



mFund Industry Working Group

ASX Investment Products

22 February 2024

Agenda

1. Review purpose of Industry Working Group
2. Resources page
3. Planning & Upcoming Key Dates
4. Fee Relief Update
5. Removals Process Update
6. Investor Details Update
7. AML/CTF Issues
8. Key ASX contacts
9. Questions & Other Business

1. Industry Working Group Review of Purpose

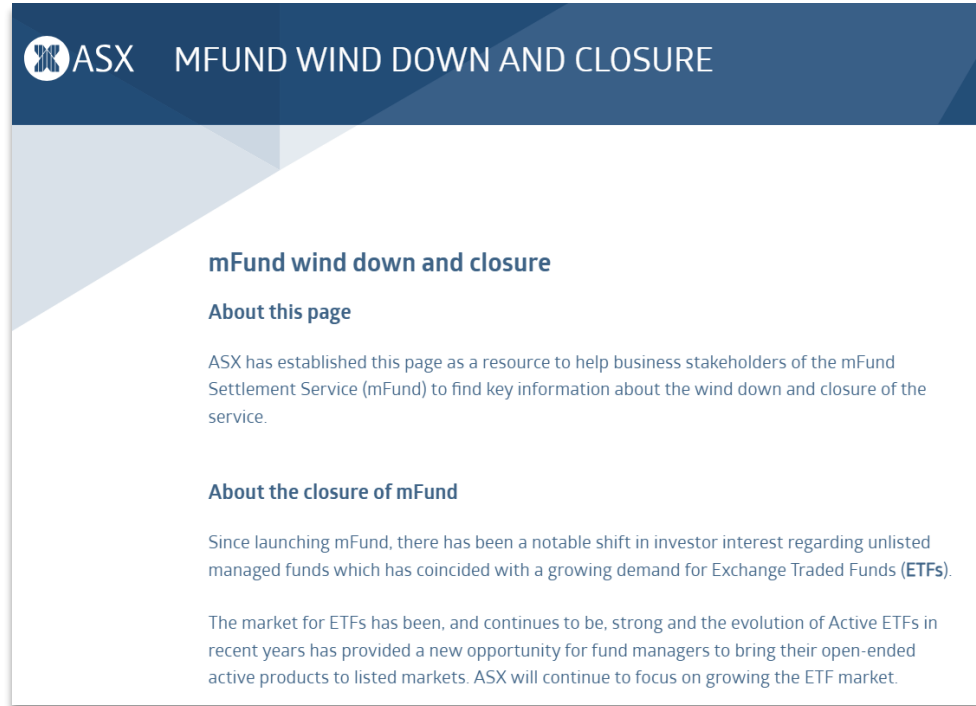
Facilitate a fair and orderly wind down

- Representatives from:
 - Issuers (&/or Investment Managers)
 - PISPs/Registries, and
 - Trading and Settlement Participants (Brokers)
- Act as focus group to help raise issues and provide feedback on closure policies & procedures
- To meet every second month from February 2024 (or as required).
- Proposed meeting schedule for first half 2024
 - 22 February 2024
 - 10 April 2024
 - 5 June 2024

2. Resources page

ASX Online

ASX Online¹ will be used to maintain a record of all presentations, FAQs, procedures, key contacts etc.



The screenshot shows a webpage with a dark blue header containing the ASX logo and the title 'MFUND WIND DOWN AND CLOSURE'. Below the header, the main content area is white with a light blue diagonal graphic element on the left. The page features a sub-header 'mFund wind down and closure', followed by a section titled 'About this page' which explains that ASX has established this page as a resource for business stakeholders of the mFund Settlement Service (mFund) to find key information about the wind down and closure of the service. A second section, 'About the closure of mFund', discusses the shift in investor interest regarding unlisted managed funds and the growing demand for Exchange Traded Funds (ETFs), noting that the market for ETFs has been strong and that ASX will continue to focus on growing the ETF market.

¹ <https://asxonline.com/public/documents/asx-managed-fund-settlement-service--mfund-/mfund-wind-down-and-closure.html>

3. Planning & Upcoming Key Dates

What ASX needs from Issuers

Item	Notes	Deadline
1. Primary contact(s)	<ul style="list-style-type: none">Nominate a representative from each Issuer, PISP and Trading/Settlement Participant to liaise with ASX for the purposes of mFund closurePlease email details to mFund@asx.com.au	22 December 2023
2. Indicative strategy for your fund	<p>Strategy options</p> <ol style="list-style-type: none">Remove fund from mFund and convert unit holders to holding their units directly with issuerClose fund/unit class permanently and pay out unit holdersConvert to ETF<ol style="list-style-type: none">Complete <i>Preliminary Assessment Questionnaire</i> (ASX Online Resources Page)Attend Webinar Thursday 8th February <ul style="list-style-type: none">Please email details to ashley.parker@asx.com.au	Preliminary guidance by 29 February 2024
3. Target date/period for removal	<ul style="list-style-type: none">Liaise with your Registry to determine achievable target dates for removalPlease email details to ashley.parker@asx.com.au	31 March 2024

4. Fee Relief Update

- Covers all mFund related fees charged by ASX to Issuers, PISPs & Trading & Settlement Participants
- Fees to be waived (e.g. annual listing fee) and/or rebated quarterly (e.g. CHESSE fees)
- Initial ETF admission fee to be waived for any fund converting to an ETF
- Effective 1 January 2024
- The vast majority of fees will cease to be charged but some CHESSE related fees will require rebating.

5. Removals Process

Checklist

- ASX will provide a checklist template for REs/Issuers to complete
- Objective:
 - 1) to accelerate the process of removing funds, and
 - 2) identify key Issuer responsibilities at various stages of the removals process
- The Checklist will require confirmation of 10-15 items:
 - Market Announcement dates
 - Removal dates
 - Blackout dates
 - Fund profile update
 - Whether unitholder approval is required
 - Whether AQUA Product Issuer status to be revoked

- 7 • ASX will continue to refine the Checklist as required.

6. Investor Details Update

Bulk messaging upload

- ASX has received support from Brokers to provide an update of the investor details via CHESSE message
- Co-ordination required between Brokers, Issuers and Registries
- Date for the CHESSE message to be determined

7. AML/CTF Issues

This slide does not include legal advice. Issuers should obtain their own legal advice in relation to their ability to deliver services to their clients once their funds are removed from mFund having regard to their particular circumstances and objectives.

- mFund issuers may currently rely on AML/CTF relief under paragraph 21.4(4) of the *Anti-Money Laundering and Counter Terrorism Rules 2007*
- Where the conditions of that relief are satisfied, the issue of an mFund unit is exempt from the definition of 'designated services' (see Item 35 of *Anti Money Laundering and Counter Terrorism Act (2001)*-see Appendix A)
- It is expected that the practical operation of this relief may be affected in some respects following mFund's closure
- Issuers may wish to consider and seek legal advice in relation to:
 - > The structure and operation of the fund after mFund is closed
 - > The constituent documents of the Fund and any related disclosures
 - > Fund services and features that issuers wish to provide after mFund is closed
 - > Relevant service provider arrangements and procedures, including in relation to KYC

8. Key contacts

Please email mFund@asx.com.au for general enquiries or to commence the removal process.

Alternatively, please contact any of the following team members if you have further questions.

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Questions & Other Business



Appendix A

Item 35 of the Act is extracted below:

"issuing or selling a security or derivative to a person, where:

- (a) the issue or sale is in the course of carrying on a business of issuing or selling securities or derivatives; and
- (b) in the case of an issue of a security or derivative—the issue does not consist of the issue by a company of either of the following:
 - (i) a security of the company (other than an interest in a managed investment scheme); or
 - (ii) an option to acquire a security of the company (other than an option to acquire an interest in a managed investment scheme); and
- (ba) in the case of an issue of a security or derivative—the issue does not consist of the issue by a government body of a security of the government body or of an option to acquire a security of the government body; and
- (c) in the case of an issue of a security or derivative—the issue is not an exempt financial market operator issue; and
- (d) such other conditions (if any) as are set out in the AML/CTF Rules are satisfied."