Investment Management Company.

The German Investment Act and the Terms and Conditions, which govern the legal relationship between the investors and the Company, stipulate in what kind of assets the Company may invest the funds and which provisions it must follow in making such investments. The Terms and Conditions comprise a General and a Special part ("**General Terms and Conditions**" and "**Special Conditions**"). The application of the Terms and Conditions to an Investment Fund is subject to approval by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin).

1.1. Sales documents

The Sales Prospectus, the Key Investor Information, the Terms and Conditions, and the current annual and semi-annual reports can be obtained free of charge from BlackRock Asset Management Deutschland AG, Max-Joseph-Str. 6, 80333 Munich, Germany.

Additional information on the investment restrictions of this Investment Fund, risk management methods and the latest developments concerning risks and returns of the most important categories of assets may be obtained in electronic form from the Company.

1.2. Terms and Conditions

The Terms and Conditions are printed in this Sales Prospectus.

The Company is entitled to change the Terms and Conditions. Amendments to the Terms and Conditions require the approval of BaFin. Amendments to the investment principles of the Investment Fund also require the approval of the Supervisory Board of the Company.

All planned amendments shall be published in the online Federal Gazette (*Bundesanzeiger*) and at www.iShares.de. Investors will additionally be informed via the institution maintaining their custody account in hard copy or electronically of any amendments that concern fees and the reimbursement of expenses that may be withdrawn from the fund, or the fund's investment principles

or significant investor rights. This information includes the essential content of the proposed amendments, their background, the rights of investors in connection with the amendment and an indication about where and how additional information can be obtained.

The amendments shall take effect no earlier than the day after their publication. Amendments to rules for fees and reimbursement of expenses shall take effect no earlier than three months after their publication, unless an earlier date was specified with the consent of BaFin. Amendments to the current investment policies of the Investment Fund also take effect no earlier than three months after their publication and are only permitted under the condition that the Investment Management Company offers investors the opportunity to exchange their units at no cost for units in investment funds or EU investment funds with comparable investment principles, insofar as such investment funds are managed by the Investment Management Company or by another company that is part of the same Group, or the Company offers investors the opportunity to redeem their units without charging a redemption fee before the amendments enter into force.

2. Management Company

2.1. Company, legal form and registered office

The Investment Fund is managed by BlackRock Asset Management Deutschland AG, whose registered office is in Munich, Germany. The Company was incorporated on 23 October 2000.

BlackRock Asset Management Deutschland AG is an Investment Management Company pursuant to the German Investment Act (InvG). Its legal form is that of a German public limited company (AG).

BlackRock Asset Management Deutschland AG has been authorised to manage Security Index Investment Funds since 22 December 2000. Since 30 July 2004, following its conformance with the Investment Act, the Company has been authorised to manage Directive-Compliant Investment Funds and Mixed Investment Funds (Non-Directive-Compliant Security Index Investment Funds).

2.2. Shareholders' equity, Supervisory Board and Management Board

The share capital of the Company is EUR 5 million and is fully paid up.

Liable equity amounts to EUR 7 million. No payments on subscribed shares are outstanding.

The Supervisory Board comprises three members:

- Joseph Linhares (Chairman)
BlackRock, Managing Director, Head of EMEA iShares
- Derek Stein (Deputy Chairman)
BlackRock, Managing Director, Head of Business Operations Group
- Prof. Dr. Markus Rudolf,
University Professor, WHU Otto Beisheim School of Management.

The members of the Supervisory Board have unanimously appointed the following three persons as members of the Management Board:

- Dr. Dirk Klee, Munich, born in 1964, BlackRock Managing Director, Head of iShares Business for Central & Eastern Europe, CEO BlackRock Asset Management Deutschland AG, CEO iShares (DE) I Investment Stock Company with Sub-funds, formerly Managing Director of Allianz Global Investors Deutschland GmbH (Holding) and Allianz Global Investors Kapitalanlagegesellschaft GmbH,
- Michael Krautzberger, born in 1970, BlackRock Managing Director, Head of Europe Fixed Income, CIO BlackRock Asset Management Deutschland AG, CIO iShares (DE) I Investment Stock Company with Sub-funds, formerly Head of European Fixed Income Aggregate Portfolio Team at Merrill Lynch Investment Managers,
- Dr. Thomas Groffmann, born in 1964, BlackRock Managing Director, Chief Operating Officer (COO) for Germany, Austria & Eastern Europe, COO BlackRock Asset Management Deutschland AG, COO iShares (DE) I Investment Stock Company with Sub-funds, formerly Director and Head of European Pension Coordination at Allianz Global Investors Kapitalanlagegesellschaft GmbH and Head of European Pensions at Allianz SE, München.

3. Licensor and licence agreement

3.1. Licensor and licence agreement

The STOXX[®] Europe 50 (hereinafter referred to as the “Underlying Index”) is a registered trademark of STOXX Ltd. (hereinafter referred to as the “Licensor”) and is thus protected against unauthorised use. The Licensor grants licences for the use of the Underlying Index as a benchmark for capital market products.

The Company has concluded a licence agreement with the Licensor which grants the Company the right to use the index underlying the Investment Fund.

3.2. Disclaimer of liability by the Licensor

The Investment Fund is not sponsored, promoted, sold or distributed by the Licensor. Aside from the licensing of the Underlying Index and the permitted use of the trademark in connection with naming the Investment Fund, the Licensor has no connection whatsoever with the Company.

The Licensor gives no guarantee of the accuracy or the completeness of the Underlying Index and the data contained therein. It assumes no liability for errors, omissions or interruptions to the Underlying Index. The Licensor gives no direct or indirect guarantee concerning the results achieved by the Company through the use of the Underlying Index or of the other data contained therein. The Licensor provides no direct or indirect guarantee and assumes no liability as regards the marketability, suitability or use for a specific purpose of the Underlying Index or the data contained therein.

Notwithstanding any of the above, the Licensor shall under no circumstances accept responsibility for any damages caused by or in connection with the Underlying Index or the Investment Fund it underlies. This disclaimer of liability also applies to indirect losses, special damages or consequential losses (including loss of profits) in relation to the

Underlying Index or the Investment Fund it underlies, even if the Licensor has been made aware of the assertion of such a claim.

No third party shall benefit from any contracts or agreements between the Licensor and the Company.

4. Custodian

4.1. General information

The Investment Act provides for the segregation of duties between the management and the custody of the Investment Fund. The Investment Management Company has commissioned a credit institution as custodian of the assets of the Investment Fund.

The Custodian Bank holds the assets in custody in blocked investment accounts or in blocked accounts. Specifically, the Custodian Bank must ensure that the issue and redemption of units and the calculation of unit values comply with the provisions of the Investment Act and the Terms and Conditions. The Custodian Bank must also ensure that the equivalent value for transactions undertaken for the Investment Fund is placed in their custody within the usual periods and that the income from the Investment Fund is used in accordance with the provisions of the Investment Act and the Terms and Conditions. The Custodian Bank must also examine whether the investment of assets on blocked accounts or in blocked accounts with another credit institution is consistent with the Investment Act and the Terms and Conditions. If this is the case, it is obliged to grant its approval for the investment.

The Custodian Bank is, in principle, responsible for all assets that it holds in custody or that are held in custody by another institution with its consent, and it is liable in case of loss. However, if securities are held in custody abroad and the custodian there is not Clearstream Banking AG or a foreign branch of the custodian, the liability of the Custodian Bank is limited to the careful selection and instruction of the foreign custodian and the regular monitoring of adherence to the selection criteria.

The Custodian Bank shall assess the value of the Investment Fund and the value of the units in cooperation with the Company.

4.2. Company, legal form, registered office and main activities

State Street Bank GmbH, which has its registered office at Brienner Str. 59, 80333 Munich, Germany, shall act as the Custodian Bank for the Investment Fund. The Custodian Bank is a credit institution under German law. Its main activities are deposits and securities transactions.

5. Launch date, term and investment objective of the Investment Fund

5.1. Launch date and term

The Investment Fund was launched on 27 December 2000 and is of unlimited duration.

The investors own an equity interest in the assets of the Investment Fund as co-owners in proportion to the number of units held.

5.2. Investment objective

The objective of the Investment Fund is to achieve the same investment performance as the Underlying Index. For this purpose, it shall track the Underlying Index as closely and as completely as possible.

The Investment Fund shall adopt a passive management strategy to achieve these objectives. In contrast to the active management approach, the Underlying Index is used as the basis for making decisions on the purchase and sale of assets and their respective weightings in the Investment Fund. The passive management strategy and the trading of units on an exchange have the effect of limiting management fees and transaction costs charged to the Investment Fund.

5.3. Achievability of the investment objective

No assurance can be given that the investment objective will be achieved.

One obstacle to replicating the performance of the Underlying Index is the fact that the Underlying Index is a statistical model based on certain assumptions. These include that no transaction costs will be incurred when securities are purchased or sold. In addition, management fees and some tax payments are deducted from the fund unit prices, whereas they are ignored completely in the Underlying Index.

Detailed information about the Underlying Index may be obtained in printed or electronic form from the Company or from the Licensor.

6. Investment principles

6.1. General information

The Company may only acquire the following assets for the Investment Fund:

- a) Securities pursuant to Section 47 InvG,
- b) Money market instruments pursuant to Section 48 InvG,
- c) Bank accounts pursuant to Section 49 InvG,
- d) Derivatives pursuant to Section 51 InvG,
- e) Other investment instruments pursuant to Section 52 InvG,
- f) Investment units pursuant to Section 50 InvG, if they are oriented towards replicating the Underlying Index, while maintaining an appropriate risk diversification. The Underlying Index is recognised by BaFin and meets the following requirements of the Investment Act:
 - The composition of the index is sufficiently diversified.
 - The index represents an adequate benchmark for the market to which it relates.
 - The index is published in an appropriate manner.

Details of the equities included in the Underlying Index are also contained in the most recent annual report or semi-annual report published for the Investment Fund.

Because of the relationship between the Investment Fund and the Underlying Index and because certain issuer and investment limits may be exceeded as a result, the principle of

risk diversification finds only limited application.

6.2. Effects of index adjustments

In order to replicate the Underlying Index as closely as possible, the aim is that fund management shall replicate all changes in the composition and weighting of the Underlying Index for the Investment Fund.

The fund management may, at its discretion, determine the timeframes in which investment funds should be adjusted and whether an adjustment is appropriate in view of the investment objective.

6.3. Replication of the index and priority of direct duplication

To replicate the Underlying Index, only the following assets may be acquired:

- securities included in the Security Index or introduced to it following a change to the index (index securities),
- securities issued on the Underlying Index (index certificates),
- securities issued on individual stocks of the Underlying Index (certificates on individual securities),
- futures contracts on the Underlying Index (index futures),
- futures contracts on individual stocks of the Underlying Index (futures on individual securities),
- warrants on the Underlying Index (index warrants),
- warrants on individual stocks of the Underlying Index (warrants on individual securities), and
- investment fund units pursuant to Section 8 of the "General Terms and Conditions".

In replicating the Underlying Index, within the meaning of a direct duplication of the index, priority shall be given to investments in index securities over investments in other assets listed above approved for use in replicating indices. The Underlying Index may only be replicated using assets that indirectly replicate the index for purposes of maintaining the investment restrictions listed in the second sentence under Point 9.2.

6.4. Duplication percentage

In order to replicate the Underlying Index, the duplication percentage must not be less than 95% of the total assets in the Investment Fund as defined in Point 6.3. Futures contracts shall be included in the calculation of the duplication percentage with their weighted market risk using the simple approach in accordance with the regulation on risk management and risk measurement in an investment fund included in the InvG (hereinafter referred to as "DerivateV"). The duplication percentage reflects the proportion of the above-named securities, certificates, futures contracts, warrants and investment fund units in the Investment Fund which matches the weighting of the Underlying Index.

7. Unit classes

The Investment Fund may comprise different unit classes, i.e. the issued units certify different rights depending on the class to which they belong. The

existing unit classes are listed in the "Overview of existing unit classes" before the "General Terms and Conditions" in this Sales Prospectus.

The unit classes may differ, in particular, with respect to appropriation of income, issue premiums, management fees, minimum investment amount, currency of account, unit value, hedging transactions, or a combination of these characteristics.

Due to the different setups, the economic result obtained by an investor with his investment in the Investment Fund may vary, depending on the unit class of the units he has acquired.

This applies both to the returns obtained by the investor before income tax and to the returns after income tax. The purchase of assets is permissible only en bloc for the Investment Fund as a whole, and not for a single unit class or groups of unit classes.

Nevertheless, the formation of additional unit classes does not affect the rights of investors who have acquired units in existing unit classes. The costs incurred in introducing a unit class may only be charged to the investors in this new unit class.

8. Investment instruments in detail

8.1. Securities

Provided that the "Special Conditions" do not include any additional restrictions, the Company may, subject to Section 52 InvG, only acquire securities if:

1. they are admitted for trading on a stock exchange in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, or they are admitted for trading or included in another regulated market in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area;
2. they are admitted for trading exclusively on a stock exchange outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, or they are admitted for trading or included in another regulated market outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, provided the choice of such stock exchange or regulated market is permitted by the German Federal Financial Supervisory Authority (BaFin)¹;
3. their terms of issue require application for admission to trading on a stock exchange in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, or admission to trading or inclusion in another regulated market in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, and admission

or inclusion of these securities takes place within one year after their issue;

4. their terms of issue require application for admission to trading on a stock exchange or admission to trading or inclusion in another regulated market outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, provided the choice of such stock exchange or regulated market is permitted by BaFin and admission or inclusion of these securities takes place within one year after their issue;
5. they are equities to which the Investment Fund is entitled in a capital increase from Company assets;
6. they were acquired in exercising subscription rights belonging to the Investment Fund;
7. they are units in closed funds that meet the criteria listed in Section 47 Paragraph 1 Sentence 1 No. 7 InvG;
8. they are financial instruments that meet the criteria listed in Section 47 Paragraph 1 Sentence 1 No. 8 InvG.

Securities may only be acquired in accordance with Sentence 1 letters a) to d) if additionally the requirements of Section 47 Paragraph 1 Sentence 2 InvG are met.

8.2. Money market instruments.

Money market instruments are instruments normally traded on the money market as well as interest-bearing securities with a term or residual term of no more than 397 days at the time of their acquisition for the Investment Fund. If their term is more than 397 days, their interest rate must be regularly adjusted to reflect current market conditions, at least once in each 397-day period.

Money market instruments include instruments whose risk profile corresponds to the risk profile of this type of securities.

Money market instruments may be acquired for the Investment Fund,

1. if they are admitted for trading on a stock exchange in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, or they are admitted for trading or included in another regulated market in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area,
2. if they are admitted for trading on a stock exchange approved by BaFin or are admitted to or included in a regulated market approved by BaFin,
3. if they are issued or guaranteed by the European Communities, the German Federal Government, a special-purpose fund of the German Federal Government, a German federal state, another member state or another central, regional or local authority or by a central bank of an EU member state, the European Central Bank or the European Investment Bank, a non-EU member state or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU member states belong;

¹ The list of stock exchanges is published on the BaFin website. www.bafin.de

4. if they are issued by a company whose securities are traded on the markets referred to in Nos. 1 and 2,
5. if they are issued or guaranteed by a credit institution that is subject to supervision that meets the criteria defined by European Community Law, or a credit institution that is subject to the prudential rules considered by BaFin as equivalent to those laid down in Community Law, and which complies with such rules,
6. if they are issued by other bodies and the respective issuer is
 - a) a company with capital and reserves amounting to a minimum of EUR 10 million and which presents and publishes its annual financial statements in accordance with the Fourth Council Directive 78/660/EEC of 25 July 1978 on the annual accounts of companies having certain specific legal structures, last amended by Article 49 of the Directive of the European Parliament and of the Council 2006/43/EC of 17 May 2006,
 - b) a legal entity which, within a group of companies comprising one or more listed companies, is responsible for financing this group, or
 - c) a legal entity which is intended to finance securitisation vehicles through a credit line extended by a bank. Article 7 of Directive 2007/16/EC applies to the securitisation vehicles and the credit line extended by a bank.

All the cited money market instruments may only be acquired if they comply with the requirements of Article 4 Paragraphs 1 and 2 of Directive 2007/16/EC. Article 4 Paragraph 3 of Directive 2007/16/EC applies in addition to money market instruments as defined in Paragraph 1 No. 1 and 2.

Deposits and investors must be adequately protected in respect of money market instruments as defined in Paragraph 1 No. 3 to 6, e.g. in the form of an investment grade rating, and additionally the criteria stipulated in Article 5 of Directive 2007/16/EC must be met. "Investment grade" is deemed to be a rating of "BBB" or "Baa" or better as part of a credit check by a rating agency.

Article 5 Paragraph 2 of Directive 2007/16/EC applies to the acquisition of money market instruments that are issued by a regional or local authority of an EU member state, or by a public international body as defined in Paragraph 1 No. 3, but are neither guaranteed by such member state nor, if it is a federal state, by one of the members making up the federation, and to the acquisition of money market instruments in accordance with Paragraph 1 No. 4 and 6; Article 5 Paragraph 4 of Directive 2007/16/EC applies to the acquisition of all other money market instruments in accordance with Paragraph 1 No. 3 apart from money market instruments that were issued or guaranteed by the European Central Bank or the central bank of a member state of the European Union. Article 5 Paragraph 3 applies to the acquisition of money market instruments as defined in Paragraph 1 No. 5 and, if they are money market instruments that are issued or guaranteed by a credit institution that is subject to the prudential rules considered by BaFin as equivalent to those laid down in Commu-

nity Law, and which complies with such rules, Article 6 of Directive 2007/16/EC shall apply.

8.3. Bank accounts

No more than 5% of the value of the Investment Fund may be invested in bank accounts with a maturity not exceeding 12 months. These accounts, which must be in the form of blocked accounts, must be maintained at a credit institution that has its registered office in a member state of the European Union or in a state that is a party to the Agreement on the European Economic Area. Subject to the "General Terms and Conditions", they may also be held with a credit institution that has its registered office in a non-member state.

8.4. Derivatives

The Company may invest, subject to a suitable risk management system, in any derivatives or financial instruments with derivative components as defined in Article 10 Para. 1 of Directive 2007/16/EC that may be acquired for the Investment Fund from assets or that are derived from financial indices as defined in Article 9 Para. 1 of Directive 2007/16/EC, interest rates, exchange rates or currencies. In particular, this includes options, futures contracts and swaps as well as combinations thereof.

For purposes of efficient portfolio management, the Company may enter into derivative transactions for account of the Investment Fund.

No transactions for the Investment Fund may be made for purposes of hedging. The Company shall use derivatives for purposes of efficient replication of the Underlying Index, when and to the extent that it is contractually permissible and in the interests of the investors. Currency hedge transactions may only be concluded for a single currency unit class. The only permissible currency hedge instruments are foreign currency forward transactions, currency futures, currency option transactions and currency swaps, as well as other currency hedge transactions to the extent that they are analogous to the derivatives pursuant to Section 51 Paragraph 1 InvG (German investment act). Expenses and income based on a currency hedge transaction shall be allocated exclusively to the respective currency unit class.

It is permitted to increase the potential market risk of the Investment Fund through the use of derivatives. However, this risk may not exceed a maximum of 200% of the market risk potential of a derivative-free benchmark.

Market risk is the risk associated with the unfavourable performance of market prices for the Investment Fund. In calculating the market risk potential for the use of derivatives, the Company uses the qualifying approach as defined in DerivateV (German derivatives ordinance). The risks associated with the use of derivatives are controlled by a risk management method that makes it possible to monitor and measure the risk associated with the investment position and the respective share in the overall risk profile of the investment portfolio at all times. For funds whose overall risk connected with derivatives is calculated using the qualified approach, the Company also uses the total nominal value of all derivatives or their equivalents to calculate an expected average value (leverage as part of the qualified approach). The actual

total nominal value of the derivatives may at times exceed the expected total nominal value of the derivatives or it may change in the future. The total nominal value of the derivatives depends on market fluctuations and when the value is calculated no distinction is made between the different objectives set for the use of derivatives. For this reason, the expected total nominal value of the derivatives does not provide a reliable indication of the market risk contained in the investment fund. The expected total nominal value of the derivatives in the investment fund is 0 %.

The derivative-free benchmark is a virtual portfolio whose value always corresponds exactly to that of the Investment Fund, but that does not increase or hedge market risk through the use of derivatives. The composition of the benchmark must otherwise correspond to the investment objectives and investment policy that apply to the Investment Fund. The virtual benchmark consists primarily of the securities contained in the corresponding benchmark index.

8.4.1. Futures contracts

The Company may acquire futures contracts as defined in Point 6.3 on behalf of the Investment Fund.

Futures contracts are agreements which unconditionally bind both contracting partners to buy or sell a certain volume of a given underlying security at a previously agreed price on a specified date (maturity date), or within a specified period.

8.4.2. Option contracts

The Company may conclude option contracts as defined in Point 6.3 on behalf of the Investment Fund.

In option contracts, a third party is granted the right, in exchange for consideration (option premium), to request the delivery or acceptance of assets or the payment of a balancing adjustment at a previously agreed price (underlying price) on a specified date or at the end of a specified period, or to acquire the corresponding option rights.

8.4.3. Swaps

In the framework of the investment principles, the Company may enter into

- interest-rate,
- currency,
- equity
- and credit default swaps for account of the Investment Fund.

Swaps are agreements whereby the payment flows or risks underlying the transaction are swapped between the contracting parties.

8.4.4. Swaptions

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into a swap with precisely specified terms and conditions at a specified point in time or within a specified period.

8.4.5. Credit default swaps

Credit default swaps are credit derivatives enabling a potential volume of credit defaults to be transferred to other parties. In return for transfer of the credit default risk, the seller of the risk pays a premium to its contracting partner.

In all other respects the comments on swaps apply accordingly.

8.4.6. Securitised financial instruments

The Company may also acquire the financial instruments described above if these instruments are securitised. Contracts on only partially securitised financial instruments (e.g. bonds with warrants) may also be included. The statements concerning opportunities and risks also apply to such securitised financial instruments; however it should be noted that the risk of loss with securitised financial instruments is limited to the value of the security.

8.4.7. Limitation of market risk

Futures contracts and option contracts are subject to the market risk associated with the unfavourable development of market prices for the Investment Fund. In calculating the potential market risk arising from the acquisition of futures contracts and option contracts, the Company uses the qualified approach as defined in DerivateV. It is permitted to increase the potential market risk exposure of the Investment Fund through the use of futures contracts and option contracts.

8.4.8. Over-the-counter (OTC) transactions

The Company may enter into derivative transactions that are either admitted for trading on a stock exchange or that are included in another regulated market as well as over-the-counter (OTC) derivatives.

Derivatives that are not admitted for trading on a stock exchange or in another regulated market may only be transacted by the Company with suitable banks and financial institutions on the basis of standardised master agreements. For derivatives not traded on an exchange, the counterparty risk of a contract party is limited to 5% of the value of the Investment Fund. If the counterparty is a credit institution that has its registered office in the European Union, the European Economic Area or a state that is not a member of either of those organisations but has comparable levels of governmental supervision, the counterparty risk may total 10% of the value of the Investment Fund. Derivative transactions traded other than on an exchange that are concluded with a central clearinghouse of a stock exchange or another regulated market are not included when determining the counterparty limit if the derivatives are valued daily at market prices with a daily margin settlement. Claims of the Investment Fund against an intermediary are counted against the limits, however, even if the derivative is traded on an exchanged or on another organised market.

9. Issuer limits and investment restrictions

9.1. Issuer limits

1. The Company may invest no more than 10% of the Investment Fund in securities and money market instruments from the same issuer (debtor). The total value of the securities and money market instruments of these issuers (debtors) may not exceed 40% of the Investment Fund. Furthermore, only 5% of the Investment Fund may be invested in securities and money market instruments from the same issuer (debtor).

2. If the Investment Company sets up a security index sub-fund in accordance with Section 63 InvG, the Investment Stock Company may invest up to 20% of the assets of the Sub-fund in securities from a single issuer (debtor).
3. The limit specified in No. 2 may be increased to up to 35% of the value of the assets of the Sub-fund for securities from a single issuer (debtor). An investment up to the limit specified in Sentence 1 above is permissible only for one individual issuer (debtor).
4. The Company may invest no more than 35% of the value of the Investment Fund each in bonds, borrowers' notes and money market instruments of particular public issuers as defined in Section 60 Paragraph 2 Sentence 1 InvG.
5. The Company may invest up to 25% of the value of the Investment Fund in covered bonds. If more than 5% of the value of the Investment Fund is invested in such bonds from the same issuer, the total value of these bonds may not exceed 80% of the value of the Investment Fund.
6. The Company may invest no more than 20% of the value of the Investment Fund in a combination of the following assets:

securities or money market instruments issued by one and the same institution,

deposits at this institution,

the weighted counterparty risk of the transactions entered into with this institution in derivatives, securities lending and securities repurchase agreements.

in the case of particular public issuers as defined in Section 60 Paragraph 2 Sentence 1 InvG, a combination of the assets specified in Sentence 1 may not exceed 35% of the value of the Investment Fund.

The respective individual upper limits remain unaffected in both cases.
7. The Company may invest no more than 10% of the assets of the Investment Fund in
 - a) securities not admitted for trading on an exchange or admitted for trading on or included in another regulated market, but which meet the criteria set out in Section 52 Para. 1 No. 1 InvG,
 - b) money market instruments from issuers that do not fulfil the requirements of Section 48, provided the money market instruments comply with the requirements of Section 52 Para. 1 No. 2 InvG,
 - c) new issues of shares whose planned admission has not yet taken place,
 - d) bonds that can be assigned at least twice after acquisition for the Investment Fund and which were granted:

to the German Federal Government or one of its special-purpose entities, to a German federal state, to the European Communities or to a member state of the Organisation for Economic Co-operation and Development;

to another domestic local or regional authority, or to a regional government or local or regional authority of another member state of the European Union, or to another state that is a party to the

Agreement on the European Economic Area, for which a zero weighting has been published in accordance with Article 44 of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions;

to another authority or public body with a registered office in Germany or in another member state of the European Union or in another state that is a party to the Agreement on the European Economic Area;

to companies that have issued securities that have been admitted for trading on a regulated market as defined in Section 2 Para. 5 of the German Securities Trading Act (Wertpapierhandelsgesetz) or are admitted for trading on another regulated market which meets the main requirements for regulated markets as defined in guidelines listed in Section 52 Para. 1 No. 4(d) InvG, or

to other debtors, provided that one of the agencies listed in letters a) to c) has guaranteed the payment of interest and principal.

For assets based on the Underlying Index, the market price of the index securities shall be attributed to the respective issuer limits on a pro rata basis. Futures contracts and option contracts shall be attributed to the issuer limits in accordance with Section 18 DerivateV.

9.2. Investment restrictions

The Company may invest no more than 5% in bank accounts and money market instruments in accordance with the "General Terms and Conditions". A minimum of 95% of the Investment Fund must be invested in assets based on the Security Index, as defined in Point 6.3.

If in order to replicate the Underlying Index, the Company acquires index certificates or certificates on individual equities as defined in Point 6.3, no more than 10% of the value of the Investment Fund may be invested in such certificates as defined in Point 6.3, which are not admitted for official trading on a stock exchange or listed on a regulated market.

The Company may invest up to 10% of the value of the Investment Fund in units of other investment funds. The Terms and Conditions of these other investment funds may permit them to invest up to 10% in units of other investment funds. Units of domestic Directive-compliant investment funds and non-Directive-compliant investment funds may be acquired, as well as Directive-compliant EC investment units and other foreign investment units. The units must be redeemable at any time.

The Company may acquire on behalf of the Investment Fund no more than 25% of issued units of another investment fund.

10. Loans and securities repurchase agreements

10.1. Securities loans

Assets contained in the Investment Fund may be lent to third parties at market rates. If the securities are transferred to a third party for an unlimited period, the Company may give notice to terminate the loan at any time. It must be agreed contractually that assets of the same type, value and volume shall be returned to the Investment Fund at the end of the loan period. It is required for an asset transfer loan that sufficient collateral be granted to the Investment Fund. Cash balances can be assigned or pledged or cash payments can be made or securities or money market instruments can be assigned or pledged to satisfy this requirement. The Investment Fund shall receive the income from the invested collateral.

The borrower is also obliged to pay the interest accrued on the borrowed securities upon maturity of the loan to the Custodian Bank on behalf of the Investment Fund. If securities are lent for a fixed period, such lending is limited to 15% of the value of the Investment Fund. The securities transferred to one borrower may not exceed 10% of the value of the Investment Fund.

The Investment Management Company may not grant cash loans to third parties on behalf of the Investment Fund.

10.2. Securities repurchase agreements

The Company may conclude security repurchase transactions for the account of the Investment Fund with credit institutions and financial services institutions for a maximum period of twelve months. Repurchase transactions are only permitted in the form of so-called real repurchase transactions. The borrower thereby assumes the obligation to transfer the assets back at a specific time or at a time to be determined by the lender.

11. Borrowing

On behalf of all the investors, the Company may subscribe to short-term loans for amounts of up to 10% of the Investment Fund, if the terms of the loan are at market rates and subject to approval of the conditions of the loan by the Custodian Bank.

12. Valuation

12.1. General rules for asset valuation

12.1.1. Assets admitted for trading on a stock exchange or traded on a regulated market

Assets admitted for trading on stock exchanges or admitted to another regulated market or included in such market as well as subscription rights for the Investment Fund are valued at their respective market values unless otherwise indicated under "Special valuation rules".

12.1.2. Assets not listed on stock exchanges or traded on regulated markets or assets without a tradable value

Assets not admitted for trading on stock exchanges nor admitted to another regulated market or in-

cluded in such market, or for which no tradable value is available, are valued at current market values, which shall be assessed with due care using appropriate valuation models and taking into consideration current market conditions, unless otherwise indicated under "Special valuation rules".

12.2. Special valuation rules for individual assets

12.2.1. Unlisted bonds and borrowers' notes

For the valuation of bonds not admitted for trading on an exchange or admitted to or included on another official market (e.g. unlisted bonds, commercial paper and certificates of deposit) and for the valuation of borrowers' notes the prices will be based on the prices agreed for comparable bonds and borrowers' notes and, where applicable, the prices of bonds from comparable issuers with a corresponding term and interest rate with, if necessary, a deduction to take into account the reduced saleability.

12.2.2. Money market instruments

In the case of the money market instruments in the Investment Fund, interest and related income as well as expenses (e.g. management fees, custodian bank fees, auditors' fees, publication costs etc.) shall be taken into account up to and including the day prior to the value date.

12.2.3. Derivatives

The option rights belonging to a fund and the liabilities resulting from option rights granted to a third party which are admitted for trading on a stock exchange or included in another regulated market shall be valued at the prices determined most recently.

The same applies to claims and liabilities resulting from futures contracts sold on behalf of the Investment Fund. The initial margins charged to the Investment Fund shall be added to the value of the Investment Fund, including the valuation gains and valuation losses determined on the exchange trading day.

12.2.4. Bank accounts, time deposits, investment units and loans

As a rule, bank accounts are stated at face value.

Time deposits are valued at the yield price if the time deposit can be terminated at any time and repayment upon termination is at the yield price.

Investment fund units are valued at redemption price. Exchange-traded investment units may also be valued at their most recent trading price.

The market price of lent securities shall be applied in the valuation of repayment claims arising from securities loans.

12.2.5. Securities repurchase agreements

If assets are lent for repurchase for account of a sub-fund, they will continue to be included in the valuation. In addition, the amount received under a repurchase transaction for account of the relevant Sub-fund shall be reported as liquid assets (bank accounts).

If assets are borrowed under a repurchase transaction for account of a sub-fund, they will not be included in the valuation. Because of the payment made by the relevant Sub-fund, a receivable due to the securities lender for the amount of the dis-

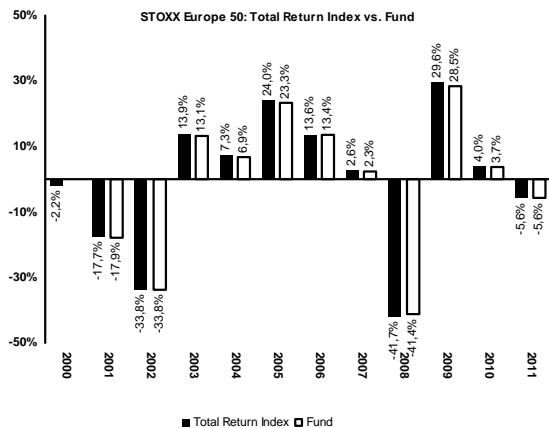
counted repayment claims shall be included in the valuation.

12.2.6. Assets denominated in foreign currencies

Assets denominated in foreign currencies shall be converted to euros on a same-day basis, using the afternoon fix (5:00 p.m. GMT) for the currency from "The WM Company".

13. Performance

The chart shows the performance of the Underlying Index and the Investment Fund over the last seven years from 1 January 2003.



Source: Bloomberg/BlackRock Asset Management Deutschland AG

Past performance of the Investment Fund is not a predictor of future results for the Investment Fund.

14. Risk warnings

14.1. General information

The assets in which the Investment Management Company invests on behalf of the Investment Fund contain both opportunities for growth and risks. Losses may be incurred if the market value of the assets decreases in relation to the purchase price. If the investor sells units in the Investment Fund at a point in time at which the value of the assets owned by the Investment Fund has decreased in relation to the purchase price, he may receive only part of the money he invested in the Investment Fund or none of it. Although each Investment Fund seeks steady growth, such growth cannot be guaranteed. However, investor risk is limited to the amount invested. The investor will not be required to make any payments beyond the sum invested.

14.2. Risk of loss

If the Underlying Index decreases in value, the unitholder is fully exposed to the risk of falling market prices of his fund units. The Company will not use hedging transactions to limit losses (no active management).

14.3. Risk of deviation

Temporary unavailability of certain equities on the market or other exceptional circumstances may lead to a deviation from the exact index performance. Furthermore, the Investment Fund incurs

transaction costs and other costs, fees or taxes and duties when tracking the Underlying Index, which are not reflected in calculating the index. As a result, the Investment Fund may not be able to replicate completely the performance of the Underlying Index. Exceptional circumstances also include restrictions on buying and selling related to compliance with statutory limits resulting from membership of the BlackRock Group.

14.4. Concentration risk

The Underlying Index of the Investment Fund concentrates investments on a particular regional market. This makes the Investment Fund exclusively dependent on the performance of this regional market, and not on the overall market.

14.5. Market risk

The price or market value performance of financial products is especially dependent on the performance of the capital markets, which in turn are influenced by the general state of the global economy and by the economic and political conditions in the respective countries. Irrational factors such as sentiment, opinions and rumours have an effect on general price performance, particularly on a stock exchange.

14.6. Liquidity risk

Assets which are not admitted for official trading on a stock exchange or listed on a regulated market may also be acquired for the Fund. Acquiring assets of this type incurs the risk that there may in particular be problems in selling the assets on to third parties.

14.7. Risk of default

The default of an issuer or of counterparty may result in losses for the Investment Fund. Issuer risk describes the effect of the particular developments concerning the respective issuer which, in addition to the general trends on the capital markets, have an effect on the price of a security. Even if securities are carefully selected, losses may result if issuers become insolvent. Counterparty risk is the risk that a counterparty to a contract partially or completely defaults on its liabilities. This applies to all contracts that are entered into on behalf of an investment fund.

14.8. Settlement risk

There is a risk that settlement will not be executed as expected via a transfer system due to a counterparty failing to pay or deliver on time or in accordance with the agreement, particularly when unlisted securities are acquired.

14.9. Currency risk

If assets of an Investment Fund are invested in currencies other than the fund currency, the Investment Fund receives yields, repayment and proceeds from such investments in the respective currency. If the value of this currency falls in relation to the fund currency, this reduces the value of the Investment Fund.

14.10. Custodial risk

When assets are held in custody, especially in foreign countries, there is a risk of loss resulting from the insolvency, violation of due diligence or improper behaviour on the part of the Custodian

Bank or sub-custodian. The Custodian Bank does not bear unlimited liability for the loss or destruction of assets that are held in custody by other custodians abroad (see Section "Custodian Bank").

14.11. Inflation risk

All assets are subject to devaluation through inflation.

14.12. Country or transfer risk

Country risk is the risk that, in spite of the ability to pay, a foreign debtor cannot make payments when due or at all because the country in which his registered offices are located lacks the ability or willingness to make transfers. For example, payments to which the Investment Fund has a claim are not made or are made in a currency that is no longer convertible owing to currency restrictions.

14.13. Legal and tax risk

The legal and tax treatment of investment funds may change in ways that cannot be predicted or influenced. A change in mistakenly established tax bases of the Investment Fund for previous financial years (e.g. by the external auditor) may lead, when a correction is essentially disadvantageous to the investor, to the investor having to bear the tax burden for previous financial years even though that investor may not have been invested in the Investment Fund at that time. Conversely, the situation may arise where an investor may no longer benefit from an essentially advantageous correction relating to the current and the previous financial years in which he was invested in the Investment Fund because he has redeemed or sold his units before the related change is implemented. Furthermore, a correction to tax data may lead to taxable income or tax advantages being assessed in a tax year other than the one to which it/they actually relate and to this having a negative effect on the individual investor.

14.14. Change in investment policy

A change to the investment policy within the legally and contractually permitted investment spectrum can change the substance of the risk associated with the Investment Fund.

14.15. Changes to the Terms and Conditions; liquidation or merger

In the Terms and Conditions for the Investment Fund, the Company reserves the right to change those Terms and Conditions. In addition, the Company may, in accordance with the Terms and Conditions, completely liquidate the Investment Fund or merge it with another investment fund. For the investor, this entails the risk that the holding period planned by the investor will not be realised.

14.16. Risk of suspension of redemption

Investors may request the redemption of their units from the Company on any valuation day. The Company may, however, temporarily suspend redemption of units for a limited time in exceptional circumstances and then redeem the units at a later date at the applicable price at that time. This price may be lower than the price before suspension of redemption.

14.17. Risk in connection with derivative transactions

The purchase and sale of options and futures contracts is associated with the following risks:

Price changes of the underlying instrument can reduce the value of an option right or futures contract until it becomes worthless. The change in value of the asset underlying a swap may also lead to losses in the Investment Fund.

The possible necessity of an offsetting transaction (settlement) is associated with costs.

The leverage effect of options can influence the value of the Investment Fund more strongly than is the case with a direct purchase of the underlying assets.

The purchase of options is associated with the risk that the option is not exercised because the prices of the underlying assets do not develop as expected, causing the option premium paid by the Investment Fund to be forfeited.

Futures contracts entail the risk that the Investment Fund will endure losses upon maturity due to an unanticipated development of the market price.

14.18. Risk of investment restrictions

As a result of the investments of the BlackRock Group, the possible investment strategies of the Investment Fund may be subject to investment restrictions. In this connection, the investments of the BlackRock Group are also considered to be investments for account of accounts managed by the BlackRock Group, the Barclays Group or the PNC Group.

For example, there may be overall investment limits that may not be exceeded arising from the definition under corporate or supervisory law of the ownership of regulated companies in regulated markets.

Violation of these investment limits without the issue of a corresponding authorisation or other regulatory or corporate approval may have disadvantages or transaction restrictions for the BlackRock Group and the investment funds.

Reaching any such overall investment limits may have as a result that the Investment Fund will no longer be in a position, for regulatory or other reasons, to make or sell investments or to exercise the rights of such investments.

In view of possible regulatory restrictions of ownership rights or other restrictions that result from reaching the investment limits, the Company is therefore entitled to restrict the acquisition of investments, the disposal of existing investments or the exercise of rights (including voting rights) in any other way.

15. Profile of a typical investor

An investment in the Investment Fund is suitable for investors who already have some experience in the financial markets. The investor must be willing and able to accept significant fluctuations in the value of the units and the possibility of a significant loss of capital. The investment horizon should be at least five years.

16. Units

The rights of the investors are registered exclusively in global certificates when the Investment Fund is created. These global certificates shall be held in custody by a central depository for securities. No claim can be made by an investor for the delivery of individual unit certificates. The acquisition of units is only possible in conjunction with depository custody. The units are bearer fund units and certify the claims of the owner vis-à-vis the Company.

17. Issue and redemption of units by the Company

17.1. Issue of units

In principle, the number of units issued is not restricted. Units may be acquired from the Designated Sponsors listed on the inside cover. Units shall be issued by the Custodian Bank at the issue price, which corresponds to the net asset value per unit plus an issue premium. The Company reserves the right to temporarily suspend or terminate the issue of units.

17.2. Redemption of units

Investors may demand the redemption of units on any valuation day. Redemption orders must be submitted to the Custodian Bank or the Company. The Company is obliged to redeem the units at the currently valid redemption price that corresponds to the unit value less a redemption fee, if applicable.

17.3. Settlement of issue and redemption of units

In principle, purchase and redemption orders received by the order acceptance deadline set by the Company will be settled at the issue or redemption price determined on the following trading day.

17.4. Suspension of redemption of units

The Company may temporarily suspend the redemption of units in exceptional circumstances when suspension appears necessary to protect the interests of the investors. Exceptional circumstances include, for example, if there is an unscheduled closing of a stock exchange on which a significant portion of the securities of the Investment Fund is traded or if the assets of the Investment Fund cannot be valued.

The Company reserves the right to redeem or exchange the units at the current price only after it has promptly sold assets held by the Investment Fund with due consideration of the interests of all investors.

The Company shall inform investors of the suspension and resumption of redemption of units through publication in the online *Bundesanzeiger* and on the Internet at www.iShares.de. Information will also be provided to investors via their custodian in hard copy or electronically.

18. Exchanges and markets

18.1. General information

The units of the Investment Fund are admitted for trading on the following stock exchanges:

Frankfurt Stock Exchange

Deutsche Börse AG
Neue Börsenstr. 1
60487 Frankfurt/Main, Germany
Telephone: +49 (0) 69 - 211 - 0
Fax: +49 (0) 69 - 211 - 11021

Euronext Paris

Euronext Paris
39 rue Cambon
75039 Paris Cedex 01, France
Telephone: +33 (0) 1 - 4927 - 1000
Fax: +33 (0) 1 - 4927 - 1433

SIX Swiss Exchange

SIX Swiss Exchange AG
Selnaustr. 30
8021 Zurich, Switzerland
Telephone: +41 (0) 58 - 854 - 5454
Fax: +41 (0) 58 - 854 - 5455

The possibility of units being traded on other markets cannot be excluded.

Deutsche Börse AG calculates the indicative net asset value of the Investment Fund continuously during trading hours. The Company provides Deutsche Börse AG once a day with the information required to calculate the indicative net asset value.

The market price underlying exchange trading or dealing in other markets is not determined exclusively by the value of the assets held in the Investment Fund. Supply and demand are also contributing factors. For this reason, the market price may deviate from the calculated price of the units.

18.2. Function of the Designated Sponsors

The Designated Sponsors, also known as Market Makers or Permanent Liquidity Providers, ensure sufficient liquidity for both buyers and sellers. A Designated Sponsor provides a purchase (bid) price and a sales (ask) price at which investors can purchase or sell fund units at any time.

18.3. Risks of exchange trading

The obligation of the Designated Sponsors to maintain liquidity is limited to certain volumes (minimum quotation volumes) at maximum spreads. The minimum quotation periods of bid and offer prices do not usually extend to the entire effective trading period. This may lead to a brief interruption in the setting of the price. This can result in the execution of orders that do not meet the quality criteria established for that stock exchange.

18.4. Issue and redemption of units on the stock exchange

Investors can place orders on the relevant stock exchange with their banks or brokers to purchase or sell units of the Investment Fund. Investors are generally charged for this service. The Company has no control over these charges.

No issue premiums or redemption fees apply to units purchased or sold on an exchange. Normal costs and fees associated with exchange trading and custody are not affected by the above.

19. Issue and redemption prices and expenses

19.1. Issue and redemption prices

On each valuation day, the Custodian Bank shall determine the value of the assets of the Investment Fund less liabilities (the net asset value) for the purpose of calculating the issue and redemption prices for the units.

The value per unit is calculated by dividing the net asset value by the number of units in circulation.

The unit value is calculated separately for each unit class by allocating the costs of launching new unit classes and the management fee incurred by a particular unit class, including income adjustment if applicable, exclusively to this unit class.

All exchange trading days are valuation days for units of the Investment Fund. On public holidays under the Investment Act that are stock exchange days and 24 and 31 December each year, the Investment Management Company and the Custodian Bank may interrupt their daily price calculation. At present, prices are not calculated on 1 January, Good Friday, Easter Monday, 1 May, 24 December, Christmas, Boxing Day and 31 December.

19.2. Suspension of calculation of issue and redemption prices

The Company may temporarily suspend calculation of the issue and redemption prices under the same conditions as for redemption of units. Please see Point 17.4 (Suspension of redemption of units) for information about this.

19.3. Issue premium

When the issue price is determined, an issue premium shall be added to the unit value. The issue premium is up to 2% of the unit value. The issue premiums for the respective unit classes are listed in the "Overview of existing unit classes" directly before the "General Terms and Conditions". This issue premium may reduce or completely offset performance gains, particularly on short-term investments. The issue premium is basically a fee for the distribution of the units of the Investment Fund. The Company may pass on the issue premium as compensation for services provided by intermediaries.

19.4. Redemption fee

When a redemption price is determined, a redemption fee is deducted from the unit value. The redemption fee is up to 1% of the unit value. The redemption fees for the respective unit classes are listed in the "Overview of existing unit classes" directly before the "General Terms and Conditions". This redemption fee may reduce or completely offset performance gains, particularly on short-term investments. The Company shall receive the redemption fee.

19.5. Publication of issue and redemption prices

The issue and redemption prices are published regularly at www.iShares.de.

19.6. Costs incurred on the issue and redemption of units

No additional charges shall be levied for the issue and redemption of units by the Company or the Custodian Bank. Issue and redemption shall take place at the issue price (unit value plus issue premium) and the redemption price (unit value less redemption fee, if applicable), respectively.

If units are redeemed via third parties, there may be charges associated with the redemption of units. If units are purchased via third parties, there may also be additional costs beyond the issue price.

20. Management and miscellaneous expenses

20.1. Fixed fee

The Company receives a fixed fee from the Investment Fund, the amount of which depends on the respective unit class.

The actual amount of the fixed fee is listed in the "Overview of existing unit classes" directly before the "General Terms and Conditions".

This fixed fee covers the following fees and expenses:

- fee for the management of the Investment Fund (fund management, administrative activities);
- custodian fee;
- expenses for the publication and mailing of the annual and semi-annual reports prepared for investors;
- expenses for publication of the annual and semi-annual reports, issue and redemption prices and distributions, if applicable;
- fees for the audit of the Investment Fund by the Company's auditor;
- expenses for the publication of the bases of taxation and of certification that the tax information was determined in accordance with German tax law;
- fees payable for the licence agreement;
- distribution costs.

The fixed fee will be paid in advance in monthly instalments out of the Investment Fund.

20.2. Other expenses

In addition to the fixed fee, the following expenses may also be charged to the Investment Fund:

- expenses resulting from the purchase and sale of assets;
- customary bank custody fees, including customary bank charges for the custody of foreign securities abroad and related taxes, if applicable;
- expenses related to day-to-day account management;
- expenses incurred in the assertion and enforcement of the legal claims of the Investment Fund;

- expenses for providing information to investors of the Investment Fund by means of a durable medium, with the exception of expenses for providing information in the case of fund mergers.

The Company may receive up to 40% of the income from the conclusion of securities lending transactions for account of the Investment Fund as a fixed overall fee to cover expenses incurred in the preparation and execution of such securities lending transactions.

The Company may receive up to 30% of the net settlement, net damages and/or net compensation payments arising from participation in domestic and foreign securities class-action suits or similar suits as a fixed overall fee to cover expenses incurred by the Company in connection with such suits.

The Management Company may receive a fee of up to 40% of the excess returns that exceed net dividend payments as a fixed overall fee to cover expenses incurred in connection with the preparation and execution of the underlying dividend optimisation transactions.

20.3. Composition of the Total Expense Ratio

The management costs incurred by the Investment Fund (excluding transaction costs) in the financial year are disclosed in the annual report and are expressed as the total expense ratio (TER). The TER is composed of:

- operating expenses for management of the Investment Fund in accordance with Point 20.1.;
- delivery fees for index adjustments;
- customary bank custody fees, including the customary bank charges for the custody of foreign securities abroad and related taxes, if applicable;
- expenses related to day to day account management.

Not included are costs resulting from the purchase and sale of assets.

21. Details on the acquisition of other investment fund units

In addition to the fee for managing the Investment Fund, a management fee is charged for the other investment fund units held by the Investment Fund.

This management fee can, but is not required to, include the costs listed under Point 20.1. In addition, other fees, expenses, taxes, commissions and other expenses not included in the management fee are to be paid separately by investors in the Investment Fund. In addition to the expenses listed under points 20.1 and 20.2, fees may also be charged for the assertion and enforcement of legal claims and for taxes arising in connection with the management and custody of the other investment fund units. It is also possible that a significant portion of the fees paid will be passed on as a portfolio commission to the brokers of the other investment fund units.

Issue premiums and redemption fees that have been charged to the Investment Fund for the purchase and redemption of units in other investment

funds are published in the annual and semi-annual reports. Also published are the fees charged to the Investment Fund as a management fee for units held in the Investment Fund, when such fees are charged by a domestic or foreign investment management company or a company to which the Company is linked by an equity interest.

22. Sub-funds

The Investment Fund is not a sub-fund of an umbrella fund.

23. Rules for the calculation and appropriation of income

The Company applies a so-called income netting procedure for the Investment Fund. This means that the proportional income accruing during the financial year which the acquirer of the fund units must pay as part of the issue price and which the seller of the units receives as payment as part of the redemption price is continuously netted. The expenses incurred are accounted for in the calculation of the income netting procedure.

The income netting procedure serves to adjust for fluctuations in the relationship between income and other assets, which are caused by net inflow or outflow of funds resulting from the sale or redemption of units. Otherwise, every net inflow of funds would reduce the return on net assets of the Investment Fund and every outflow would increase those returns.

The overall effect of the income netting procedure is that the amount of the distribution per unit is not influenced by the unpredictable performance of the Investment Fund or the number of units in circulation. In income netting, it is accepted that investors who buy units shortly before the dividend distribution date receive the portion of the issue price attributed to income and are liable to pay taxes on it, despite the fact that the capital paid in by them did not contribute to the returns.

24. Financial year and distributions

24.1. Financial year

The financial year of the Investment Fund begins on 1 May and ends on 30 April.

24.2. Distribution mechanism

The Company generally distributes, net of costs, the interest, dividends and income from investment fund units, as well as fees from loans and securities repurchase agreements received on behalf of the Investment Fund. Capital gains and other income may also be used for distributions.

The final distribution takes place within three months after the close of the financial year. In addition, the Company may carry out interim distributions during the year.

The interim distribution amount is at the discretion of the Company. The Company is not obliged to distribute all distributable income accumulated up to the date of the interim distribution; it may carry ordinary income forward to the next interim distribution date.

Interim distributions are intended to minimise any discrepancy between the performance of the Investment Fund and that of the Underlying Index. If units are held in custody at the Custodian Bank, the Custodian Bank's branches shall credit the distributions to the account at no charge. If the investment account is maintained at another bank or savings bank, there may be additional expenses.

25. Liquidation and transfer of the Investment Fund

25.1. General information

Investors are not entitled to demand the liquidation of the Investment Fund. However, the Company may, upon six months' notice, cease management of an investment fund through publication in the online *Bundesanzeiger* and in the annual report or semi-annual report. Information on termination will also be provided to investors via their custodian in hard copy or electronically. A corresponding procedure may also be followed in respect of one or more unit classes of the Investment Fund.

Moreover, the right of the Company to manage the Investment Fund shall expire if insolvency proceedings concerning the assets of the Company are opened, or with the entering into legal force of the court decision by which a petition to open insolvency proceedings is rejected for lack of assets in accordance with Section 26 of the Insolvency Statute (*Insolvenzordnung* – InsO). In these cases, powers over the Investment Fund's assets will be transferred to the Custodian Bank, which will liquidate the Investment Fund, or, with the authorisation of BaFin, transfer the management of the Investment Fund to another investment management company.

25.2. Procedure for the liquidation of an investment fund

The issue and redemption of fund units will be discontinued.

Proceeds from the sale of Investment Fund assets, less the Investment Fund's liabilities and liquidation costs, will be distributed to the investors, whereupon investors shall be entitled to claim their share of the proceeds on sale of the Investment Fund's assets in proportion to fund units owned.

After a period of twelve months, the Custodian Bank is entitled to deposit unclaimed liquidation proceeds at the competent district court for the Company.

On the day on which its right to manage lapses, the Company shall prepare a liquidation report that meets the requirements of an annual report. No later than three months after the date of liquidation of the Investment Fund, the liquidation report shall be published in the online *Bundesanzeiger*. While the Custodian Bank liquidates the Investment Fund, it shall prepare a report annually, and on the date on which the liquidation is completed, that meets the requirements of an annual report. These reports are to be published in the online *Bundesanzeiger* no later than three months after the reporting date.

25.3. Transfer of an investment fund

All assets of the Investment Fund may be transferred to another existing investment fund, or to an

investment fund created through a merger, at the end of the financial year (transfer date). The Investment Fund may also be merged with an investment fund that was launched in another EU or EEA country and which also complies with the provisions of Directive 2009/65/EC. A different transfer date may be specified with the consent of BaFin. In addition, all assets of another investment fund or of a foreign, Directive-compliant investment fund may be transferred to the Investment Fund at the end of the financial year or on another transfer date. Finally, it is also possible for the assets of a foreign, Directive-compliant investment fund, without its liabilities, to be transferred to the Investment Fund.

25.4. Procedure for the transfer of an investment fund

No fewer than 35 working days before the planned transfer date, investors shall receive from their custodians information in hard copy or electronically on the reasons for the merger, its potential impact on investors, their rights in connection with the merger and significant aspects of the procedure to the investors. Investors shall also receive the Key Investor Information for the remaining investment fund or the investment fund that is created through the merger.

Investors have until five working days before the scheduled transfer date to redeem their units without a redemption fee or to exchange their units for units of another investment fund or a foreign investment fund that is also managed by the Investment Management Company or a company from the same Group and which has a similar investment policy to that of the Investment Fund.

On the transfer date, the values of the acquiring and the transferring investment funds are calculated, the exchange ratio is established, and the entire procedure is reviewed by an auditor. The exchange ratio is determined based on the ratio between the net asset value of the transferred investment fund and that of the acquired investment fund as of the date of the transfer. The investor receives the number of units in the new investment fund whose value corresponds to the value of his units in the transferred investment fund. Investors in the transferring investment fund also have the option of having up to 10% of the value of their units paid out in cash. If the merger takes place during the current financial year of the transferring investment fund, the company managing that fund on the transfer date must draw up a report that meets the requirements of an annual report. The Company shall announce in the online *Bundesanzeiger* and at www.iShares.de when the Investment Fund has absorbed another fund and the merger comes into force. If the Investment Fund is absorbed in a merger, the company that manages the absorbing fund or the newly created fund makes this announcement.

All the assets of this Investment Fund may only be transferred to another investment fund or to another foreign investment fund with the authorisation of BaFin.

26. Summary of tax regulations applying to investors

All statements regarding tax regulations apply exclusively to investors who are fully taxable in Germany. We recommend that, before acquiring units in the Investment Fund described in this Sales Prospectus, foreign investors consult their tax advisors in order to clarify possible tax implications arising in his own country of residence as a result of the acquisition of units.

As a special purpose fund (*Zweckvermögen*), the Investment Fund is exempt from German corporation tax and trade tax. Taxable income of the Investment Fund is, however, treated as investment income (*Einkünfte aus Kapitalvermögen*) in the tax returns of individual investors insofar as it, together with other investment income, exceeds the annual saver's allowance of EUR 801 (for single persons or spouses assessed separately) or EUR 1,602 (for spouses assessed jointly).

Investment income is generally subject to a withholding tax of 25% (plus solidarity surcharge and, if applicable, church tax). Investment income includes income distributed by the Investment Fund, deemed distribution income, interim profits as well as profits from the sale and acquisition of fund units, provided they were/are acquired after 31 December 2008.²

The tax deducted generally has a compensatory effect (so-called *Abgeltungssteuer* (withholding tax)) on individual investors and as a result investment income does not normally have to be declared on the income tax return. When the tax is withheld, the Custodian Bank will generally already have offset losses and taken foreign withholding taxes into account.

However, the tax deducted does not have a compensatory effect if the personal income tax rate is lower than the withholding rate of 25%. In this case, investment income may be declared on the income tax return. The tax authorities then apply the lower personal income tax rate and offset the tax withheld against the personal tax debt (so-called "assessment on the basis of the most favourable provision for the taxpayer").

If investment income is not subject to the withholding tax (e.g. because profit from the sale of a stock was generated at a foreign custodian bank), this should be indicated in the tax return. The investment income is then also subject to the withholding tax rate of 25% or the lower personal tax rate.

In spite of the withholding tax and higher personal tax rate, details on investment income may be required if extraordinary charges or expenses (e.g. donations) are claimed on the income tax return. If the units are included in operating assets (*Betriebsvermögen*), the income will be taxable as operating income (*Betriebseinnahmen*). Under current tax law, the taxable income and taxable investment income components are calculated differently.

² Gains from the sale of fund units acquired before 1 January 2009 are tax exempt for private investors if the time period between acquisition and disposal is longer than one year.

26.1. Units held in personal assets (taxpayers resident in Germany)

26.1.1. Gains from the sale of securities, gains from futures contracts and income from writing options

Gains from the sale of shares, equity-like participation rights and investment units, gains from futures contracts and gains from writing options that are generated at the level of the Investment Fund are not reported by the investor until they are distributed. In addition, gains from the sale of capital assets listed in Section 1 Para. 3 sentence 3 no. 1(a) to (f) InvStG are not attributed to the investor until they are distributed.

This includes the following capital assets:

- a) capital assets that have yield on new issues;
- b) "normal" bonds and unsecuritised claims with fixed-coupon as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that exactly track the price of a share or a public index for a number of shares;
- d) reverse convertible bonds, exchangeable bonds and convertible bonds;
- e) flat income bonds and debt participation rights; and
- f) bonds cum warrants.

If gains from the sale of the securities/capital assets described above, gains from futures contracts and income from writing options are distributed, they are liable to tax and, if the units are held in Germany, subject to a 25% withholding tax (plus solidarity surcharge and, if applicable, church tax). However, gains distributed on the sale of securities and from futures contracts are tax free, if the securities were acquired at Investment Fund level before 1 January 2009 or the futures contracts were entered into before 1 January 2009.

Income from the sale of capital assets not included in the above list is taxed like interest (see below).

26.1.2. Interest and related income as well as foreign dividends

The investor is required to pay taxes on interest and related income as well as foreign dividends. This is true independent of whether these gains are accumulated or distributed.

Distributed or reinvested interest and related income as well as foreign dividends of the Investment Fund are generally subject to the withholding tax of 25% (plus solidarity surcharge and, if applicable, church tax).

The withholding tax will not apply if the investor is resident in Germany for tax purposes and submits an application for a tax allowance (*Freistellungsauftrag*), provided that the taxable income concerned does not exceed EUR 801 (for single persons or spouses assessed separately) or EUR 1,602 (for spouses assessed jointly).

The same applies to those who submit a tax exemption certificate (*NV-Bescheinigung*), and to foreign investors upon verification of their status as non-resident taxpayers.

If the units of a distributing or partially accumulating investment fund that is subject to tax are held by a domestic investor in a domestic investment account with the Investment Management Compa-

ny or at another credit institution (custody arrangement), withholding tax will not be withheld by the institution maintaining the custody account if an official application for a tax allowance made out in a sufficiently high amount or a tax exemption certificate issued by the tax authorities for a maximum period of three years is presented before the specified distribution date. In this case, the gross amount of the distribution will be credited to the investor.

In the case of a reinvesting investment fund that is subject to tax, the tax deduction on accumulated interest and similar income as well as foreign dividends of the Investment Fund in the amount of 25% (plus solidarity surcharge) is deducted by the Investment Management Company itself on reinvestments before 1 January 2012. Issue and redemption prices of the fund units will be correspondingly reduced by the tax deducted at the end of the financial year. Since the investors are generally not known to the Investment Management Company, no church tax can be withheld. As a result, investors subject to the church tax must indicate this in their income tax return.

For reinvestments made after 31 December 2011, the Investment Fund shall make available to the custodians the investment income tax in addition to the maximum possible amount of the supplementary taxes (solidarity surcharge and church tax). As with distributions, the custodians withhold the tax, taking into account the investor's personal situation, so that the church tax, in particular, can be deducted. The Investment Fund is reimbursed for any funds made available to the custodians that do not need to be withheld.

If the units are held in a custody account with a German credit institution or a German investment management company, investors who submit an application for a tax allowance made out in a sufficiently high amount or an exemption certificate to the credit institution maintaining the custody account before the end of the financial year of the respective investment fund will have the withholding tax (or, from 2010, the amount made available to the custodians) credited to their account.

If the application for a tax allowance or an exemption certificate is not presented or not presented in time, the investor will receive upon request a tax certificate from the credit institution maintaining the custody account stating the amount of tax withheld and paid on income and the solidarity surcharge. The investor then has the opportunity to offset this amount of tax deducted against his income tax liability on submission of his personal income tax return.

If units of distributing investment funds are not held in custody in a domestic investment account and coupons are not presented to a domestic credit institution (self-custody), withholding tax in the amount of 25% plus the solidarity surcharge will be deducted.

26.1.3. German dividends

The investor is generally subject to tax on German dividends which are distributed or reinvested by the Investment Fund.

For distributions or reinvestments made before 1 January 2012, a withholding tax of 25% (plus solidarity surcharge) is deducted from the domestic dividends by the Investment Management Compa-

ny. In the case of distributions, the institution maintaining the custody account also takes into account any requests for the deduction of church tax it has received. The investor receives a refund of the full amount of tax withheld (25% plus solidarity surcharge) if the units are held in custody at the Investment Management Company or a domestic credit institution and an application for a tax allowance made out in a sufficiently high amount or a tax exemption certificate has been submitted. Alternatively, the investor can have the withholding tax of 25% (plus solidarity surcharge) offset against his personal income tax liability, on submission of the tax certificate from the credit institution maintaining his custody account.

For distributions made after 31 December 2011, the Investment Fund shall make available to the custodians the investment income tax in addition to the maximum possible amount of the supplementary taxes (solidarity surcharge and church tax). The custodians withhold the tax, taking into account the investor's personal situation, so that the church tax, in particular, can be deducted. The Investment Fund is reimbursed for any funds made available to the custodians that do not need to be withheld.

26.1.4. Negative taxable income

If negative income exceeds positive income of the same type at Investment Fund level, this negative income is carried forward at Investment Fund level. It may be used to offset future positive taxable income of the same type in future years at Investment Fund level. It is not possible to allocate negative taxable income directly to the investor. These negative amounts thus have no effect on the investor's income tax until the assessment period (tax year) in which the financial year of the Investment Fund ends, or that in which the distribution for the financial year of the Investment Fund takes place, for which the Investment Fund offset the negative taxable income. It is not possible for the investor to apply these amounts to his income tax prior to this time.

26.1.5. Capital distributions

Capital distributions are not taxable.

Capital distributions received by the investor during his period of ownership are, however, added to the taxable results from the sale of fund units, i.e. they increase taxable gains.

26.1.6. Capital gains at investor level

If units in an Investment Fund that were acquired after 31 December 2008 are sold by a private investor, the capital gains are subject to the 25% withholding tax. If the units are held in a domestic custody account, the institution maintaining the custody account withholds the tax. The 25% withholding tax (plus solidarity surcharge and, where applicable, church tax) can be avoided upon submission of an application for tax allowance made out in a sufficiently high amount or a tax exemption certificate.

If individual investors sell units acquired before 1 January 2009, such capital gains are tax-exempt. When calculating capital gains, interim profits achieved at the time of acquisition must be deducted from the acquisition costs, and interim profits achieved at the time of sale must be deducted from the sales price, in order to avoid dupli-

cate income taxation on interim profits (see below). In addition, the sale price is lowered by the amount of the accumulated income on which the investor has already paid tax. This prevents double taxation.

Gains on the sale of units acquired after 31 December 2008 are tax-exempt to the extent that they are attributable to income that is tax-exempt under a DTA that is realised during the term of holdings in the fund and that has not been reported by the investor (gain on holdings of real estate proportional to time held).

The Investment Management Company publishes the gain on real estate investments as a percentage of net asset value per unit on each valuation day.

26.2. Units held in operating assets (taxpayers resident in Germany)

26.2.1. Gains from the sale of securities, gains from futures contracts and income from writing options

Gains from the sale of shares, equity-like participation rights and investment units, gains from futures contracts and gains from writing options that are generated at the level of the Investment Fund are not reported by the investor until they are distributed. In addition, gains from the sale of capital assets listed in Section 1 Para. 3 sentence 3 no. 1(a) to (f) InvStG are not attributed to the investor until they are distributed.

This includes the following capital assets:

- a) capital assets that have yield on new issues;
- b) "normal" bonds and unsecuritised claims with fixed-coupon as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that exactly track the price of a share or a public index for a number of shares;
- d) reverse convertible bonds, exchangeable bonds and convertible bonds;
- e) flat income bonds and debt participation rights; and
- f) bonds cum warrants.

If these profits are distributed, investors must take them into account in their tax returns. Capital gains on equities are completely³ exempt from taxes for incorporated investors, while 40% of these gains are tax-exempt for other business investors, such as sole traders (partial-income procedure). In contrast, the full amount of capital gains on bonds/capital assets, profits from futures contracts and income from writing options are subject to tax.

Income from the sale of capital assets not included in the above list is taxed like interest (see below). Distributed gains from the sale of securities, distributed gains from futures contracts as well as distributed earnings from writing options are generally subject to withholding tax (capital gains tax of 25% plus solidarity surcharge). This does not apply to gains from the sale of securities acquired before 1 January 2009 and gains from futures

contracts entered into before 1 January 2009. However, the paying agent does not withhold the tax if the investor is a fully taxable corporation or if the investment income is operating income of a German company and the creditor of the investment income informs the paying agent of this by submitting an official form.

26.2.2. Interest and related income

The investor is generally subject to tax on interest and related income⁴, whether such income is distributed or accumulated.

An exemption from the withholding tax or a credit for the withholding tax is only possible with submission of a corresponding application for a tax allowance. Otherwise, the investor receives a tax certificate for the amount of tax deducted.

26.2.3. German and foreign dividends

Dividends from German and foreign companies, which are distributed in respect of units held in operating assets or which are reinvested, are, with the exception of dividends under the REITG (German REIT Act), tax-exempt for corporations⁵. Sole traders are subject to taxation on 60% of this income (partial-income procedure).

German dividends are subject to the withholding tax (capital gains tax of 25% plus solidarity surcharge).

Foreign dividends are generally subject to the withholding tax (capital gains tax of 25% plus solidarity surcharge). However, the paying agent does not withhold the tax if the investor is a fully taxable corporation (whereby corporations as defined in Section 1 Para. 1 nos. 4 and 5 KStG must present to the paying agent a certificate from the competent tax authority) or if the foreign dividends are operating income of a German company and the creditor of the investment income informs the paying agent of this by submitting an official form. For investors subject to the trade tax, the dividend income that is partially exempt from income tax or corporate income is to be included in calculations for purposes of determining the trade income, but not then deducted again.

26.2.4. Negative taxable income

If negative income exceeds positive income of the same type at Investment Fund level, this negative income is carried forward at Investment Fund level. It may be used to offset future positive taxable income of the same type in future years at Investment Fund level. It is not possible to allocate negative taxable income directly to the investor. These negative amounts thus have no effect on the income tax or corporation tax of the investor until that assessment period (tax year) in which the financial year of the Investment Fund ends, or in which the distribution for the financial year of the Investment Fund takes place, for which the Investment Fund offset the negative taxable income. It is not possible for the investor to apply these

³ For corporate investors, 5% of the capital gains on equities are considered non-deductible operating expenses and are therefore subject to taxation after all.

⁴ Pursuant to Section 2 Para. 2a InvStG, the taxable interest is to be taken into account within the scope of the interest barrier regulation set out in Section 4h of the German Income Tax Act (*Einkommensteuergesetz* – EstG).

⁵ For corporate investors, 5% of the dividends are considered non-deductible operating expenses and are therefore subject to taxation after all.

amounts to his income tax or corporation tax prior to this time.

26.2.5. Distribution of capital

Capital distributions are not taxable. This means that investors preparing their financial statements must record capital distributions as income on their commercial financial statements and include a reconciling expense item in their tax financial statements. This technically reduces the acquisition costs in a tax-neutral way. Alternatively, the amortised cost may be reduced by the prorated amount of the capital distribution.

26.2.6. Capital gains at investor level

Gains from the sale of units held in operating assets are generally tax-exempt⁶ for corporations, provided that this income relates to dividends not yet paid out or not yet deemed to have been paid out and to realised and unrealised capital gains of the Investment Fund from German and foreign equities (so-called equity gain). Sole traders are subject to taxation on 60% of these capital gains.

The Investment Management Company publishes the equity gain as a percentage of net asset value per unit on each valuation day.

Gains on the sale of units are tax-exempt to the extent that they are attributable to income that is tax-exempt under a DTA that is realised during the term of holdings in the fund and that has not been reported by the investor (gain on holdings of real estate proportional to time held).

The Investment Management Company publishes the gain on real estate investments as a percentage of net asset value per unit on each valuation day.

26.3. Non-resident taxpayers

If a non-resident taxpayer has units of distributing investment funds held in custody at a credit institution in Germany (custody arrangement), the shares will be exempt from the deduction of withholding tax on interest and related income, gains on sales of securities, futures and foreign dividends, provided that he can furnish proof of his status as a non-resident. If that credit institution has no knowledge of the investor's status as a non-resident or if proof of such non-resident status is not provided on time, the foreign investor must apply for a tax rebate in accordance with Section 37 Para. 2 of the German Fiscal Code (*Abgabenordnung* – AO). The competent tax office for this procedure is the tax office of the credit institution maintaining the custody account.

If a non-resident investor has units of accumulating investment funds held in custody at a credit institution in Germany, the tax withheld in the amount of 25% will be reimbursed to him upon verification of his status as a non-resident, provided that it is not attributed to German dividends. If the refund application is delayed, a refund can be applied for even after the date of reinvestment in accordance with Section 37, Para. 2 of the German Fiscal Code (*Abgabenordnung* – AO) if there is a delay in proof of the status as a non-resident.

Any possible withholding tax credit or refund on German dividends for foreign investors is dependent on existing double taxation treaties between the country in which the residence or corporate registered office of the investor is located and the Federal Republic of Germany. Reimbursement of the investment income tax on domestic dividends as a result of a DTA is made by the German Federal Tax Office.

26.4. Solidarity surcharge

A solidarity surcharge of 5.5% is levied on the withholding tax payable on dividends or reinvestments. This solidarity surcharge can be offset against income tax and corporate tax.

If there is no tax withheld or if there is a credit of tax withheld on reinvestment, e.g. in the case of an application for a tax allowance made out in a sufficiently high amount, submission of a tax-exemption certificate or proof of status as a non-resident taxpayer, no solidarity surcharge will be withheld or, in the case of reinvestment, the retained solidarity surcharge will be credited.

26.5. Church tax

If the income tax is already paid by the withholding tax deducted by the German credit institution maintaining the custody account ("withholder"), the applicable church tax will be levied in addition to the withholding tax, pursuant to the church tax rate for the religious community to which the church tax payer belongs. For this purpose, the church tax payer must inform the withholder in writing about his religious affiliation. Moreover, married couples must declare the relationship between the capital income of each spouse and the total capital income of the couple so that church taxes can be broken down, withheld and deducted in line with this relationship. If no indication is made in this regard, the tax will be split evenly.

The church tax is taken into account as a special expense at the time of the deduction of the withholding tax.

26.6. Foreign withholding tax

Some foreign income earned by the Investment Fund is subject to withholding taxes retained in the country of origin.

The Investment Management Company may subtract the deductible withholding tax as income-related expenses at the level of the Investment Fund. In such a case, foreign withholding tax is not deductible in any way at investor level.

If the investment company elects not to exercise its right to deduct the foreign withholding taxes at fund level, the deductible withholding tax will be taken into account at the time of the deduction of the withholding tax.

26.7. Income adjustment

The portion of the issue price for units issued attributed to income that can be used for distributions (income netting procedure) is treated for tax purposes like income that is attributed to that portion of the issue price.

26.8. Separate determination, external audit

The bases of taxation calculated at the level of the Investment Fund shall be determined separately.

⁶ 5% of the tax-exempt capital gains are considered for corporations to be non-deductible operating expenses and are therefore subject to taxation after all.

To this end, the Investment Company must submit an assessment return (*Feststellungserklärung*) to the competent tax authorities. Amendments to the assessment return, e.g. amendments made in the course of an external audit (Section 11 Para. 3 InvStG) by the tax authorities shall become effective for the financial year in which the amended assessment can no longer be contested. The tax allocation of this amended assessment to the investor is then carried out at the end of the financial year or on the distribution day for that financial year.

This means that any corrections of errors will have an impact on the investors who have invested in the Investment Fund at the time at which the errors are corrected. The effect this has on taxes may be positive or negative.

26.9. Taxation of interim profits

Interim profits consist of income from interest received or accrued that is included in the sales or redemption price as well as gains from the sale of capital assets listed in Section 1 Para. 3 sentence 3 no. 1 a) to f) InvStG but that has not yet been distributed or reinvested by the Fund and therefore has not yet become taxable for the investor (such as accrued interest from fixed-income securities). Interim profits generated by the Investment Fund are subject to income tax when units are redeemed or sold by resident taxpayers. The tax withholding on interim profits totals 25% (plus solidarity surcharge and, if applicable, church tax).

The interim profits paid as part of the purchase price upon acquisition of units can be offset as negative income against income tax in the year in which they were paid if an income adjustment procedure is carried out and reference is made thereto both upon publication of the interim profit and in the tax data to be certified by the auditors. They are already taken into consideration for purposes of withholding, thus reducing tax liability. If the interim profit is not published, each year 6% of the consideration for the redemption or sale of the investment unit has to be recognised as interim profit. For business investors, the interim profit paid is an integral part of the acquisition costs, which do not need to be corrected. When investment units are redeemed or sold, the interim profit received forms an integral part of the proceeds. No correction is necessary.

Interim profit amounts are also regularly included in the statements and performance reports provided by the banks.

26.10. Consequences of the merger of investment funds

If an investment fund is merged with another domestic investment fund, this does not result in the disclosure of unrealised gains either for the investors or for the investment funds concerned, i.e. such a transaction is not relevant for tax purposes. The same applies for the transfer of all assets of a domestic investment fund to a domestic investment stock company or a sub-fund of a domestic investment stock company. If the investors of the transferring investment fund receive a cash payment pursuant to Article 40h InvG, it is treated as a distribution of other income. Income generated by the transferring investment fund that has not yet been distributed is allocated to the investors on

the transfer date as so-called income equivalent to distributions for tax purposes.

26.11. Transparent, semi-transparent and non-transparent taxation

The taxation principles mentioned above (so-called transparent taxation) only apply if all bases of taxation, as defined in Section 5 Paragraph 1 InvStG, are disclosed (so-called tax-base notification requirement). This also applies in cases where the Investment Fund has acquired shares of other German investment funds and investment stock companies, EC investment fund units, and foreign investment fund units that are not EC investment fund units (target funds as defined in Section 10 InvStG), and where these are in compliance with the disclosure requirements applicable to them.

The Investment Management Company endeavours to disclose all bases of taxation to which it has access.

The required notification cannot be guaranteed, however, if the Investment Fund has acquired target funds, and these funds do not fulfil the disclosure requirements to which they are subject. In this case, the distributions and the interim profits of the respective target fund, as well as 70% of the increase in value of the respective target fund during the prior calendar year (but being no less than 6% of the redemption price), shall be stated as taxable income for the Investment Fund.

The Investment Management Company also endeavours to disclose all bases of taxation outside Section 5 Para. 1 InvStG (in particular, gains on equities, real estate gains and interim profits).

26.12. EU Savings Tax Directive/ Interest Information Regulation

The Interest Information Regulation (ZIV – *Zinsinformationsverordnung*), which transposes Council Directive 2003/48/EC dated 3 June 2003, Official Journal of the EU No. L157 p. 38, is intended to ensure the effective taxation of interest income of natural persons in the territory of the EU. The EU has concluded treaties with several third-country states (in particular Switzerland, Liechtenstein, the Channel Islands, Monaco and Andorra), which are for the most part in conformity with the EU Savings Tax Directive.

Interest income credited by a German credit institution (acting as paying agent) to an individual residing in a European country other than Germany or in specific third-country states is reported by the German credit institution to the German Federal Central Tax Office, which ultimately reports the interest income to the local foreign tax offices.

Correspondingly, interest income received by a natural person residing in Germany from a European credit institution outside Germany or in specific third-country states is ultimately reported by the foreign bank to the local tax office in Germany. As an alternative, some foreign states withhold taxes that may be offset in Germany.

This primarily affects private investors living within the European Union or in the participating third-country states who maintain their custody accounts or accounts in another EU country and earn interest income.

Luxembourg and Switzerland, among others, have agreed to withhold taxes of 20% (from 1 July 2011: 35%) from the interest income. As part of the tax documentation, the investor receives a certificate which can be used to have the deducted withholding tax applied to his income return.

The private investor has the alternative option of applying for exemption from withholding abroad by authorising the foreign bank to voluntarily disclose his interest income. This allows the financial institution to waive withholding and instead report the income to the legally prescribed tax authorities.

According to the Interest Information Regulation, the Investment Management Company must indicate for each domestic and foreign fund whether it is subject to the Interest Information Regulation (in scope) or not (out of scope).

For this evaluation, the Interest Information Regulation contains two substantial investment restrictions.

If no more than 15% of the assets of a fund consist of claims within the meaning of the Interest Information Regulation, the paying agents, which ultimately use the data reported by the Investment Management Company, are not required to notify the German Federal Tax Office. Otherwise, if the 15% limit is exceeded, this triggers an obligation for the paying agents to report the interest component contained in the distribution to the German Federal Tax Office.

If the 40% limit is exceeded (or, for financial years ending after 31 December 2010, 25% limit), the interest component contained in the redemption or sale of the units must be reported. In the case of a distributing fund, the interest component contained in a distribution must also be reported to the German Federal Tax Office. For an accumulating fund, the reporting obligation exists only if the fund unit is redeemed or sold.

26.13. Notice

The information on taxes is based on current tax law and regulations. The information is directed towards individuals who have unlimited liability for income tax or corporation tax in Germany. However, we accept no responsibility for any changes in tax treatment as a result of legislative or judicial actions or decrees issued by the tax authorities.

27. Outsourcing

The Company has outsourced the following activities in full or in part to other companies:

- Swap Collateral Management,
- IT Support,
- Internal Audit,
- Compliance Monitoring,
- Counterparty risk,
- KAG Accounting and Finance,
- Middle Office (including Trade Operations, Corporate Actions),
- Fund Administration,
- Collateral Management (securities lending),
- Monitoring Function as part of Fund Administration / Collateral Management (securities lending)
- Securities lending.

28. Annual and semi-annual reports; auditors

The annual and semi-annual reports can be obtained from the Company and the Custodian Bank. Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, has been appointed to audit the Investment Fund and its annual reports.

29. Payments to unitholders; distribution of reports and other information

The contract with the Custodian Bank ensures that investors receive distributions, if the distribution of dividends or other income is provided for by the Investment Fund, and that units can be redeemed. The investor information mentioned in this Sales Prospectus may be obtained as described under Point 1.1.

30. Other investment funds managed by the Investment Management Company

The Company also manages the following investment funds not included in this Sales Prospectus:

- a) Directive-Compliant Investment Funds
 - iShares DAX® (DE)
 - iShares MDAX® (DE)
 - iShares TecDAX® (DE)
 - iShares EURO STOXX 50 (DE)
 - iShares EURO STOXX Select Dividend 30 (DE)
 - iShares EURO STOXX (DE)
 - iShares Dow Jones Eurozone Sustainability Screened (DE)
 - iShares STOXX Europe Select Dividend 30 (DE)
 - iShares STOXX Europe 600 (DE)
 - iShares STOXX Europe Large 200 (DE)
 - iShares STOXX Europe Mid 200 (DE)
 - iShares STOXX Europe Small 200 (DE)
 - iShares ATX (DE)
 - iShares Dow Jones U.S. Select Dividend (DE)
 - iShares NASDAQ-100® (DE)
 - iShares Nikkei 225® (DE)
 - iShares STOXX EU Enlarged 15 (DE)
 - iShares Dow Jones Global Titans 50 (DE)
 - iShares Dow Jones China Offshore 50 (DE)
 - iShares Dow Jones Asia Pacific Select Dividend 30 (DE)
 - iShares STOXX Americas 600 Real Estate Cap (DE)
 - iShares STOXX Asia Pacific 600 Real Estate Cap (DE)
 - iShares FTSE 100 (DE)
 - iShares Dow Jones Industrial Average (DE)
 - iShares eb.rexx® Money Market (DE)
 - iShares eb.rexx® Government Germany (DE)
 - iShares eb.rexx® Government Germany 1.5-2.5 (DE)

iShares eb.rexx[®] Government Germany 2.5-5.5 (DE)
 iShares eb.rexx[®] Government Germany 5.5-10.5 (DE)
 iShares eb.rexx[®] Government Germany 10.5+ (DE)
 iShares eb.rexx[®] Jumbo Pfandbriefe (DE)
 iShares Markit iBoxx € Liquid Sovereigns Capped 1.5-10.5 (DE)
 iShares Markit iBoxx € Liquid Sovereigns Capped 1.5-2.5 (DE)
 iShares Markit iBoxx € Liquid Sovereigns Capped 2.5-5.5 (DE)
 iShares Markit iBoxx € Liquid Sovereigns Capped 5.5-10.5 (DE)
 iShares Markit iBoxx € Liquid Sovereigns Capped 10.5+ (DE)
 iShares Dow Jones-UBS Commodity Swap (DE)

b) Mixed Investment Funds

iShares EURO STOXX Banks (DE)
 iShares EURO STOXX Health Care (DE)
 iShares EURO STOXX Technology (DE)
 iShares EURO STOXX Telecommunications (DE)
 iShares SMI (DE)

c) Directive-Compliant Sub-Funds of iShares (DE) | Investment Stock Company

iShares STOXX Global Select Dividend 100 (DE)
 iShares STOXX Europe 600 Automobiles & Parts (DE)
 iShares STOXX Europe 600 Banks (DE)
 iShares STOXX Europe 600 Basic Resources (DE)
 iShares STOXX Europe 600 Chemicals (DE)
 iShares STOXX Europe 600 Construction & Materials (DE)
 iShares STOXX Europe 600 Financial Services (DE)
 iShares STOXX Europe 600 Food & Beverage (DE)
 iShares STOXX Europe 600 Health Care (DE)
 iShares STOXX Europe 600 Industrial Goods & Services (DE)
 iShares STOXX Europe 600 Insurance (DE)
 iShares STOXX Europe 600 Media (DE)
 iShares STOXX Europe 600 Oil & Gas (DE)
 iShares STOXX Europe 600 Personal & Household Goods (DE)
 iShares STOXX Europe 600 Real Estate (DE)
 iShares STOXX Europe 600 Retail (DE)
 iShares STOXX Europe 600 Technology (DE)
 iShares STOXX Europe 600 Telecommunications (DE)
 iShares STOXX Europe 600 Travel & Leisure (DE)
 iShares STOXX Europe 600 Utilities (DE)

31. Instruction on the right of revocation under Section 126 InvG (door-to-door sales)

1st If a purchaser of units has been induced to make a declaration of intent concerning the

purchase as a result of oral negotiations outside of the permanent business premises of the party selling or brokering their sale, such declaration shall be binding only if it is not rescinded by him in a written notice directed to the Investment Management Company within a period of two weeks; this shall also apply if the party selling the units or brokering their sale has no permanent business premises.

2nd Sending notice of revocation prior to the deadline is sufficient for observing the time limit. The period for revocation of notice does not commence until the copy of the application to conclude the contract has been delivered to the buyer or a statement of purchase has been sent to him, containing instructions on the right of revocation that satisfy the requirements of Section 355 Paragraph 2 Sentence 1 BGB [German Civil Code]. If there is a dispute as to whether or at what time the copy of the application form was delivered to the investor or the statement of purchase was sent to him, the burden of proof rests with the seller.

3rd The right of revocation does not apply if the seller can prove that

- a) the purchaser acquired the units as part of his commercial operations or
- b) he called on the purchaser to conduct negotiations leading to the sale of the units as a result of a previous request (Section 55 Paragraph 1 of the Industrial Code (Gewerbeordnung)).
- c) it involves a distance selling transaction as defined in Section 312b BGB, revocation is precluded when acquiring financial services, the price of which is subject to fluctuation on the financial markets (Section 312d Paragraph 4 No. 6 BGB).

4th If the right of revocation is exercised after the investor has made payments, the Investment Management Company is obliged to repay any costs paid – incrementally as the purchased units are transferred back, if necessary – in addition to an amount corresponding to the value of the purchased units on the day after the notice of revocation was received.

5th The right of revocation cannot be waived.

6th The provisions of paragraphs 1 to 5 also apply to the sale of units by the investor.

32. Conflicts of interest

Relationships within the BlackRock Group and to the Bank of America Group, PNC Group and Barclays Group.

Parent holding company of the Company is BlackRock, Inc., a company incorporated in Delaware, U.S. The Bank of America Corporation, PNC Bank N.A. and Barclays PLC are major shareholders of BlackRock, Inc.

At the conclusion of securities transactions for the Investment Fund, companies of the Bank of America Group, the PNC Group or the Barclays Group may provide securities commission services, foreign exchange services and banking services and other services or act as sales representatives at their normal terms and conditions and benefit from them.

Commissions to brokers and sales representatives correspond to market conditions and any volume or other discounts as well as soft commissions in cash are forwarded to the Investment Fund.

If it considers it appropriate, the Company may make use of the services of companies of the Bank of America Group, the PNC Group and Barclays Group provided that (a) their commissions and other terms and conditions are generally comparable to offers by unaffiliated brokers and sales representatives on the relevant market and (b) this is consistent with the principles for achieving the best possible results.

In accordance with these principles, some of the investment transactions for the Investment Fund are entered into by brokers/dealers of the Bank of America Group, the PNC Group and the Barclays Group, which are expected to belong to a relatively small group of global companies, to each of which a larger part the business is transferred than to other companies.

Subject to the foregoing and the restrictions that were set by the Company, it is possible that the Company or any other company in the BlackRock Group, the Bank of America Group, the PNC Group or the Barclays Group and the managing directors of the companies listed (a) participate in the Investment Fund or in transaction for or with the Investment Fund, or that any other relationship with other people, leading to a potential conflict with their obligations to society, and (b) conclude transactions with companies of the Bank of America Group, the PNC Group or the Barclays Group or make use of their services while they fulfil these commitments, without them being required to account for the profits or fees from the activities. Conflicts of interest may arise, for example, because the relevant company of the BlackRock Group, the Bank of America Group, the PNC Group or the Barclays Group:

- (a) enters into transactions for other customers;
- (b) has directors or employees who are the directors or shareholders of a company, or deal in securities of that company or are otherwise involved in that company, the securities of which are held or traded by the Company in its own name or in the name of a third party;
- (c) profits, under certain circumstances, from a commission, a fee, a price premium or price discount that is not paid by the Company in connection with an investment transaction;
- (d) is active as an agent for the company with respect to transactions in which it occurs simultaneously as an agent for their other own customers;
- (e) acts as principal for its own account with investments and/or currencies with the Company or its shareholders;
- (f) enters into transactions in units of an undertaking for collective investment or of another company for which one of the companies of the BlackRock Group, the Bank of America Group, the PNC Group or the Barclays Group act as a manager, operator, bank, consultant or trustee;
- (g) also settles transactions for the Company that are in connection with placements and/or new issues through one of its other affiliates acting as principal for its own account or receiving a broker commission.

Certain securities may be – as described above – considered suitable as actual or potential investments both for the Investment Fund and for other investment funds of the Company as well as the funds and clients of other companies in the BlackRock Group.

Because of different investment objectives and other factors, a particular security may be purchased for one or more of these investment funds or customers but sold for others.

If the purchases or sales of securities on behalf of the Investment Fund or those customers are pending valuation at about the same time, such transactions, to the extent practicable, will be settled in a way that is appropriate for all participating investment funds or customers. There may be cases in which the purchase or sale of securities on behalf of one or more funds or customers of the BlackRock Group are disadvantageous for other funds or customers of the BlackRock Group.

The following should be considered with regard to BlackRock Funds, even though the information is not necessarily relevant to the investment funds managed by the Company.

If opposing positions (i.e. long and short) are established, held or settled for the same securities at the same time for different funds or customers, this could damage the interests of the funds and/or customers on one side or the other. For BlackRock, this could represent a conflict of interest, especially if BlackRock or the participating portfolio manager receives a higher fee for one activity compared to another. This activity may result from the fact that the securities of different portfolio management teams will be assessed differently, or that risk management strategies are implemented and certain guidelines and procedures do not generally apply in these situations.

This conflict can also arise if within the same portfolio management teams there are long-only mandates and long-short mandates or short-only mandates or in the implementation of risk management strategies. If there are mandates of this type within the same portfolio management team, short positions for a security in some portfolios for which there are long-positions in other portfolios, or long positions for a security in some portfolios for which there are short positions in other portfolios, may only be settled in accordance with established guidelines and procedures.

This is to ensure that an appropriate fiduciary principle prevails and that counteracting transactions are carried out in such a way that no particular customer group is systematically given preference to or put at a disadvantage. The BlackRock Compliance Group monitors these guidelines and procedures and can require changes or the discontinuation of certain activities in order to keep conflicts to a minimum. Exceptions to these guidelines and procedures are subject to approval by the Compliance Group.

Different views regarding the short and long-term performance of a security that would justify entering into different positions for the same securities at the same time would, for example, fall under the

fiduciary principle. For long-only accounts in this sense, it might be inappropriate to sell the security, while it might be useful for short-term oriented accounts with a short mandate to take a short-term short position in the security. The attempt to neutralise the impact of the performance of a specific line of a company by establishing an opposing position in another company whose business is essentially comparable with the relevant segment can also be based on this principle.

Due to the efforts of BlackRock to handle such conflicts effectively, clients may not be able to take advantage of certain investment options, or it may be that BlackRock settles transactions in a different way than if these conflicts did not exist. This in turn can affect investment performance.

The companies of the BlackRock Group may, with respect to the BlackRock Funds (or parts of a BlackRock Funds) for which they provide investment management and advisory services, contract with brokers (including, but not restricted to brokers that are associated with BlackRock), that directly or through a third party or comparable relations provide research or execution services for BlackRock. The requirement is that in the view of the BlackRock Group they represent a legally defensible and appropriate support for the relevant companies in the BlackRock Group in investment decision processes or execution of orders and it can reasonably be expected that the Company as a whole benefits from the provision of these services and this benefits the performance of the BlackRock Funds. These research or execution services include – where authorised under the applicable laws – research on companies, industries and securities, economic and financial information and analysis, and software for quantitative analysis. The results received through these research or execution services may be used not only for the account whose commissions have been used to pay for these services, but are also for other customer accounts of the BlackRock Group. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, computer hardware, general office equipment or premises, membership fees, employee salaries or direct money payments. If BlackRock uses the money from commission payments from their customers for the provision of research or execution services, the companies of the BlackRock Group do not have to pay for those products and services themselves. Companies of the BlackRock Group may make use of research or execution services claim that fall within the scope of order execution, clearing and/or settlement services of a specific broker/dealer. If a company of the BlackRock Group uses research or execution services on this basis, the same conflicts may exist as those in connection with the provision of such services through agreements with third parties. For example, the research is effectively paid for by the customer commissions, which are also used to pay for the execution, clearing and execution services provided by the broker/dealer. They are therefore not paid by that company of the BlackRock Group. Each company of the BlackRock Group may, subject to the best execution principle, endeavour to implement these orders through brokers that provide research or execution services within the scope of such agreements. This ensures the con-

tinuous provision of research or execution services that the company of the BlackRock Group is certain are useful for their investment decision and order fulfilment processes. A company in the BlackRock Group may pay higher fees or apparently higher fees than they would otherwise have paid to obtain research or execution services, if this company in the BlackRock Group determines in good faith that the commission paid is appropriate in relation to value of the research or execution services provided. BlackRock Group believes that its investment research and order execution processes will be improved if commission money is used for the provision of research or execution services. At the same time, this improves the prospects for higher investment returns.

BlackRock Group, without prior notice to customers of the BlackRock Group, may decide to change the agreements described above, or decide to bind themselves to varying degrees by the extent allowed by the applicable laws.

Definitions for the following terms mentioned in this number:

"Bank of America Group": Companies of the Bank of America Group whose ultimate holding company is the Bank of America Corporation.

"Barclays Group": Companies of the Barclays Group whose ultimate holding company is Barclays plc.

"BlackRock Funds": Funds managed by the BlackRock Group but not by BlackRock Asset Management Deutschland AG.

"BlackRock Group": Companies of BlackRock, Inc. and its subsidiaries and persons affiliated with the Company.

"PNC Group": Company of the PNC Group whose ultimate holding company is PNC Bank, N.A.

Overview of existing unit classes.

33. Overview of existing unit classes of the iShares STOXX Europe 50 (DE) Investment Fund

Name of unit class	iShares STOXX Europe 50 (DE)
Securities identification number (WKN)	WKN 593 394
Listed on a stock exchange	yes
Level of management fee	0.50%
Level of issue premium	2%; no issue premium if purchased via stock exchange
Level of redemption fee	1%; no redemption fee if sold via stock exchange

General Terms and Conditions.

General Terms and Conditions governing the legal relationship between the investors and BlackRock Asset Management Deutschland AG, Munich, Germany (hereinafter referred to as the "Company"), for the Directive-Compliant Securities Index Investment Funds (hereinafter referred to as "Investment Funds") set up by the Company. These "General Terms and Conditions" are valid only in combination with the "Special Conditions" established for each respective individual Investment Fund.

Section 1 General provisions.

1. The Company is an Investment Management Company subject to the German Investment Act (*Investmentgesetz* – InvG).
2. The Company shall invest the funds placed by the unitholders in its own name for the collective account of the investors in accordance with the principle of risk diversification in assets permitted by the InvG and separated from its own assets in the form of investment funds. Global certificates (unit certificates) will be issued by the Company regarding the rights of the investors resulting therefrom.
3. The legal relationship between the Company and the investors is based on these Terms and Conditions and the InvG.

Section 2 Custodian Bank.

1. The Company shall appoint a credit institution as Custodian Bank; the Custodian Bank shall act independently of the Company and exclusively in the interests of the investors.
2. The Custodian Bank is obliged to carry out the duties required by the InvG and these Terms and Conditions.

Section 3 Fund management.

1. The Company shall acquire and manage the assets in its own name for the collective account of the investors with the due care and diligence of a prudent businessman. In performing its duties, it acts independently of the Custodian Bank and exclusively in the interests of the investors and the integrity of the markets.
2. The Company has the right to use the money deposited with it by the investors to acquire assets, resell them and invest the proceeds in other assets; the Company is furthermore authorised to undertake all other legal actions arising out of management of the assets.
3. The Company may not grant loans for the collective account of the investors, nor may it enter into guarantees or surety obligations; it may not sell assets as defined in Sections 47, 48 and 50 InvG that are not part of the Investment Fund at the time the transaction is concluded.

The application of Section 51 InvG remains unaffected.

Section 4 Investment principles.

1. The Company may only acquire such assets on behalf of the Investment Fund that are designed to replicate a certain security index ("Security Index") approved by the German Federal Financial Supervisory Authority ("BaFin") while still maintaining appropriate diversification of risk. The Security Index is approved specifically if
 - a) the composition of the security index is sufficiently diversified;
 - b) the index represents an adequate benchmark for the market to which it relates; and
 - c) the index has been published in an appropriate manner.

The Company shall specify in the Terms and Conditions which assets may be acquired for the Investment Fund.

2. The Investment Fund may only acquire securities included in the Security Index or introduced to it following a change thereto ("Index Securities"), securities that are issued on these Index Securities or on the Underlying Index, and derivatives and financial instruments with derivative components on securities, money market instruments, investment fund units pursuant to Section 8, recognised financial indices, interest rates, foreign exchange rates or currencies in which the Investment Fund may invest as provided for in the Terms and Conditions. When replicating the Underlying Index, within the meaning of a direct duplication of the index, priority shall be given to investments in Index Securities over investments in any other assets mentioned in Sentence 1 above that are approved for use in replicating indices. The Underlying Index may be replicated using securities, derivatives or financial instruments with derivative components that indirectly replicate the index only for purposes of maintaining the investment restrictions listed in Section 11 Paragraph 7.
3. In order to replicate the Security Index, the duplication percentage may not be less than 95% of the total assets in the Investment Fund as defined in the first sentence of Paragraph 2 above. Derivatives and financial instruments with derivative components shall be included in the calculation of the duplication percentage with their weighted market risk using the simple approach provided for in the statutory instrument on risk management and risk measurement in investment funds ("DerivateV") issued pursuant to Section 51 Paragraph 3 InvG.
4. The duplication percentage reflects the proportion of securities, derivatives and financial instruments with derivative components according to Section 51 Paragraph 1 InvG in the Investment Fund that corresponds with the Security Index in terms of weighting. The duplication percentage is defined as being equal to 100 less one half of the sum of the differences between the weighting of the securities in the index and the applicable weighting of the securities included in the total assets of the Investment Fund, totalled for all securities and applicable

values of derivatives and financial instruments with derivative components according to Section 51 Paragraph 1 InvG in the Investment Fund and for all securities in the index.

$$DG = 100\% - \frac{\sum_{i=1}^n |W_i^I - W_i^F|}{2}$$

DG	=	Duplication percentage in %
n	=	Number of share classes in the Fund and Index (upper summation limit)
I	=	Index
F	=	Funds
W_i^I	=	Weighting of equity i in index I in %
W_i^F	=	Weighting of equity i to be included in the equity portion of the Fund in %
Σ	=	Sum symbol
i	=	Summation index; stands for the individual share classes from i = 1 (lower summation limit) to i = n (upper summation limit)

Section 5 Securities.

Provided that the "Special Conditions" do not include any additional restrictions, the Company may, subject to Section 52 InvG, only acquire securities if:

- they are admitted for trading on a stock exchange in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, or they are admitted for trading or included in another regulated market in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area;
- they are admitted for trading exclusively on a stock exchange outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, or they are admitted for trading or included in another regulated market outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, provided the choice of such stock exchange or regulated market is permitted by the German Federal Financial Supervisory Authority (BaFin)⁷;

- their terms of issue require application for admission to trading on a stock exchange in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, or admission to trading or inclusion in another regulated market in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, and admission or inclusion of these securities takes place within one year after their issue;
- their terms of issue require application for admission to trading on a stock exchange or admission to trading or inclusion in another regulated market outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, provided the choice of such stock exchange or regulated market is permitted by the German Federal Financial Supervisory Authority (BaFin) and admission or inclusion of these securities takes place within one year after their issue;
- they are equities to which the Investment Fund is entitled in a capital increase from Company assets;
- they were acquired in exercising subscription rights belonging to the Investment Fund;
- they are units in closed funds that meet the criteria listed in Section 47 Paragraph 1 Sentence 1 No. 7 InvG;
- they are financial instruments that meet the criteria listed in Section 47 Paragraph 1 Sentence 1 No. 8 InvG.

Securities may only be acquired in accordance with Sentence 1 letters a) to d) if additionally the requirements of Section 47 Paragraph 1 Sentence 2 InvG are met.

Section 6 Money market instruments.

- Provided that the "Special Conditions" do not include any additional restrictions, the Company may acquire on behalf of the Investment Fund, subject to Section 52 InvG, instruments normally dealt in on the money market and interest-bearing securities with a residual term of no more than 397 days at the time of their acquisition or whose interest rate, in accordance with the issue conditions, is regularly – and at least once each 397-day period – adjusted to reflect current market conditions or whose risk profile corresponds to the risk profile of this type of security (money market instruments). Money market instruments may only be acquired for the Investment Fund if they:
 - are admitted for trading on a stock exchange in a member state of the European Union or in another state that is a party to the Agreement on the European Economic Area, or they are admitted for trading or included in another regulated market in a member state of the European Union or in

⁷ The list of stock exchanges is published on the BaFin website. www.bafin.de

- another state that is a party to the Agreement on the European Economic Area;
- b) are admitted for trading exclusively on a stock exchange outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, or they are admitted for trading or included in another regulated market outside the member states of the European Union or outside other states that are party to the Agreement on the European Economic Area, provided the choice of such stock exchange or regulated market is permitted by the German Federal Financial Supervisory Authority (BaFin)⁸;
 - c) are issued or guaranteed by the European Communities, the German Federal Government, a special-purpose fund of the German Federal Government, a German federal state, another member state or another central, regional or local authority or by a central bank of an EU member state, the European Central Bank or the European Investment Bank, a non-EU member state or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU member states belong;
 - d) are issued by a company whose securities are traded on the markets referred to in a) and b);
 - e) are issued or guaranteed by a credit institution that is subject to supervision that meets the criteria defined by European Community Law, or a credit institution that is subject to the prudential rules considered by BaFin as equivalent to those laid down in European Community Law, and which complies with such rules; or
 - f) are issued by other bodies and comply with the requirements of Section 48 Paragraph 1 Sentence 1 No. 6 InvG.
2. Money market instruments as defined in Paragraph 1 may only be acquired if they comply with the requirements of Section 48 Paragraphs 2 and 3 InvG.

Section 7 Bank accounts.

The Company may also hold, on behalf of the Investment Fund, bank accounts containing deposits with a maturity not exceeding twelve months. The accounts, which must be in the form of blocked accounts, may be held by a credit institution that has its registered office in a member state of the European Union or another state that is a party to the Agreement on the European Economic Area, or by a credit institution that has its registered office in a non-member state, provided that it is subject to the prudential rules considered by BaFin as equivalent to those laid down in Community Law. Unless specified otherwise in the "Special Conditions", these bank accounts may be denominated in foreign currencies.

⁸ The list of stock exchanges is published on the BaFin website. www.bafin.de

Section 8 Investment fund units.

1. Unless specified otherwise in the "Special Conditions", the Company, on behalf of an investment fund, may acquire units in Directive-compliant domestic investment funds and joint-stock investment companies as well as EU investment fund units as defined in the InvG. Units of other domestic investment funds, joint-stock investment companies and foreign investment fund units that are not EU investment fund units may be acquired provided that they meet the requirements of Section 50 Paragraph 1 Sentence 2 InvG.
2. The Company may only acquire units of domestic investment funds and joint-stock investment companies with variable capital, EU investment fund units and foreign investment fund units for the Investment Fund if, in accordance with the Terms and Conditions or the articles of association of the Investment Management Company, the joint-stock investment company or the foreign investment company, a total not exceeding 10% of the value of the assets of such funds is invested in units of other domestic investment funds, joint-stock investment companies or foreign investment funds as defined in Section 50 InvG.

Section 9 Derivatives.

1. Unless specified otherwise in the "Special Conditions", in managing the Investment Fund, the Company may acquire derivatives in accordance with Section 51 Paragraph 1 Sentence 1 InvG and financial instruments with derivative components in accordance with Section 51 Paragraph 1 Sentence 2 InvG. It may – depending on the type and extent of derivatives and financial instruments with derivative components used – use either the simple or qualified approach as defined in the regulation on risk management and risk measurement in investment funds (DerivateV) issued in accordance with Section 51 Paragraph 3 InvG when calculating the market risk limits established under Section 51 Paragraph 2 InvG on the use of derivatives and financial instruments with derivative components.
2. If the Company uses the simple approach, it may only make regular use of the following basic forms of derivatives, financial instruments with a derivative component or combinations of these derivatives, financial instruments with a derivative component or combinations of underlying securities permitted under Section 51 Paragraph 1 Sentence 1 InvG in the Investment Fund. Complex derivatives based on permitted underlying securities pursuant to Section 51 Paragraph 1 sentence 1 InvG may only be used for a negligible proportion. The weighted market risk attributable to the Investment Fund, to be calculated as provided for in Section 16 DerivateV, may at no time exceed the value of the Investment Fund.
 - a) Forward contracts on the underlying values pursuant to Section 51 Paragraph 1 InvG with the exception of investment units pursuant to Section 50 InvG;
 - b) Options or warrants on the underlying values pursuant to Section 51 Paragraph 1

InvG with the exception of investment units pursuant to Section 50 InvG, if they have the following characteristics:

- aa) exercising is possible either during the entire term or at the end of the term and
 - bb) at the time of being exercised, the option value is linearly based on the positive or negative difference between the underlying price and the market price of the underlying security and becomes nil if the difference has the other leading sign;
 - c) Interest rate swaps, currency swaps or interest rate/currency swaps;
 - d) Options on swaps according to letter c), to the extent that they display the characteristics described in letter b) under letters aa) and bb) (swaptions);
 - e) Credit default swaps to the extent that they are used exclusively and transparently, in audit terms, for the purpose of hedging the credit risk of precisely assignable asset items in the Investment Fund;
3. If the Company uses the qualified approach, it may invest, subject to a suitable risk management system, in any financial instruments with a derivative component or derivatives that are derived from an underlying security that is permitted under Section 51 Paragraph 1 Sentence 1 InvG.
- The potential risk amount for the market risk ("risk exposure") attributable to the Investment Fund may at no time exceed two times the potential risk amount for the market risk of the associated benchmark assets pursuant to Section 9 DerivateV. Alternatively, the risk exposure may at no time exceed 20% of the value of the Investment Fund.
4. In these transactions, the Company may under no circumstances deviate from the investment policies and limits listed in the "General Terms and Conditions" and "Special Conditions" or in the Sales Prospectus.
5. The Company will use the derivatives and financial instruments with a derivative component for the purpose of hedging, more efficient portfolio management and to produce additional returns, when and to the extent that it considers this to be in the interests of the investors.
6. In calculating the market risk limit for the use of derivatives and financial instruments with a derivative component, the Company may at any time switch from the simple to the qualified approach pursuant to Section 7 DerivateV. The change to the qualified approach does not require the approval of BaFin. However, the Company must report the change to BaFin without delay and announce it in the next semi-annual or annual report.
7. The Company will observe the guidelines of the DerivateV when derivatives and financial instruments with derivative components are used.

Section 10 Other investment instruments.

Unless specified otherwise in the "Special Conditions", the Company may invest up to 10% of the value of the Investment Fund in other investment

instruments pursuant to Section 52 InvG on behalf of the Investment Fund.

Section 11 Issuer limits and investment restrictions.

1. In its management of assets, the Company must comply with the limitations and restrictions specified in the InvG, DerivateV and in the Terms and Conditions.
2. The Company may invest up to 20% of the assets of the Investment Fund in securities from a single issuer (debtor).
3. The limit specified in Paragraph 2 may be increased to up to 35% of the value of the Investment Fund for securities from a single issuer. An investment up to the limit specified in Sentence 1 above is permissible only for one individual issuer (debtor).
4. For assets based on the Underlying Index, the market price of the index securities shall be attributed to the respective issuer limits on a pro rata basis. The same applies for assets based on a single index security or on a basket of index securities. Derivatives and financial instruments with derivative components pursuant to Section 51 Paragraph 1 InvG shall be attributed to the issuer limits in accordance with Sections 18 and 19 DerivateV.
5. The Company may invest up to 5% of the assets of the Investment Fund in bank accounts and money market instruments as defined in Sections 6 and 7, unless otherwise specified in the "Special Conditions".
6. The Company may invest a total not exceeding 10% of the assets of the Investment Fund in units of investment funds in accordance with Section 8 Paragraph 1 if, in accordance with the Terms and Conditions or the Articles of Incorporation of the investment company, the Investment Stock Company or the foreign investment company, a total not exceeding 10% of the value of their assets may be invested in units of other domestic investment funds, investment stock companies or foreign investment funds. The Company may acquire on behalf of the Investment Fund no more than 25% of issued units of another domestic or foreign investment fund.
7. Unless specified otherwise in the "Special Conditions", the Investment Fund must invest a minimum of 95% in assets based on a Security Index in accordance with Section 4 Paragraph 2 Sentence 1.

Section 12 Merger

1. In accordance with Section 2 Paragraph 25 InvG, the Company may
 - a) transfer all the assets and liabilities of this Investment Fund to another domestic investment fund or a new domestic investment fund created thereby,
 - b) absorb all the assets and liabilities of another domestic investment fund into this Investment Fund,
 - c) absorb all the assets and liabilities of another EU investment fund into this Investment Fund,

- d) transfer all the assets and liabilities of this Investment Fund to another EU investment fund or a new EU investment fund created thereby.
- 2. The merger requires the approval of the competent supervisory authority. Sections 40 to 40h InvG provide details on the process.
- 3. In addition, the merger of an EU investment fund into the Investment Fund may take place in accordance with the provisions of Article 2 Paragraph 1p (iii) of Directive 2009/65/EC.

Section 13 Loans.

1. The Company may grant a securities loan on behalf of the Investment Fund to a securities borrower at a market rate for an unlimited or limited period, subject to the transfer of sufficient collateral. The market price of the securities to be transferred plus the market value of the securities already transferred to the same securities borrower as a securities loan on behalf of the Investment Fund must not exceed 10% of the assets of the Investment Fund. The market value of securities subject to short-term transfers plus the market value of the securities previously transferred as short-term securities loans on behalf of the Investment Fund may not exceed 15% of the assets of the Investment Fund.
2. If the collateral for the securities transferred is maintained in accounts, the Company may make use of the opportunity to invest these accounts in money market instruments as defined in Section 48 InvG in the currency of the account. The Investment Fund shall receive the income from the invested collateral.
3. The Company may also make use of an organised system for brokerage and settlement of securities loans provided by a central depository for securities or by another company specified in the "Special Conditions" whose corporate objective is the settlement of international securities transactions for third parties, and which deviates from the requirements of Sections 54 and 55 InvG, if the regulations governing this system guarantee that investors' interests are upheld.
4. Unless specified otherwise in the "Special Conditions", the Company may also grant securities loans in relation to money market instruments and investment units, provided such assets may be acquired for the Investment Fund. The provisions of Section 13 apply analogously.

Section 14 Securities repurchase agreements.

1. The Company may conclude securities repurchase agreements with credit institutions or financial services institutions for valuable consideration as specified under Section 340 b Paragraph 2 of the German Commercial Code (HGB) on behalf of the Investment Fund.
2. The securities repurchase agreements must be based on securities that may be acquired by the Investment Fund in accordance with its Terms and Conditions.
3. The repurchase agreements must have a maximum term of twelve months.

4. Unless specified otherwise in the "Special Conditions", the Company may also grant securities repurchase agreements in relation to money market instruments and investment units, provided such assets may be acquired for the Investment Fund. The provisions of Section 14 apply analogously.

Section 15 Borrowing.

Short-term borrowing by the Company on behalf of all the investors of amounts of up to 10% of the Investment Fund is permissible if the terms of the borrowing are at market rates and the Custodian Bank approves the borrowing.

Section 16 Unit certificates.

1. The unit certificates are bearer certificates, each of them representing one or more Investment Fund units.
2. The units may differ, in particular, with respect to appropriation of income, issue premiums, redemption fees, management fees, minimum investment amount, currency of account, unit value, hedging transactions, or a combination of these characteristics (unit classes). The details are specified in the "Special Conditions".
3. At a minimum, the unit certificates bear the handwritten or facsimile signatures of the Company and the Custodian Bank. In addition, they will bear the original signature of a supervisory person from the Custodian Bank.
4. The units are transferable. When a unit certificate is transferred, the rights attached thereto are also transferred. The Company will always assume that the holder of the unit certificate is the genuine owner.
5. If the rights of investors established upon the creation of the Investment Fund, or those of investors in a unit class established upon the creation of the unit class, are not to be represented by one global certificate, but rather by individual unit certificates or multiple certificates, this will be governed by appropriate provisions in the "Special Conditions".

Section 17 Issue and redemption of units, suspension of redemption.

1. In principle, the number of units issued and of the corresponding unit certificates is not restricted. The Company reserves the right to temporarily suspend or terminate the issue of units.
2. Units may be acquired from the Company, the Custodian Bank, or through third parties.
3. Investors may request the redemption of their units by the Company. The Company is obliged to redeem units at the currently valid redemption price on behalf of the Investment Fund. The Custodian Bank is the redemption agent.
4. The Company nevertheless retains the right to suspend redemption of the units pursuant to Section 37 InvG in exceptional circumstances when suspension appears necessary to protect the interests of the investors.
5. The Company shall inform investors of the suspension in accordance with Paragraph 4 and

the resumption of the redemption of units by way of a notice in the online *Bundesanzeiger* and, in addition, in a financial or daily newspaper with sufficient circulation or in the electronic information media designated in the Sales Prospectus. Investors shall be informed of the suspension and the resumption of redemption of units immediately after the announcement in the online *Bundesanzeiger* by means of a durable medium.

Section 18 Issue and redemption prices.

1. For the calculation of unit issue and redemption prices, the value of the assets (net asset value) held in the Investment Fund will be determined at points in time specified in Paragraph 4 and divided by the number of units in circulation (unit value). If special unit classes for the Investment Fund are introduced in accordance with Section 16, Paragraph 2, then the unit value and the issue and redemption prices shall be determined separately. Assets are valued in accordance with Section 36 InvG and the Investment Accounting and Valuation Ordinance (*Investment-Rechnungslegungs- und Bewertungsverordnung – InvRBV*).
2. The issue price corresponds to the unit value plus issue premium, if any, as set forth in the “Special Conditions”. The redemption price corresponds to the unit value less redemption fee, if any, as set forth in the “Special Conditions”. If there are any other costs payable by the investor in addition to the issue premium and the redemption fee, the amount and calculation of such fees will be indicated in the “Special Conditions”.
3. The settlement date for purchase and redemption orders is no later than the next valuation date following the receipt of the purchase or redemption order, unless specified otherwise in the “Special Conditions”.
4. Issue and redemption prices will be determined on each exchange trading day. Unless specified otherwise in the “Special Conditions”, on public holidays that are exchange trading days, as well as on 24 and 31 December each year, the Company and the Custodian Bank may refrain from determining the value; details are discussed in the Sales Prospectus.

Section 19 Expenses.

Fees and other expenses payable to the Company, the Custodian Bank and third parties, which can be charged to the Investment Fund, are specified in the “Special Conditions”. The “Special Conditions” detail the manner, the amount, and the calculation basis for any fees in excess of those specified in the preceding sentence.

Section 20 Accounting.

1. The Company publishes an annual report with a statement of income and expenses no later than four months after the end of the financial year of the Investment Fund in accordance with Section 44 Paragraph 1 InvG.
2. The Company publishes a semi-annual report no later than two months after the end of the

first half of the financial year in accordance with Section 44 Paragraph 2 InvG.

3. If the right to manage the Investment Fund is transferred to another investment management company during the financial year or the Investment Fund is merged into another investment fund or an EU investment fund, the Company must prepare an interim report for the period ending on the transfer date that meets the requirements of an annual report in accordance with Section 44 Paragraph 1 InvG.
4. If an investment fund is liquidated, the Custodian Bank shall prepare a liquidation report annually, and on the date on which the liquidation is completed, that meets the requirements of an annual report in accordance with Paragraph 1.
5. The reports can be obtained from the Company and the Custodian Bank and other locations to be listed in the Sales Prospectus and the Key Investor Information; they will also be published in the online *Bundesanzeiger* (Federal Gazette).

Section 21 Termination and winding-up of the Investment Fund.

1. The Company may, with six months' notice, cease management of the Investment Fund through publication of this intention in the online *Bundesanzeiger* and in the annual report or semi-annual report. Investors must be informed immediately by means of a durable medium of the announcement of a termination in accordance with sentence 1.
2. The right of the Company to manage the Investment Fund lapses when the termination becomes effective. In this case, the Investment Fund and the right to sell the Investment Fund's assets are transferred to the Custodian Bank, which winds up the assets and distributes them to the investors. The Custodian Bank may claim any fees due to the Company during the winding-up period. With the approval of BaFin, the Custodian Bank can refrain from this assignment, in which case management of the Investment Fund shall be transferred to another investment management company in accordance with the existing Terms and Conditions.
3. The Company must prepare a liquidation report for the period ending on the date on which its right to manage lapses pursuant to Section 38 InvG; this liquidation report must fulfil the requirements of an annual report in accordance with Section 44 Paragraph 1 InvG.

Section 22 Changes to the Terms and Conditions.

1. The Company is entitled to change the Terms and Conditions.
2. Amendments to the Terms and Conditions require the prior approval of BaFin. To the extent that the changes set forth in Sentence 1 above affect the Investment Fund's investment principles, they require the prior approval of the Supervisory Board of the Company.
3. All planned amendments shall be published in the online *Bundesanzeiger* and, in addition, in a financial or daily newspaper with sufficient cir-

ulation or in the electronic information media designated in the Sales Prospectus. The planned changes and their effective dates must be stated in any publication made in accordance with Sentence 1 above. In the event of amendments to costs as defined in Section 41 Paragraph 1 Sentence 1 InvG, amendments to the investment principles of the Investment Fund as defined in the Section 43 paragraph 3 InvG or amendments related to significant investor rights, investors must be informed simultaneously with the publication pursuant to Sentence 1 of the significant contents of the proposed amendments to the Terms and Conditions and the background thereto, as well as information on their rights pursuant to Section 43 Paragraph 3 InvG by means of a durable medium and in an understandable way in accordance with Section 43 Paragraph 5 InvG.

4. The amendments enter into force at the earliest on the day after their publication in the online *Bundesanzeiger*; amendments to costs and to the investment principles, however, do not enter into force until three months after the corresponding publication.

Section 23 Place of performance, jurisdiction.

1. The place of performance is the registered office of the Company.
2. If the investor has no general place of jurisdiction in Germany, the place of jurisdiction shall be the registered office of the Company.

Special Conditions for the iShares STOXX Europe 50 (DE) Investment Fund.

Special Conditions governing the legal relationship between the investors and BlackRock Asset Management Deutschland AG, Munich, Germany (hereinafter referred to as the "Company"), for the Directive-Compliant Security Index Investment Fund **iShares STOXX Europe 50 (DE)** (hereinafter referred to as the "Investment Fund") set up by the Company. These "Special Conditions" are valid only in combination with the "General Terms and Conditions" that have been established by the Company for each investment fund.

Investment policies and restrictions.

Section 1 Assets.

The Company may acquire the following assets for the Investment Fund:

- a) Securities pursuant to Section 47 InvG,
- b) Money market instruments pursuant to Section 48 InvG,
- c) Bank accounts pursuant to Section 49 InvG,
- d) Derivatives pursuant to Section 51 InvG,
- e) Other investment instruments pursuant to Section 52 InvG,
- f) Investment units pursuant to Section 50 InvG.

The Company may – subject to a suitable risk management system – only use futures contracts that are based on the Underlying Index and futures contracts that are based on individual stocks of the Underlying Index as well as warrants that are based on the Underlying Index and warrants that are based on individual stocks of the Underlying Index for the Investment Fund.

The purpose of the selection of equities, participation certificates, equity index certificates and certificates on individual equities for the Investment Fund is to replicate the STOXX® Europe 50 (price index) (hereinafter referred to as the "Underlying Index") while maintaining an appropriate diversification of risk.

Section 2 Loans and securities repurchase agreements.

With regard to the investment principles and restrictions, Sections 13 and 14 of the "General Terms and Conditions" must be followed and they apply by analogy to other non-securities assets that may be acquired for the Investment Fund. Securities purchased under repurchase agreements

shall be attributed to the investment restrictions in accordance with Section 63 InvG.

Section 3 Investment restrictions.

1. With regard to the investment restrictions, Section 11 of the "General Terms and Conditions" must be followed.
2. No derivatives transactions may be made for purposes of hedging. Section 4 Paragraph 4 is unaffected.

Unit classes.

Section 4 Unit classes.

1. Unit classes as defined in Section 16 Paragraph 2 of the "General Terms and Conditions" may be formed for the Investment Fund; these differ with respect to appropriation of income, issue premiums, redemption fees, management fees, minimum investment amount, currency, unit value, hedging or a combination of these characteristics. The creation of unit classes is permitted at any time and is at the discretion of the Company.
2. The unit value is calculated separately for each unit class by allocating the costs of launching new unit classes, the distributions (including any taxes that may be payable from the fund's assets), the management fee including income adjustment if applicable, exclusively to this unit class.
3. The existing unit classes are listed individually in the Sales Prospectus and in the annual and semi-annual reports. The structural characteristics defining the unit classes (appropriation of income, issue premiums, redemption fees, management fees, minimum investment amount, currency, unit value, hedging or a combination of these characteristics) are described in detail in the Sales Prospectus and in the annual and semi-annual reports.
4. Currency hedge transactions may only be concluded for a single currency unit class. The only permissible currency hedge instruments are foreign currency forward transactions, currency futures, currency option transactions and currency swaps, as well as other currency hedge transactions to the extent that they are analogous to the derivatives pursuant to Section 51 Paragraph 1 InvG. Expenses and income based on a currency hedge transaction shall be allocated exclusively to the respective currency share class.

Unit certificates, issue price, redemption price, redemption of units and expenses.

Section 5 Unit certificates.

1. The rights of the investors are registered exclusively in unit certificates when the Investment Fund is created.
2. The investors own an equity interest in the assets of the Investment Fund as co-owners in proportion to the number of units held.

Section 6 Issue and redemption prices.

1. The Company indicates the issue premiums and redemption fees charged for each unit class in the Sales Prospectus, the Key Investor Information and in the annual and semi-annual reports.
2. Depending on the unit class, the issue premium is up to 2% of the unit value. The Company is free to charge a lower issue premium for one or more unit classes, or all of them.
3. Depending on the unit class, the redemption fee is up to 1% of the unit value. The Company is free to charge a lower redemption fee for one or more unit classes, or all of them. The Company shall receive the redemption fee.

Section 7 Expenses⁹.

1. For managing the Investment Fund, the Company receives from the assets of the Investment Fund a fee of 0.50% per annum of the net asset value determined each exchange trading day in accordance with Section 18 Paragraph 1 of the "General Terms and Conditions". The Company is free to charge a lower management fee for one or more unit classes, or all of them. The Company indicates the management fee charged for each unit class in the Sales Prospectus and in the annual and semi-annual reports. The management fee will be paid in advance in monthly instalments out of the Investment Fund.
2. The management fee specified in Paragraph 1 shall cover services rendered by the Company for the Investment Fund, including the expenses of the Custodian Bank, legally required printing, mailings, and publications associated with the Investment Fund, and for annual report audits conducted by auditors of the Company.
3. The following expenses are not covered by Paragraph 1:
 - a) Expenses resulting from the purchase and sale of assets (transaction costs);
 - b) Customary bank custody fees, including the customary bank charges for the custody of foreign securities abroad and related taxes, if applicable;
 - c) Expenses related to day-to-day account management;
 - d) Expenses incurred in the assertion and enforcement of the legal claims of the Investment Fund,
 - e) Expenses for providing information to investors of the Investment Fund by means of a durable medium, with the exception of expenses for providing information in the case of fund mergers.Such expenses may be charged to the Investment Fund in addition to the management fee charged in accordance with Paragraph 1
4. The Company may receive up to 40% of the income from the conclusion of securities lending transactions on the account of the Investment

Fund as an overall fixed fee to cover expenses incurred in the preparation and execution of such securities lending transactions.

5. The Company may receive up to 30% of the net settlement, net damages and/or net compensation payments arising from participation in domestic and foreign securities class-action suits or similar suits as a fixed overall fee to cover expenses incurred by the Company in connection with such suits.
6. The Company may receive a fee of up to 40% of the excess returns that exceed net dividend payments as a fixed overall fee to cover expenses incurred in connection with the preparation and execution of the underlying dividend optimisation transactions.
7. The Company has to publish in the annual report and in the semi-annual report the amount of the issue premiums and redemption fees that have been charged to the Investment Fund during the reporting period for the purchase and redemption of shares as defined in Section 50 InvG. When units are purchased that are managed, directly or indirectly, by the Company itself or by any other company with which the Company is affiliated through a significant direct or indirect equity interest, the Company or the other company may not levy issue premiums or redemption fees for the purchase or redemption. The Company publishes in the annual report and in the semi-annual report the fees charged as management fees for the units held in the Investment Fund when such fees are charged by the Company itself, by another investment management company, a joint-stock investment company or another company with which the Company is affiliated through a significant direct or indirect equity interest, or by a foreign investment company, including its management company.

Appropriation of income and financial year.

Section 8 Distribution.

1. In the case of the distributing unit classes, the Company generally distributes, net of costs, the proportionate interest, dividends and income from investment fund units, as well as fees from loans and securities repurchase agreements received on behalf of the Investment Fund during the financial year, taking into account the appropriate income netting. Taking into account the appropriate income netting, capital gains and other income may also be used for distributions on a pro rata basis.
2. The final distribution takes place within three months after the close of the financial year. In addition, the Company may carry out interim distributions during the year.
3. The interim distribution amount is at the discretion of the Company. The Company is not obliged to distribute all distributable income pursuant to Paragraph 1 accumulated up to the date of the interim distribution; it may carry ordinary income forward to the next interim distribution date.

⁹ This regulation is not subject to the approval of the German Federal Financial Supervisory Authority (BaFin).

4. Interim distributions are intended to minimise any discrepancy between the performance of the Investment Fund and that of the Underlying Index.
5. Distributable pro rata income pursuant to Paragraph 1 may be carried forward for distribution in subsequent financial years if the amount of the income carried forward does not exceed 15% of the respective value of the Investment Fund at the end of the financial year. Income from short financial years may be carried forward in its entirety.
6. In the interests of maintaining equity, some pro rata income, or in exceptional cases, all income, may be set aside for accumulation in the Investment Fund.
7. If no unit classes are formed, the income is distributed.

Section 9 Reinvestment.

In the case of the accumulating unit classes, the Company reinvests in the Investment Fund the interest, dividends and other income obtained on behalf of the Investment Fund during the financial year and not used to cover costs, taking into account the appropriate income netting, as well as the capital gains from the accumulating unit classes on a pro rata basis.

Section 10 Financial year.

The financial year of the Investment Fund begins on 1 May and ends on 30 April.

Section 11 Name.

The rights of unitholders who acquired units originally named "Dow Jones STOXX 50^{SMEX}" or "iShares DJ STOXX 50 (DE)" remain unaffected.

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