

ASX Investment Products mFund Update - August 2021

12 August 2021

mFund Update – Design & Distribution Obligations (DDO)

1. Target Market Determination (TMD) documents

ASX will be developing the following to assist mFund brokers in accessing TMDs:

- **New TMD lodgement type in ASX Market Announcements Platform (MAP):** A new lodgement type will be made available in the ASX Market Announcements Platform (MAP) from 20th September 2021 prior to the formal commencement of the regulatory obligations on 5th October 2021. This will enable product issuers to lodge their TMD in the same way they do other documents via ASX. The lodgement will be distributed via the ASX ComNews feed so mFund brokers and advisers can access TMDs via a single source. A link to the announcement of this change can be found [here](#)¹. Further instructions on how to utilise this new lodgement type and expectations regarding the use of the functionality will be provided over the coming month.
- **Consolidated DDO machine readable TMD template:** ASX is investigating obtaining each DDO machine readable TMD template that is being distributed by product issuers and providing a consolidated version of these files on an ongoing basis to mFund brokers.

Action required by product issuers: At this stage ASX would appreciate if issuers could please take the following actions:

- Send ASX your latest draft TMDs (PDF &/or machine readable file) to the following email address as they become available: ddo@asx.com.au
- Advise ASX how you intend on distributing your machine readable TMD file on an ongoing basis and how we can subscribe to receive these files.
- Advise ASX if you will be using the FSC template.
- Provide point of contact details for any DDO related queries.

The above changes are in response to feedback received from mFund stakeholders. ASX will continue to review the suitability of the above changes and are open to removing, enhancing or adding other services as we learn what is helping the industry with their obligations. We appreciate any feedback mFund stakeholders have in relation to the above or additional actions ASX can take to assist the industry.

¹ <https://www.asxonline.com/public/notices/2021/June/0858.21.06.html>

2. Distributor selection in relation to Design & Distribution Obligations

ASX understands that issuers are undertaking various approaches to performing their reasonable steps in relation to distributor selection,² such as asking mFund brokers to fill out questionnaires or respond to letters.

We would like to understand the various ways issuers are dealing with this obligation to see if there is an opportunity to standardise the approach. While we appreciate the regulatory obligation being placed on issuers, we also believe that if each issuer has its own approach to performing these obligations it will possibly create unnecessary duplication on issuers and mFund brokers (ASX Trading Participants) alike.

Action required by Product Issuers: We would appreciate if issuers could send ASX a description of the process they will be undertaking in relation to distributor selection for mFund. If applicable, a draft copy of any questionnaires or letters that are being sent to mFund brokers would be appreciated.

3. Participant Update – nabtrade

ASX wishes to advise that in response to DDO, nabtrade (Wealthhub Securities) have decided to turn off mFund application functionality until further notice. nabtrade will continue to support existing mFund holdings and redemptions in mFund. A link to the nabtrade announcement can be found [here](#)³. ASX understands that nabtrade will continue to update their [FAQ](#) page as further questions are received from investors.

4. mFund Service – Overview

ASX is aware that there may be staff or consultants undertaking work in relation to DDO that are new to the ASX Managed Funds Settlement Service (mFund) and are not familiar with how it operates, the range of information provided about investors to fund managers (via their unit registry), and the obligations of Participants that offer access to funds on the service. The following resources may assist anyone wishing to understand how mFund operates in more detail:

- The following presentation contains an overview of the service, broker market share, message workflow and information about mFund broker obligations ([see here](#)⁴).
- The following site contains links to key resources about mFund ([see here](#)⁵).

Please feel free to reach out to the following Investment Products team members directly if you have any questions and wish to discuss DDO for mFund or any other ASX Investment Product:

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² See RG 274 Section 146, Table 4, Page 48

³ <https://www.nabtrade.com.au/investor/products/investments/mfunds>

⁴ <https://asxonline.com/content/dam/asxonline/public/documents/asx-investment-products-mFund-overview-june-2021.pdf>

⁵ <https://asxonline.com/public/documents/asx-managed-fund-settlement-service--mfund-/asx-managed-fund-settlement-service--mfund-.html>