

24 June 2014

Market Announcements Office

ASX Limited

SUPPLEMENT TO AUSTRALIAN PROSPECTUS - IEM

BlackRock Investment Management (Australia) Limited, on behalf of iShares (iShares, Inc.), makes this announcement regarding the iShares® exchange traded fund ("Fund") listed below.

Attached is a copy of the supplementary prospectus for the Fund that was lodged with the Australian Securities & Investments Commission (ASIC) today.

ASX Code	Issuer	Fund
IEM	iShares, Inc.	iShares MSCI Emerging Markets ETF

Disclaimer: Before investing in an iShares fund, you should carefully consider the appropriateness of such products to your circumstances, read the applicable Australian prospectus and ASX announcements relating to the fund and consult an investment adviser.

For more information about iShares funds and copies of the supplementary prospectuses go to iShares.com.au or call 1300-iShares (1300 474 273).

*** END ***

Supplementary Prospectus No. 2 to the Prospectus dated 31 December 2013

iShares MSCI Emerging Markets ETF (ASX: IEM)

Dated 24 June 2014

iShares, Inc. ARBN 125 632 279

This Supplementary Prospectus No. 2 supplements the prospectus dated 31 December 2013 (“Prospectus”), as amended by Supplementary Prospectus No. 1 dated 10 April 2014 (“Supplementary Prospectus No. 1”), for the iShares MSCI Emerging Markets ETF (the “Fund”), issued by iShares, Inc. (the “Company”) and relating to shares of the Company referable to the Fund and CDIs over such shares. **This Supplementary Prospectus No. 2 must be read together with the Prospectus and Supplementary Prospectus No. 1.**

A copy of this Supplementary Prospectus No. 2 has been lodged with the Australian Securities and Investments Commission (“ASIC”) and released to the Australian Securities Exchange (“ASX”). Neither ASIC nor ASX take any responsibility for the contents of this Supplementary Prospectus No. 2.

The Company does not consider the modifications in this Supplementary Prospectus No. 2 to be materially adverse from the point of view of an investor.

This Supplementary Prospectus No. 2 is dated 24 June 2014 and was lodged with ASIC on that date and sets out the following changes in respect of the Fund:

Purpose of this Supplementary Prospectus No. 2

This Supplementary Prospectus No. 2 sets out changes to the Fund’s Statement of Additional Information (“SAI”). In this Supplementary Prospectus No. 2, the updates to the SAI relate solely to the Fund and therefore the relevant amendments below refer to the Fund in the singular.

Changes to the Statement of Additional Information

The SAI, lodged with ASIC in respect of the Fund and referred to in the Prospectus, is amended as follows:

A. Change to Investment Strategies and Risks

The section titled “Investment Strategies and Risks”, on pages 2 to 8 of the SAI, is amended as follows:

- i. the following new paragraph is added to page 4 of the SAI immediately following the seventh paragraph of the section:

“Although the Fund does not seek leveraged returns, certain instruments used by the Fund may have a leveraging effect as described below.”

- ii. the subsection titled “Lending Portfolio Securities”, on page 7 of the SAI, is deleted and replaced with the following:

“Lending Portfolio Securities. The Fund may lend portfolio securities to certain borrowers determined to be creditworthy by BFA, including borrowers affiliated with BFA. The borrowers provide collateral that is maintained in an amount at least equal to the current market value of the securities loaned. No securities loan shall be made on behalf of the Fund if, as a result, the aggregate value of all securities loans of the Fund exceeds one-third of the value of the Fund’s total assets (including the value of the collateral received). The Fund may terminate a loan at any time and obtain the return of the securities loaned. The Fund receives the value of any interest or cash or non-cash distributions paid on the loaned securities.

With respect to loans that are collateralized by cash, the borrower may be entitled to receive a fee based on the amount of cash collateral. The Fund is compensated by the difference between the amount earned on the reinvestment of cash collateral and the fee paid to the borrower. In the case of collateral other than cash, the Fund is compensated by a fee paid by the borrower equal to a percentage of the market value of the loaned securities. Any cash collateral may be reinvested in certain short-term instruments either directly on behalf of the Fund or through one or more joint accounts or money market funds, including those affiliated with BFA; such investments are subject to investment risk.

The Fund conducts its securities lending pursuant to an exemptive order from the SEC permitting it to lend portfolio securities to borrowers affiliated with the Fund and to retain an affiliate of the Fund as lending agent. To the extent that the Fund engages in securities lending, BlackRock Institutional Trust Company, N.A. (“BTC”) acts as securities lending agent for the Fund, subject to the overall supervision of BFA. BTC administers the lending program in accordance with guidelines approved by the Company’s Board of Directors (the “Board” or the “Directors”).

The Fund retains a portion of the securities lending income and remits a remaining portion to BTC as compensation for its services as securities lending agent. Securities lending income is equal to the total of income earned from the reinvestment of cash collateral (and excludes collateral investment fees as defined below), and any fees or other payments to and from borrowers of securities. As securities lending agent, BTC bears all operational costs directly related to securities lending. The Fund is responsible for fees in connection with the investment of cash collateral received for securities on loan in a money market fund managed by BFA; however, BTC has agreed to reduce the amount of securities lending income it receives in order to effectively limit the collateral investment fees the Fund bears to an annual rate of 0.04% until December 31, 2014 and 0.05% thereafter (the “collateral investment fees”). Such money market fund shares will not be subject to a sales load, redemption fee, distribution fee or service fee.

Pursuant to the current securities lending agreement:

- (i) the Fund retains 75% of securities lending income (which excludes collateral investment fees); however, commencing January 1, 2015 the Fund will retain 70% of securities lending income (which excludes collateral investment fees); and
- (ii) these amounts can never be less than 65% of the sum of securities lending income plus collateral investment fees.

Under the securities lending program the Fund is categorized into a specific asset class. The determination of a Fund’s asset class category (fixed income, domestic equity, international equity or fund-of-funds), each of which may be subject to a different fee arrangement, is based on a methodology agreed to between the Company and BTC.

In addition, commencing the business day following the date that the aggregate securities lending income earned across the Exchange-Traded Fund Complex (as defined under “Management – Directors and Officers”) in a calendar year exceeds the aggregate securities lending income earned across the Exchange-Traded Fund Complex in calendar year 2013 (the “Hurdle Date”) (or lesser amount as may be agreed to by the Fund and BTC), the Fund, pursuant to the securities lending agreement, will receive for the remainder of that calendar year securities lending income as follows:

- (i) 80% of securities lending income (which excludes collateral investment fees); however, for the remainder of the calendar year following any Hurdle Date after January 1, 2015, the Fund will retain 75% of securities lending income (which excludes collateral investment fees) and
- (ii) these amounts can never be less than 65% of the sum of securities lending income plus collateral investment fees.

Securities lending involves exposure to certain risks, including operational risk (i.e., the risk of losses resulting from problems in the settlement and accounting process), “gap” risk (i.e., the risk of a mismatch between the return on cash collateral reinvestments and the fees the Fund has agreed to pay a borrower), and credit, legal, counterparty and market risk. If a securities lending counterparty were to default, the Fund would be subject to the risk of a possible delay in receiving collateral or in recovering the loaned securities, or to a possible loss of rights in the collateral. In the event a borrower does not return the Fund’s securities as agreed, the Fund may experience losses if the proceeds received from liquidating the collateral do not at least equal the value of the loaned security at the time the collateral is liquidated, plus the transaction costs incurred in purchasing replacement securities. This event could trigger adverse tax consequences for the Fund. The Fund could lose money if its short-term investment of the collateral declines in value over the period of the loan. Substitute payments for dividends received by the Fund for securities loaned out by the Fund will not be considered qualified dividend income. BTC will take into account the tax effects on shareholders of this difference in connection with the Fund’s securities lending program. Substitute payments received on tax-exempt securities loaned out will not be tax-exempt income.”

B. Change to Determination of Net Asset Value

The fourth paragraph of the “Fair Value” subsection of the section titled “Determination of Net Asset Value”, on pages 93 and 94 of the SAL, is deleted and replaced with the following:

“Fair value represents a good faith approximation of the value of an asset or liability. When determining fair value of an asset, one or more of a variety of fair valuation methodologies may be used (depending on factors including the asset type). For example, the asset may be priced on the basis of the original cost of the investment or, alternatively, using proprietary or third-party models (including models that rely upon direct portfolio management pricing inputs and which reflect the significance attributed to the various factors and assumptions being considered). Prices of actual, executed or historical transactions in the relevant asset and/or liability (or related or comparable assets and/or liabilities) or, where appropriate, an appraisal by a third party experienced in the valuation of similar assets and/or liabilities, may also be used as a basis for establishing the fair value of an asset or liability. The fair value of one or more assets or liabilities may not, in retrospect, be the price at which those assets or liabilities could have been sold during the period in which the particular fair values were used in determining a Fund’s net asset value. As a result, the Fund’s sale or redemption of its shares at net asset value, at a time when a holding or holdings are valued at fair value, may have the effect of diluting or increasing the economic interest of existing shareholders.”

C. Change to Miscellaneous Information

The section titled “Miscellaneous Information”, on pages 133 and 134 of the SAI, is amended by adding to the following new subsections to the end of the section:

“Regulation Under the Alternative Investment Fund Managers Directive. The Alternative Investment Fund Managers Directive (“AIFMD”) imposes detailed and prescriptive obligations on fund managers established in the EU (“EU Operative Provisions”). These do not currently apply to managers established outside of the EU, such as BFA. Rather, non-EU managers are only required to comply with certain disclosure, reporting and transparency obligations of AIFMD (“AIFMD Disclosure Provisions”) if such managers market a fund to EU investors.

Where the AIFMD Disclosure Provisions relate to EU Operative Provisions that do not apply to BFA, no meaningful disclosure can be made. These EU Operative Provisions include prescriptive rules on: measuring and capping leverage in line with known European standards; the treatment of investors; the use of ‘depositories’; and coverage for professional liability risks.

AIFMD imposes certain conditions on the marketing of funds, such as the Funds, to EU investors. AIFMD requires that an ‘alternative investment fund manager’ (“AIFM”) be identified to meet such conditions where such marketing is sought. For these purposes BFA, as the legal entity responsible for performing the portfolio and risk management of the Funds, shall be the AIFM.

AIFMD requires disclosure on an ongoing basis of certain information relating to the use of special arrangements, leverage, rights of reuse of collateral, guarantees granted under leverage arrangements and the use of gates, side pockets and similar liquidity management tools. Given that the Fund does not use any special arrangements or allows for collateral reuse, it is not intended that such disclosures will need to be made by the Fund. The Fund will, however, to the extent relevant and appropriate, disclose in its annual report information on the Fund’s leverage, risk profile and risk management systems employed by BFA. The Fund will also disclose material changes, if any, to the liquidity management systems and procedure employed in respect of the Fund.

BFA intends to market the Fund to EU investors in the United Kingdom, the Netherlands, Finland, Sweden, and Luxembourg.

Investors’ Rights. The Fund relies on the services of its investment adviser and other service providers, including the distributor, administrator, custodian and transfer agent. Further information about the duties and roles of these service providers is set out in this SAI. Investors who acquire shares of the Fund are not parties to the relevant agreement with these service providers and do not have express contractual rights against the Fund or its service providers, except certain institutional investors that are Authorized Participants may have certain express contractual rights with respect to the Distributor under the terms of the relevant authorized participant agreement. Investors may have certain legal rights under federal or state law against the Fund or its service providers. In the event that an investor considers that it may have a claim against the Fund, or against any service provider in connection with its investment in the Fund, such investor should consult its own legal advisor.

By contract, Authorized Participants irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court sitting in New York City over any suit, action or proceeding arising out of or relating to the authorized participant agreement. Jurisdiction over other claims, whether by investors or Authorized Participants, will turn on the facts of the particular case and the law of the jurisdiction in which the proceeding is brought.”

Terms used in this Supplementary Prospectus No. 2 have the same meanings as in the Prospectus and Supplementary Prospectus No. 1. Prior to investing in the Fund, a prospective investor must take into account and accept the foregoing information, as well as the information disclosed in the Prospectus and Supplementary Prospectus No. 1.

This Supplementary Prospectus No. 2 is prepared by, or on behalf of, the Company.

Signed for the purpose of section 351 of the Corporations Act 2001 (Cth):

Alison Telfer - Director
BlackRock Investment Management (Australia) Limited
Local Agent of iShares, Inc.