Response to ASX Consultation Paper
Enhancing the ASX Investment Products Offering (16 April 2022)

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Date: **[23/06/2022]**

~~**Confidential**~~**/Not confidential**

Consultation Question	Our Response
2.2 Some threshold rule issues - Why three separate rule books?	
Question 2.2.1: Would you have any concerns if ASX were to combine the ASX AQUA Rules and Warrant Rules into a single rule book governing non-listed Investment Products? If so, what are they and how might they be addressed?	**Answer:** N/A
Question 2.2.2: If the ASX AQUA Rules and Warrant Rules are combined into a single rule book governing non-listed Investment Products, would you have any concerns if ASX were to make Warrants a sub-category of ETSPs? If so, what are those concerns?	**Answer:** N/A
Question 2.2.3: Do you see any benefit or value in maintaining the name "AQUA" as part of the ASX Investment Product rule framework? Does it have any currency with investors?	**Answer:** N/A
2.3 Some threshold rule issues - The treatment of LICs and LITs under the Listing Rules	
Question 2.3.1: Do you support the proposed new definition of "financial investment entity" set out in the consultation paper. If not, why not and how would you define this term?	**Answer:** N/A

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Consultation Question	Our Response
2.4 Some threshold rule issues - The treatment of REITs and IFs under the Listing Rules	

Question 2.4.1: Should REITs and IFs be formally recognised in the Listing Rules as separate categories of listed investment vehicles? If not, why not?	**Answer:** Morningstar's observation is that REITs and IFs are not typically found directly held within diversified investment portfolios for individual investors (either advised, or self-directed). That is, they are not typically used as building blocks to build out a rounded asset class exposure. REITs and IFs are not usually substitutes for traditional managed funds. We have, however, observed that LICs/LITs are more commonly used and substituted within individual investment portfolios. We do not observe our clients using our tools to compare REITs/IFs with managed funds—however, we do observe that LICs/LITs are more commonly compared. We believe that it makes sense to have formally recognised, separate categories for REITs and IFs within the listed investment vehicle designation. REITs are more commonly compared with non-investment companies. As such, it is important any changes to not render them less comparable to those entities. The consultation paper states that REITs are currently subject to "the same admission requirements and ongoing obligations under the Listing Rules as other (non-investment) entities." This is appropriate for two main reasons. First, REITs exercise control over properties they own and are not passive owners of assets. Second, while REITs are vehicles that own property, they also undertake business activities beyond rent-collecting. These activities include property development, funds management, third-party property management, provision of aged care, advertising and customer data collection, energy generation, and many other businesses. The amount of "other business activity" differs among REITs and differs for individual REITs over time. For

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	example, Shopping Centres Australasia primarily owns neighbourhood shopping centres, and its main income source is rent. By contrast, major office-REIT Dexus also has a substantial funds management business. Yet Shopping Centres Australasia has had funds management businesses in the past and may have them again. Also, Dexus is growing its funds management business at present. This underscores the absence of clear demarcation between passive, rent-collecting REITs, and actively managed property businesses. This flexibility is an important part of the capital allocation and portfolio management process for property-related businesses. Therefore, care should be exercised to make sure that the creation of a separate investment subcategory for REITs does not result in unintended, arbitrary distinctions between REITs and other property-related businesses, or onerous reporting requirements that differ depending on whether a property-related company is classified as a REIT or not. Any such arbitrary distinctions may hamper capital allocation.
Question 2.4.2: Do you support the proposed new definitions of "real estate investment entity" and "infrastructure investment entity" set out in the consultation paper. If not, why not and how would you define these terms?	**Answer:** Morningstar sees no issue with the definition in the consultation paper; however, we would like to see more clarity and specificity within the definition on how the ASX will determine the nature of the investment assignment. It is not clear in the definition between what is a real estate investment entity and what is not, other than "the ASX determines this."

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2.5 Some threshold rule issues - Towards a more aligned rule framework for Investment Products	
Question 2.5.1: Do you support the proposed new definition of "collective investment entity" set out in the consultation paper. If not, why not and how would you define this term?	**Answer:** The differentiating factor between what the proposal document calls "collective investment entities" and the other ASX-tradable managed investments, like ETPs/MFunds (investment products), is that the collective investment entities are closed-ended. Both the name and the definition should make this clear. Calling only the closed-ended entities "collective investment entities" risks confusing investors and observers, because the ETPs/MFunds are also collective and could easily be known investment entities—at least from the public's point of view. Morningstar believes the ASX should consider a nomenclature that specifically names the most obvious differences between the types of securities being grouped together (open or closed-ended).
Question 2.5.2: Are there other types of entities, apart from LICs, LITs, REITs and IFs, that should be formally recognised in the Listing Rules as separate categories of collective investment entities so that some or all of the specific Listing Rules that are proposed to apply collectively to LICs, LITs, REITS and IFs also apply to them?	**Answer:** N/A
2.6 Some threshold rule issues - Issues with the current definition of "investment entity" in the Listing Rules	
Question 2.6.1: Do you think that the terms "LIC" and "LIT" have a particular connotation for retail investors? If so, what is that connotation and what ramifications does that have for the definition of "investment entity" in the Listing Rules?	**Answer:** N/A

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Question 2.6.2: If the current rule framework for investment entities in the Listing Rules is retained, should the definition of "investment entity" be narrower and more specific about the types of securities and derivatives in which the entity can invest? If so, what types of securities and derivatives should LICs and LITs be limited to investing in? Alternatively, should the definition of "investment entity" be broader and allow the entity to invest in a wider class of financial assets than just securities or derivatives? If so, what additional classes of financial assets should LICs and LITs be allowed to invest in?	**Answer:** N/A
Question 2.6.3: If the current rule framework for investment entities in the Listing Rules is retained, should there be any constraints on the ability of a LIC or LIT to invest in securities in an unlisted company or in OTC derivatives, given the capacity that opens for them to invest in any class of underlying asset? If so, what should those constraints be? If not, why not?	**Answer:** N/A
Question 2.6.4: If the current rule framework for investment entities in the Listing Rules is retained, should the definition of "investment entity" continue to exclude an entity that has an objective of exercising control over or managing any entity, or the business of any entity, in which it invests? If so, why? If not, why not?	**Answer:** N/A
Question 2.6.5: If your answer to Question 2.6.4 is "yes", what consequence do you think should follow if a LIC or LIT enters into, or seeks to enter into, a transaction that will allow it to exercise control over or manage any entity, or the business of any entity, in which it invests? Should this be prohibited? Or should it be permitted if the entity obtains approval from its shareholders/unitholders?	**Answer:** N/A

Consultation Question	Our Response
Question 2.6.6: If your answer to Question 2.6.4 is "yes", how do you think ASX should address a situation where an investment entity generally does not have the objective of exercising control over or managing any entity, or the business of any entity, in which it invests but feels that it needs to do so in a particular case, in the interests of its investors, because the entity or business is being poorly managed? Should this be permitted if the entity obtains approval from its shareholders/unitholders or should ASX consider granting a waiver to allow this to occur where it is satisfied that this is a "one-off" and temporary situation?	**Answer:** N/A
Question 2.6.7: If your answer to Question 2.6.4 is "yes", to address the concerns in the text, would you support expanding the second limb of the definition of "investment entity" so that it reads: "*Its objectives do not include **(alone or together with others)** exercising control over or managing any entity, or the business of any entity, in which it invests*"?	**Answer:** N/A
Question 2.6.8: As an alternative to precluding an investment entity from having an objective of exercising control over or managing an entity or its business, would it be better for the Listing Rules to limit the percentage holding an investment entity and its associates can have in any one entity. If so, what percentage would you suggest? If not, why not?	**Answer:** N/A
Question 2.6.9: As an alternative to, or in addition to, the suggestion in the previous question, would it be better for the Listing Rules to limit the percentage of funds that an investment entity can invest in any one entity, thereby ensuring that it has a portfolio of different investments? If so, what percentage would you suggest? If not, why not?	**Answer:** N/A
Question 2.6.10: If the current rule framework for investment entities in the Listing Rules is retained, to address the concerns in the text, should the definition of "investment entity" be broadened so that it captures any entity which has been advised by ASX that it is an investment entity for the purposes of the Listing Rules?	**Answer:** N/A

Consultation Question	Our Response
Question 2.6.11: If the current rule framework for investment entities in the Listing Rules is retained, are there any other improvements that could be made to the existing definition of "investment entity" in the Listing Rules? If so, what are they?	**Answer:** N/A
3.2 Approved issuers - Approved issuers of AQUA Products and Warrants	
Question 3.2.1: Should the list of Approved Issuers of AQUA Products and Warrants be expanded to include entities that are prudentially regulated by an overseas regulator equivalent to APRA? If not, why not?	**Answer:** N/A
Question 3.2.2: Are there any other types of issuers who should be added to the list of Approved Issuers for AQUA Products and Warrants? If so, what are they and why should they be added to the list of Approved Issuers for AQUA Products and Warrants?	**Answer:** N/A
3.3 Approved issuers - Financial products excluded from being AQUA Products	
Question 3.3.1: Do you agree with ASX's proposed changes to the exclusions in AQUA Rule 10A.3.3(d) so that they only apply to securities in a financial investment entity, real estate investment entity or infrastructure investment entity that is quoted on the ASX market under the ASX Listing Rules rather than the AQUA Rules. If not, why not?	**Answer:** N/A
Question 3.3.2: Do you think that an AQUA Product issuer should be precluded from having a controlling interest in the issuer of an underlying instrument in its portfolio? If not, why not? If so, do you think that AQUA Rule 10A.3.3(d) is sufficiently clear in this regard? If not, how would you re-word that rule to cover the point?	**Answer:** N/A

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3.4 Approved issuers - Hybrid Listed/AQUA Product structures	
Question 3.4.1: Do you have any views about hybrid structures, where a listed issuer that is also approved as an AQUA Product issuer simultaneously issues one class of securities that is a Listed Investment Product subject to the Listing Rules and another class of securities that is an AQUA Product subject to the AQUA Rules? What do you see as the advantages and disadvantages of these hybrid structures? Do you see any particular risks associated with, or have any other concerns about, these hybrid structures that you would like to see addressed in any re-write of the Listing Rules and the AQUA Rules?	**Answer:** N/A
4.2 Admission requirements and processes - Minimum fund size	
Question 4.2.1: Is having an NTA (after deducting the costs of fund raising) of $15 million a suitable threshold for admission as a LIC or LIT? Should it be higher? If so, what should it be?	**Answer:** N/A
Question 4.2.2: Is having an NTA (after deducting the costs of fund raising) of $4 million a suitable threshold for admission as a REIT or IF? Should it be higher? If so, what should it be?	**Answer:** N/A
Question 4.2.3: If in your response to Question 2.5.2 you have identified other types of collective investment product issuers, apart from LICs, LITs, REITs and IFs, that should be formally recognised in the Listing Rules as separate categories of listed investment vehicles, is having an NTA (after deducting the costs of fund raising) of $4 million a suitable threshold for admission as such a vehicle? Should it be higher? If so, what should it be?	**Answer:** N/A
Question 4.2.4: Do you agree with ASX's conclusion that it is not necessary to impose a minimum subscription or fund size requirement for AQUA Products or Warrants to be admitted to quotation under the AQUA Rules or Warrant Rules, given the liquidity support obligations that apply to those products? If not, why not and what minimum subscription or fund size would you suggest?	**Answer:** N/A

Consultation Question	Our Response
Question 4.2.5: Do you think that ASX should have the power to order the issuer of an AQUA Product or Warrant to conduct an orderly wind down of the product and also for ASX to suspend quotation of the product while the orderly wind-down is undertaken if, in ASX's opinion, there is not sufficient investor interest in the product to warrant its continued quotation? If so, what considerations do you think ASX should take into account in exercising that power? If not, why not?	**Answer:** N/A
4.3 Admission requirements and processes - Commitments	
Question 4.3.1: Should REITs and IFs be excluded from the "commitments test", in the same way that LICs and LITs are?	**Answer:** REITs are primarily viewed by investors as non-investment entities and, as such, should remain subject to the same rules as other non-investment entities. Therefore, REITs should remain subject to the commitments test, unless there is a specific reason as to why it should not. The consultation paper provides no reason why REITs should be exempt, other than the possibility that REITs might be included in a separate investment category. Morningstar does not view that as a sufficient reason, given the fact that REITs are typically viewed by investors as non-investment entities.
Question 4.3.2: If in your response to Question 2.5.2 you have identified other types of collective investment product issuers, apart from LICs, LITs, REITs and IFs, that should be formally recognised in the Listing Rules as separate categories of listed investment vehicles, should those product issuers also be excluded from the "commitments test", in the same way that LICs and LITs are?	**Answer:** N/A

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4.4 Admission requirements and processes - Required licences	
Question 4.4.1: Should entities seeking admission to the official list as an issuer of a Listed Investment Product have to satisfy an admission condition that they hold all required licenses under Chapter 7 of the Corporations Act and, once they are admitted, under a continuing obligation to satisfy that condition for as long as they have any Listed Investment Products on issue? If not, why not?	**Answer:** N/A
4.5 Admission requirements and processes - Adequate facilities and resources	
Question 4.5.1: Should entities seeking admission to the official list as an issuer of a Listed Investment Product have to satisfy an admission condition that they have adequate facilities, systems, processes, procedures, personnel, expertise, financial resources and contractual arrangements with third parties to perform their obligations as such an issuer and, once they are admitted, under a continuing obligation to satisfy that condition for as long as they have any Listed Investment Products on issue? If not, why not?	**Answer:** N/A
5.2 Product names - Naming requirements for AQUA Products and Warrants	
Question 5.2.1: Are there any other naming constraints or requirements, apart from those set out in the text, that should apply to AQUA Products or Warrants generally or to specific types of AQUA Products or Warrants? If so, what are they?	**Answer:** Morningstar has no additional constraints or requirements in terms of legal names of funds. We do, however, note that most systems used to process this data have character limits, and it would be beneficial to store both a full legal name as well as a "short" name that would be limited to 40 characters for ease of storing and display. Morningstar specifically removes any reference to the word "index" within the standard names of ETFs because it is not considered a valuable word for investors. Morningstar adds the acronym ETF when it is not found in the standard name.

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5.3 Product names - Naming requirements for Listed Investment Products	
Question 5.3.1: Do you support the introduction of a rule for Listed Investment Products that the name of the product must not, in ASX's opinion, be capable of misleading retail investors as to the nature, features or risks of the product? If not, why not?	**Answer:** Morningstar unequivocally agrees that the names of managed funds should not be allowed to mislead investors and that names should be strictly monitored by the ASX.
Question 5.3.2: Do you support the introduction of a rule for Listed Investment Products that if the issuer proposes to change the name of the product, it must first seek approval from ASX to the new name? If not, why not?	**Answer:** Morningstar unequivocally agrees that the names of managed funds should not be allowed to mislead investors and that names should be strictly monitored by the ASX. In practise, this means that the ASX should approve all changes at launch date, as well as any subsequent changes.
Question 5.3.3: Should issuers of Listed Investment Products be prohibited under the Listing Rules from describing themselves as an "Exchange Traded Fund" or "ETF"? If not, why not??	**Answer:** Morningstar agrees that the "ETF" tag should be saved for investment vehicles only and that issuers should be prohibited from describing themselves in that manner. A company itself is not an ETF; it is a company that makes available an ETF for investment.
Question 5.3.4: If your answer to question 5.3.3 is 'no', should LICs and LITs be subject to a Listing Rule requiring them to comply with similar naming requirements as those set out by ASIC in INFO 230? If not, why not?	**Answer:** N/A - we agree with 5.3.3.

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Question 5.3.5: Are there any other naming constraints or requirements that should apply to Listed Investment Products generally or to specific types of Listed Investment Products? If so, what are they?	**Answer:** Like our answer to 5.2.1. The Securities and Exchange Commission has some very detailed clear naming-convention restrictions, found here: https://www.sec.gov/rules/final/ic-24828.htm They are also proposing to add some more rules around these: https://www.sec.gov/files/ic-34593-fact-sheet.pdf
6.2 Investment mandates - Investment mandates for AQUA Products	
Question 6.2.1: For greater certainty, should the term "investment mandate" be defined in the AQUA Rules? If so, would you be happy with a definition that simply incorporates the two components mentioned in section 6.2 of the consultation paper (ie investment objective and investment strategy)? If not, how would you define the term "investment mandate"?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. In principle, we believe that the investment mandate should be set out in the PDS, and we see no good reason that this should not also be approved by the ASX. We would also suggest that the term "investment mandate" is enhanced to cover a third component—The Asset Class benchmarks and ranges—to indicate what investments the fund is allowed to invest into and in what proportion. If indeed the rules are changed to bring more types of securities into the available investment universe for listed products/entities, then this requirement becomes even more important.

Consultation Question	Our Response
Question 6.2.2: Should the AQUA Rules impose any constraints on an ETF, ETMF, or ETSP that takes the form of a Collective Investment Product from changing its investment mandate (such as a requirement for a certain period of notice before the change is made)? If so, what should those constraints be? If not, why not?	**Answer:** As long as the changes are disclosed, Morningstar does not see a good reason why there should be any constraints. If the data is clearly disclosed in the PDS, and the changes are not made prior to the PDS being issued, then this would follow practices of unlisted managed funds that regularly amend their investment mandate by issuing a PDS or supplementary document. A reasonableness guidance should be mentioned to allow the ASX to intervene, if necessary—certainly around frequency, but guidance about specific constraints are not needed at this time.
Question 6.2.3: Should the AQUA Rules require an ETF, ETMF, or ETSP that takes the form of a Collective Investment Product to advise the market immediately if it materially breaches its investment mandate? If not, why not?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. A material breach of an investment mandate is information that should be known to investors of the fund to make informed decisions. A breach can be interpreted as an issuer having operational issues, such as lax oversight or suboptimal pre-trade/post-trade compliance systems. It could also point to more nefarious issues, such as rogue traders or outright fraudulent activity. These sorts of issues help to inform what Morningstar would term an issuer's "stewardship" activities and capabilities, and it is something we believe should be required by regulation to be reported within a reasonable time frame. This will allow investors to assess whether that investment has the best chance of ensuring that it helps them meet their goals.
Question 6.2.4: Should the AQUA Rules require an ETF, ETMF, or ETSP that takes the form of a Collective Investment Product to confirm in its annual report whether it has materially complied with its investment mandate for the financial year and, if it hasn't, to disclose any material departures from that mandate? If not, why not? If so, should that statement be audited or otherwise verified by an independent third party?	Answer: Yes, to all—for the same reasons as the previous answer. Morningstar does not see any valid reason this information should be withheld from investors, potential investors, or market observers.

Consultation Question	Our Response
6.3 Investment mandates - Investment mandates for Listed Investment Products	
Question 6.3.1: Should the Listing Rules require an entity applying for admission as a LIC or LIT to satisfy an admission condition that it have an investment mandate which is acceptable to ASX and which is set out in its listing prospectus or PDS. If not, why not? If so, how should the term "investment mandate" be defined in the Listing Rules? Would the two-part definition mentioned in section 6.2 of this consultation paper incorporating investment objective and investment strategy be appropriate?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. In principle, we believe that the investment mandate should be set out in the PDS, and we see no good reason that this should not also be approved by the ASX. We also would suggest that the term "investment mandate" is enhanced to cover a third component—The Asset Class benchmarks and ranges—to indicate what investments the fund is allowed to invest into and in what proportion. If indeed the rules are changed to bring more types of securities into the available investment universe for listed products, then this requirement becomes even more important.
Question 6.3.2: Should the Listing Rules impose any constraints on a LIC or LIT from changing its investment mandate (such as a requirement for a certain period of notice before the change is made or that the mandate can only be changed with the approval of its security holders)? If so, what should those constraints be? If not, why not?	**Answer:** If the changes are disclosed, Morningstar does not see a good reason why there should be any constraints. If the data is clearly disclosed in the announcements—and the changes are not made prior to the announcement being issued—then this would follow practices of unlisted managed funds that regularly amend their investment mandate by issuing a PDS or supplementary document. Without being prescriptive, the ASX should offer reasonableness guidance on frequency of mandate changes.

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Question 6.3.3: Should the Listing Rules require a LIC or LIT to advise the market immediately if it materially breaches its investment mandate? If not, why not?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit investors. A material breach of an investment mandate is information that should be known to investors to make informed decisions. A breach can be interpreted as an issuer having operational issues, such as lax oversight or suboptimal pre-trade/post-trade compliance systems. It could also point to more nefarious issues, such as rogue traders or outright fraudulent activity. These sorts of issues help to inform what Morningstar would term an issuer's "stewardship" activities and capabilities, and it is something we believe should be required by regulation to be reported within a reasonable time frame to allow investors to assess whether that investment has the best chance of ensuring that it helps them meet their goals.
Question 6.3.4: Should the Listing Rules require a LIC or LIT to confirm in its annual report whether it has materially complied with its investment mandate for the financial year and, if it hasn't, to disclose any material departures from that mandate? If not, why not? If so, should that statement be audited or otherwise verified by an independent third party?	Answer: Yes, to all—for the same reasons as the previous answer. Morningstar does not see any valid reason this information should be withheld from investors, potential investors, or market observers.
Question 6.3.5: Should REITs and IFs also be subject to similar requirements regarding investment mandates as those suggested above for LICs and LITs? If not, why not? If so, why and do those requirements need any customisation to deal with the different attributes of REITs and IFs compared to LICs and LITs?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. In principle, we believe that the investment mandate should be set out in the offer documents, and we see no good reason that this should not also be approved by the ASX and be something required by listed REITs/IFs. We do acknowledge that REITS adhere to the same requirements as listed (non-investment) companies. Requirements imposed by accounting regulations are already significant.

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7.2 Permitted investments - Acceptable underlying instruments for AQUA Products	
Question 7.2.1: Do you support including in the list of acceptable underlying instruments for AQUA Products any financial product that, in ASX's opinion, is subject to a reliable and transparent pricing framework? If not, why not?	**Answer:** N/A
Question 7.2.2: Are there any other financial products or indices that you consider should be added to the list of acceptable underlying instruments for AQUA Products? If so, please provide details and explain the reasons why.	**Answer:** N/A
Question 7.2.3: Are there any products currently included in the list of acceptable underlying instruments for AQUA Products that you consider should be excluded? If so, please provide details and explain the reasons why.	**Answer:** N/A
7.3 Permitted investments - Acceptable underlying instruments for Warrants	
Question 7.3.1: Should the Warrant Rules be amended to limit the acceptable underlying instruments for Warrants to the same types of underlying instruments as are acceptable for AQUA Products? If not, why not?	**Answer:** N/A
Question 7.3.2: Are there any other types of products that should be added to the list of acceptable underlying instruments for Warrants?	**Answer:** N/A
7.4 Permitted investments - Acceptable underlying instruments for Listed Investment Products	
Question 7.4.1: Do you agree that it is not necessary to proscribe the types of underlying assets in which LICs, LITs, REITs and IFs can invest under the Listing Rules beyond what is inherent in the proposed definitions of "financial investment entity", "real estate investment entity" and "infrastructure investment entity" in sections 2.3 and 2.4 of this paper? If not, why not?	**Answer:** N/A

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7.5 Permitted investments - Feeder-fund structures	
Question 7.5.1: Do you support the rule changes being considered by ASX to deal with feeder funds? If not why not? Are there any other issues with feeder funds that you would like to see addressed in any re-write of the Listing Rules or AQUA Rules?	**Answer:** N/A
7.6 Permitted investments - The use of derivatives	
Question 7.6.1: Should the list of acceptable counterparties to an OTC derivative entered into by an AQUA Product issuer be extended to include other types of institutions apart from ADIs, or entities guaranteed by ADIs, in Australia, France, Germany, the Netherlands, Switzerland, the UK or the US? If so, what other types of institutions should be included? If not, why not?	**Answer:** N/A
Question 7.6.2: Should the list of acceptable assets that can be received by an AQUA Product issuer by way of collateral under an OTC derivative be extended to include other types of assets apart from securities that are constituents of the S&P/ASX 200 index, cash, Australian government debentures or bonds, or the underlying instrument for the AQUA Product? If so, what other types of assets should be included? If not, why not?	**Answer:** N/A
Question 7.6.3: Should there be similar constraints on the types of assets that can be received by an AQUA Product issuer by way of collateral under a securities lending arrangement or prime brokerage agreement? If so, why? If not, why not?	**Answer:** N/A
Question 7.6.4: Are there any other issues with the provisions in the AQUA Rules regulating the use of OTC derivatives that you would like to see addressed in any re-write of the AQUA Rules? If so, please provide details and explain the reasons why.	**Answer:** N/A

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7.7 Permitted investments - Ancillary liquid assets and incidental investments	
Question 7.7.1: Do you support the introduction of provisions into the AQUA Rules to recognise that from time to time an AQUA Product issuer may hold ancillary liquid assets or incidental investments that are not directly related to achieving its investment objective? If so, how would you frame those rules? If not, why not?	**Answer:** N/A
Question 7.7.2: Do you think there should be a limit on the amount (eg a maximum percentage of the underlying fund) that an AQUA Product issuer can hold in the form of ancillary liquid assets? If so, what should that limit be? If not, why not?	**Answer:** N/A
Question 7.7.3: Do you think there should be a limit on the time that an AQUA Product issuer can hold incidental non-complying investments before they are replaced by investments consistent with its investment mandate? If so, what should that limit be? If not, why not?	**Answer:** N/A
8.2 Portfolio disclosure - Listed Investment Product portfolio disclosure requirements	
Question 8.2.1: Do you support replacing the requirement for LICs and LITs to disclose in their annual report a list of all of their investments, with a requirement that they instead disclose this information on a quarterly basis by no later than the end of the month after quarter end? If so, why? If not, why not?	**Answer:** Morningstar is a vocal proponent of enhanced portfolio transparency both in terms of frequency as well as breadth of data. LICs and LITs tend to be especially poor at transparency. Regarding Morningstar's full coverage universe of funds, nearly 60% provide up-to-date portfolio holdings data either monthly or quarterly. That number drops to 20% when looking at our LICs/LITs coverage. We strongly support requiring LICs and LITs to provide full portfolio holdings data at least quarterly (monthly would be our preference).

Consultation Question	Our Response
Question 8.2.2: Do you have any thoughts on the guidance that ASX should give to the market on the level of detail that should be included in periodic disclosures by LICs and LITs of their investment portfolio? If so, please tell us.	**Answer:** Morningstar has a level of expertise in this area that we think could be beneficial. In order to be a useful dataset to not only the ASX but to investors and the industry as a whole, there needs to be a minimum set of detail provided. This would include the date of the portfolio, the identifier of the LIC/LIT (APIR, ISIN, Ticker, and so on), a public identifier for each individual holding, and the market value and number of units/shares/per value invested in the security. This would allow meaningful analysis of the risk/reward profile of the investment to be conducted and enhance the outcomes for investors. We have attached our existing data collection template. It is important that this information is disclosed in machine-readable formats, like Excel/CSV, and not simply a PDF.
Question 8.2.3: Do you agree with ASX's position that REITs and IFs should not be subject to any additional portfolio disclosure requirements and should be treated on the same footing as other (non-investment) listed entities in this regard? If not, why not?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. Morningstar historically has not collected portfolios on either REITs or IFs due to the nature of the holdings, as they have largely been unavailable to investors. Our starting position is that any additional transparency in this space will enhance investor protections.

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Consultation Question	Our Response
8.3 Portfolio disclosure - AQUA Product portfolio disclosure requirements	
Question 8.3.1: Would you support shortening the period that an ETP with internal market making arrangements can delay disclosing its portfolio from up to 2 months after quarter end to one month after quarter end? If so, why? If not, why not?	**Answer:** Morningstar would agree with the shortening of the time period but would prefer it to be shortened even further. In an ideal state, all securities would be required to provide this information on a monthly basis with no longer than a 15-day lag. Australia currently sits at the very bottom of our Global Investor Experience study in terms of disclosures. Australia is currently: 1) Last in terms of managed funds providing portfolios of any kind: 55% 2) Bottom quarter in terms of funds providing data monthly: 40% 3) Bottom half in terms of portfolio lag: 53 days Enhancing the requirements on all products on the ASX will make a meaningful change to all of these metrics and would help investors in their decision-making. Please find attached to our submission our latest Global Investor Experience—Disclosure Study.
Question 8.3.2: Do you support the introduction of an AQUA Rule requiring an ETF, ETMF, or ETSP that takes the form of a Collective Investment Product to disclose the level 1, level 2 and level 3 inputs it uses to value its investments in accordance with Australian Accounting Standard AASB 13 *Fair Value Measurement* (or its equivalent overseas) in its annual financial statements. If not, why not?	**Answer:** Morningstar agrees that to the extent the portfolio holdings do not have active prices available (level 1), issuers should be required to disclose how they arrived at the relevant valuation. This will assist with making data comparable and will at least outline differences when that is not the case.

Consultation Question	Our Response
9.2 Management agreements - Listed Investment Product management agreements	
Question 9.2.1: Should the Listing Rules require a listed entity (including, but not limited to, a LIC, LIT, REIT or IF) to immediately disclose to ASX the material terms of any new management agreement it enters into and also any material variation to an existing management agreement? If not, why not?	**Answer:** Morningstar agrees that these items should be disclosed to the ASX and should be immediately disclosed publicly as well. Any time there are material changes to the management arrangements—and a new person or firm managing the money of the entity certainly qualifies—we believe there should be disclosure to all investors and the industry as a whole. Additionally, we support the decision to allow the ASX the right to reject these agreements if they are not in the best interest of the investor.
Question 9.2.2: Should the requirement for LICs and LITs to include in their annual report a summary of any management agreement that they have entered into be extended to all listed entities, including REITs and IFs? If not, why not?	**Answer:** Similar to the above answer, we strongly support expanding these disclosure rules to all listed entities. These management agreements can materially change the intended outcome of a fund, and all investors should be informed of any changes to ensure that the new management team is still aligned with the goals of the investor. We see no difference in these effects for LICs and LITs versus all other listed entities and no reason why they should have different rules.
Question 9.2.3: Should the constraints imposed by Listing Rule 15.6 on the terms LICs and LITs must include in any management agreement they enter into be extended to all listed entities, including REITs and IFs? If not, why not?	**Answer:** Similar to the above, we see no difference in the impacts of management agreements between LITs/LICs and other listed entities, and we support the expansion of the rule set to all types.

Consultation Question	Our Response
9.3 Management agreements - AQUA Product management agreements	
Question 9.3.1: Do you agree that the AQUA Rules should require an AQUA Product issuer to immediately disclose to ASX the material terms of any new management agreement it enters into and also any material variation to an existing management agreement? If not, why not?	**Answer:** Morningstar agrees that these items should be disclosed to the ASX and should be immediately disclosed publicly as well. Any time there are material changes to management arrangements—and a new person or firm managing the money of the entity certainly qualifies—we believe there should be disclosure to all investors and the industry as a whole. Additionally, we support the decision to allow the ASX the right to reject these agreements if they are not in the best interest of the investor.
Question 9.3.2: Do you agree that the AQUA Rules should require an AQUA Product issuer to include in its annual report a summary of any management agreement that it has entered into? If not, why not?	**Answer:** Similar to our answer to 9.2.2, we see no material difference to the impacts of management agreements and think that all issues (AQUA or otherwise) should be disclosed to investors.

Consultation Question	Our Response
10.2 Management fees and costs - LIC management fees and costs	
Question 10.2.1: Since most LITs, REITs and IFs are already required to comply with the enhanced fees and costs disclosure requirements set out in Part 7.9 Division 4C and Schedule 10 of the Corporations Regulations, would there be benefits in requiring LICs to present the same information about management fees and costs (at a company level rather than an individual investor level) in their annual report? If not, why not?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. We feel very strongly that LICs should disclose their fees in line with other managed securities that report under the Corporations Act and associated guidance RG 97. As we have previously outlined, LICs are commonly being used as substitutes for managed funds. There is a major gap in transparency right now for investors of LICs to truly assess value versus other competing managed fund products. In our experience, it is extremely hard to get LIC managers to proactively submit their fees to our data-collection teams. Even when these LICs are invested through superannuation wrap platforms that need to report this information to the regulator. Both Morningstar and the Responsible Superannuation Entities we represent have limited success acquiring the data needed to report. We believe LICs should be required to report their fees and costs in line with schedule 10 of the Corporations Act and made available publicly, like managed funds, and preferably centrally distributed via the ASX.

Consultation Question	Our Response
Question 10.2.2: Are there any difficulties that you can foresee in applying the enhanced fees and costs disclosure requirements to LICs? If so, what are they and how could they be addressed?	**Answer:** Morningstar does not prescribe to the view that there would be any difficulties in reporting fees and costs that could not be easily overcome. These fees are the revenue of the LIC, so the information should be typically and easily accessible. All managed funds in Australia, except LICs, report fees in accordance with RG 97, and they have worked through any logistics around interposed vehicles.
Question 10.2.3: If you do not support the application of the enhanced fees and costs disclosure requirements to LICs, what information would you have them report about management fees and costs in their annual report?	**Answer:** N/A

Consultation Question	Our Response
11.2 Performance reporting - Listed Investment Product performance reporting requirements	

Question 11.2.1: Do you support changing the requirement that LICs and LITs presently have under the Listing Rules to report their NTA backing on a monthly basis with requirements that: (a) regardless of when they do it, whenever they formally calculate an NTA backing, they must give the NTA backing and the "as at" date it was calculated to ASX for publication on the Listed Investment Products and AQUA Products information page on the ASX website and also publish it on the issuer's own website, and (b) they publish on MAP their NTA backing on a quarterly basis, by no later than one month after quarter end? If not, why not?	**Answer:** Morningstar calculates three types of returns for LICs in Australia. We calculate the market return—the return between the market prices on two dates, taking into consideration any dividends and corporate actions. We also calculate both pretax NTA returns and post-tax NTA returns, which are the returns calculated by the movement between two NTAs and the dividends and corporate actions where applicable. For performance reporting, monthly NTA reporting is a vital component to allow for views of return from month to month, and to allow for chain-linking of returns over multiple periods. We believe that moving from a monthly requirement to disclose NTA to a "quarterly or as often as you make one available" risks certain LICs not disclosing one at month end, which would be a retrograde step for performance disclosure in Australia for these vehicle types. We also know that some LICs calculate only a weekly net asset value, which causes challenges of comparability or availability. A user is forced to choose to either calculate an approximate monthly return between two dates (which may or may not be the actual month end) or not use it for the analysis. It is better to regulate a minimum of one NTA backing at the end of the month, but more often if chosen to remove all issues associated with performance calculations. In regard to timing, one month seems excessive for delays on the NTA backing to be supplied. Morningstar calculates performance for over 10,000 funds in Australia, and we are supplied the unit prices, which are analogous to NTA backing between one to five days post-month end for over 90% of all share classes. Considering the nature of the investments found within LICs, there should be little reason that NTAs should not be available sooner.

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Consultation Question	Our Response
Question 11.2.2: Do you agree with the definition of "NTA backing" in the Listing Rules? If not, how would you amend it? In particular: (a) Do you see merit in including examples of the intangible assets captured by the variable "I" in the definition and, if so, what would you include in those examples (commenting specifically on whether you would, or would not, include deferred tax assets and prepayments as "intangible assets" for these purposes)? (b) In the case of lease right of use assets, do you agree with the policy position taken by ASX in other contexts that for the purposes of determining a Listed Investment Product's NTA backing under the Listing Rules, the lease right of use asset should be treated as tangible if the underlying asset being leased is tangible and intangible if the underlying asset being leased is intangible? (c) Do you think the variable "L" in the definition adequately addresses taxation issues (including the different tax treatment of companies and trusts and how deferred tax liabilities should be accounted for)? (d) Do you think the variable "N" in the definition adequately deals with partly paid securities? Do you also have a view on whether options should be counted in "N" if they are in the money at the relevant calculation date?	**Answer:** N/A
Question 11.2.3: Do you support REITs and IFs being required to include in their annual report the NTA backing of their quoted securities at the beginning and end of the reporting period and an explanation of any change therein over that period, similar to what is currently required of LICs and LITs? If not, why not?	**Answer:** Morningstar has a positive view of any initiative to enhance transparency for investors. REITs should provide NTAs annually (ideally semi annually), and an explanation of any change over the period. Most REITs already do this.

Consultation Question	Our Response
Question 11.2.4: Do you support LICs, LITs, REITs and IFs being required to include in their annual report their TSR for different nominated periods? If so, how would you define "TSR" and for what periods do you think they should report their TSR? If not, why not?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. We feel very strongly that LIC returns should be made available in a verifiable manner that is calculated by a consistent methodology. We do not feel, however, that putting it in an annual report is enough. The reality is that the annual report does not reach enough people; there should be a central source, such as the ASX, maintained at a minimum in line with monthly NTA reporting. The returns available should be market returns, and NTA returns, plus the premium or discount over time.
Question 11.2.5: Should a LIC, LIT, REIT or IF that has as its investment objective replicating or exceeding the return on a particular index or benchmark be required to include in its annual report a comparison of its performance against that index or benchmark over the reporting period? If so, how should it go about making that comparison? If not, why not?	**Answer:** Yes, each LIC and LIT should be required to calculate their returns against a benchmark or peer group.
Question 11.2.6: Are there any other performance metrics that you think LICs, LITs, REITs and IFs should be required to report to their investors? If yes, what are those metrics and where and with what frequency should those metrics be published?	**Answer:** LICs should be publishing, at a minimum, the NTA backing returns and market returns, plus a benchmark comparison and premium/discounts. These should be displayed across time and at specific trailing time periods as mentioned in the consultation document text under question 11.2.3.

Consultation Question	Our Response
11.3 Performance reporting - AQUA Product performance reporting requirements	
Question 11.3.1: Do you agree that ETSPs that take the form of a Collective Investment Product should be required to disclose their NAV on a daily basis? If not, why not?	**Answer:** Morningstar has a positive view of any initiative to enhance transparency for investors.
Question 11.3.2: Do you support the proposed amendment to the AQUA Rules requiring ETFs and ETMFs (and, if you have answered Question 11.3.1 in the affirmative, those ETSPs that take the form of Collective Investment Products) to give their NAV and the "as at" date it was calculated to ASX for publication on the Listed Investment Products and AQUA Products information page on the ASX website, as well as publish it on the issuer's own website? If not, why not?	**Answer:** Yes, a central source of NAVs is vital for the industry to have a stable source for analysis for performance reporting.
Question 11.3.3: Do you think the term "NAV" should be defined in the AQUA Rules? If so, how would you define it? Are there any elements of the definition of "NTA backing" in the Listing Rules that you think ought to be incorporated in the definition of "NAV" in the AQUA Rules? If so, please explain.	**Answer:** Morningstar believes it is important to have a standard to calculate metrics used in any analysis. Ideally this work would look to standardise, where possible, the valuation approaches for unit prices, NAVs, and NTA backing into one regime used by valuation firms/issuers in Australia. On that basis, it would seem like a good solution to use any existing regimes like "RG 94 Unit Pricing: Guide to Good Practice."
Question 11.3.4: Do you support ETFs, ETMFs, and ETSPs that take the form of Collective Investment Products being required to include in their annual report the NAV per share/unit of their quoted securities at the beginning and end of the reporting period and an explanation of any change therein over that period? If not, why not?	**Answer:** Any rules required for LIC/LIT should, at a minimum, be required for ETPs so Morningstar would support this—although that is caveated with the fact that the data available within the ETP securities today is already more transparent. However, this would serve to close any potential loopholes.

Consultation Question	Our Response
Question 11.3.5: Do you support ETFs, ETMFs, and ETSPs that take the form of Collective Investment Products being required to include in their annual report their TSR for different nominated periods? If so, how would you define "TSR" and for what periods do you think they should report their TSR? If not, why not?	**Answer:** Any rules required for LIC/LIT should, at a minimum, be required for ETPs so we would support this—although that is caveated with the fact that the data available within the ETP securities today is already more transparent. However, this would serve to close any potential loopholes. Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. We strongly believe that ETF returns should be made available in a verifiable manner that is calculated by a consistent methodology. However, we don't believe that putting it in an annual report is enough. The reality is that the annual report does not reach enough people. A central source of these returns, being maintained at a minimum in line with monthly NAV reporting, should be made available.
Question 11.3.6: Should an ETF, ETMF, or ETSP that takes the form of a Collective Investment Product which has as its investment objective replicating or exceeding the return on a particular index or other benchmark be required to include in its annual report a comparison of its performance against that index or benchmark over the reporting period? If so, how should it go about making that comparison? If not, why not?	**Answer:** Yes, each ETP should be required to calculate their returns against a benchmark or peer group.

Consultation Question	Our Response
Question 11.3.7: Are there any other performance metrics that you think ETFs, ETMFs, or ETSPs that take the form of a Collective Investment Product should be required to report to their investors? If yes, what are those metrics and where and with what frequency should those metrics be published?	**Answer:** ETFs should be publishing, at a minimum, the NAV returns and market returns, plus a benchmark comparison and tracking error. These should be displayed across time and at specific trailing time periods as mentioned above.
11.4 Performance reporting - A possible uniform reporting standard	
Question 11.4.1: Do you support ASX introducing a new Listing Rule and AQUA Rule mandating the use of FSC Standard 6 for all ASX listed or quoted Collective Investment Products to calculate their TSR? If not, why not?	**Answer:** Yes, Morningstar would strongly support this.

Consultation Question	Our Response
Question 11.4.2: Are there any difficulties that you can foresee in applying FSC Standard 6 to LICs or ETFs? If so, what are they and how could they be addressed?	**Answer:** Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. We believe if there are issues raised through the consultation, the FSC would be open to review and address them in the standard if changes were needed to accommodate listed securities. At the very least, Morningstar would be an advocate for the FSC opening up the standard for review, as we support the concept. Right now, LICs in particular report their returns in a way which is not deemed comparable by Morningstar. As discussed through this section, we find issues mainly relating to: • dates misaligned with month-end dates; • treatment of dilutable securities, such as warrants; and • what type of level of return is chosen on issuer website. Some have market, some NTA, and some even have portfolio returns. Some will include fees, some will not; and some include taxes, while others do not. To solve for this you need three things, which we believe are touched upon through this document: 1) Consistent NAV valuation policies across legal types and issuers. 2) A standard calculation methodology like FSC Standard 6. 3) A presentation minimum to ensure everyone markets using the same returns, return type, and return periods.

Consultation Question	Our Response
Question 11.4.3: If you don't support mandating the use of FSC Standard 6 for all ASX listed or quoted Collective Investment Products to calculate their TSR, what standard would you recommend?	**Answer:** N/A
12.2 Liquidity support - AQUA Product liquidity support requirements	
Question 12.2.1: Are there any issues with the existing liquidity support arrangements for AQUA Products that you would like to see addressed in any re-write of the AQUA Rules?	**Answer:** N/A
12.3 Liquidity support - Warrant liquidity support requirements	
Question 12.3.1: Are there any issues with the existing liquidity support arrangements for Warrants that you would like to see addressed in any re-write of the Warrant Rules?	**Answer:** N/A
12.4 Liquidity support - Listed Investment Product liquidity support requirements	
Question 12.4.1: Do you think that it might assist the share/unit price of a LIC/LIT to track its NTA backing more closely if the LIC/LIT were to publish an indicative NTA backing to the market during market hours that is independently calculated and frequently updated? If so, why? If not, why not?	**Answer:** N/A
Question 12.4.2: As a fall-back, do you think that it might assist the share/unit price of a LIC/LIT to track its NTA backing more closely if the LIC/LIT were to publish an independently calculated end-of-day indicative NTA backing to the market prior to the commencement of trading on the next trading day? If so, why? If not, why not?	**Answer:** N/A
Question 12.4.3: Noting that there will be some LICs/LITs with asset portfolios that are net readily valued on a frequent basis or for which an iNAV may not necessarily be all that accurate, if your answer to question 12.4.1 or 12.4.2 is "yes", how would you go about identifying those LICs/LITs that would benefit from publishing more frequent information about their iNAV and encouraging them to do so?	**Answer:** N/A

Consultation Question	Our Response
Question 12.4.4: Short of allowing LICs and LITs to have treasury stock, are there any changes that could be made to the laws in Australia regulating buy-backs that might assist LICs and LITs to better address the propensity for their securities to trade at a discount to the NTA backing? If so, what are they and how would they help?	**Answer:** N/A
Question 12.4.5: Are there any other measures that could be implemented to address the propensity for the securities of a LIC or LIT to trade at a discount to the NTA backing? What are they and how would they help?	**Answer:** N/A
12.5 Liquidity support - AQUA Products with dual on-market/off-market entry and exit mechanisms	
Question 12.5.1: Do you have any views about hybrid structures where an AQUA Product has dual on-market/off-market entry and exit mechanisms? What do you see as the advantages and disadvantages of these hybrid structures? Do you see any particular risks associated with, or have any other concerns about, these hybrid structures that you would like to see addressed in any re-write of the AQUA Rules?	**Answer:** N/A

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Consultation Question	Our Response
13.2 The mFund Settlement Service - The funds that qualify for admission to the mFund Settlement Service	
Question 13.2.1: Do you support amending the AQUA Rules to allow any Unlisted Managed Fund that is registered as a managed investment scheme in Australia to be admitted to settlement via the mFund Settlement Service? If not, why not?	**Answer:** Morningstar believes that Australia has some of the weakest investor protections globally when it comes to the availability of complex managed funds to retail investors. To be the equivalent of Australia unlisted managed funds in Europe, the fund is a UCITS fund, and in the U.S. it is a "40 Act" fund. These are well regulated, with retail investors' best interests in mind. They have significant protections around liquidity and transparency. In Australia, none of this exists, and we see very complex funds akin to hedge fund strategies that are set up no differently than the plain-vanilla managed funds found regularly in client portfolios. Making these available to be traded through an additional avenue would be a retrograde step in our view, and we believe that having minimum standards, like those that exist with MFund today, curates a less-risky set of investments available for retail investors through this channel.

Consultation Question	Our Response
Question 13.2.2: Do you support amending the AQUA Rules to allow any entity that qualifies to be an Approved Issuer of AQUA Products and can lawfully offer its shares or units to retail investors in Australia to be admitted to settlement via the mFund Settlement Service? If not, why not?	**Answer:** Same as above. Morningstar believes that Australia has some of the weakest investor protections globally when it comes to the availability of complex managed funds to retail investors. To be the equivalent of Australia unlisted managed funds in Europe, the fund is a UCITS fund, and in the U.S., it is a "40 Act" fund. These are well regulated, with retail investors' best interests in mind. They have significant protections around liquidity and transparency. In Australia none of this exists, and we see very complex funds akin to hedge fund strategies that are set up no differently than the plain-vanilla managed funds found regularly in client portfolios. Making these available to be traded through an additional avenue would be a retrograde step in our view, and we believe that having minimum standards, like those that exist with MFund today, curates a less-risky set of investments available for retail investors through this channel.
Question 13.2.3: Are there additional things ASX could or should require of mFunds or brokers transacting in mFunds for their clients, over and above the protective measures mentioned in sections 13.3 and 13.4 of this consultation paper, to reduce the risk of retails clients not understanding that mFund units are not traded on ASX or the different settlement cycles that apply to mFunds compared to products that are traded on ASX?	**Answer:** N/A

Consultation Question	Our Response
Question 13.2.4: Are there additional things ASX could or should do itself (for example, with the disclosures and disclaimers on the ASX mFund website) to reduce the risk of retails clients not understanding that mFund units are not traded on ASX or the different settlement cycles that apply to mFunds compared to products that are traded on ASX?	**Answer:** N/A
13.3 The mFund Settlement Service - The obligations of mFunds	
Question 13.3.1: Are there any particular mFund obligations mentioned in section 13.3 of the consultation paper that you view as unnecessary or unduly onerous on mFunds? Please explain your view and put forward any suggestions you may have to reduce the burden of these requirements without compromising investor protections?	**Answer:** N/A
13.4 The mFund Settlement Service - The obligations of brokers transacting in mFunds	
Question 13.4.1: Are there any particular obligations imposed on ASX trading participants entering into transactions for their clients in mFunds mentioned in section 13.4 of this consultation paper that you view as unnecessary or unduly onerous on those participants? Please explain your view and put forward any suggestions you may have to reduce the burden of these requirements without compromising investor protections.	**Answer:** N/A

Consultation Question	Our Response
13.5 The mFund Settlement Service - mFund profiles	
Question 13.5.1: Do you support the AQUA Rules being amended to require an mFund to provide a Fund Profile to ASX and to keep it up to date? If not, why not?	**Answer:** Yes, Morningstar believes in the power of well-defined, regular disclosure to benefit the investor. It's important that the data supplied to support the profiles you deliver is evergreen, so we would support making mandatory updates a requirement. The New Zealand regulations prescribe both a file and a PDF profile of a standardised set of information to be submitted on a quarterly basis. That information includes Returns, Fees, Asset Allocation, Holdings, People, and hedging strategies. The data is easily searchable via the website, or API, and it forms the upstream data source for a government investment education comparison website. We believe if the ASX had something similar, it would move the market forward regarding transparency and work to enhance investor trust. https://disclose-register.companiesoffice.govt.nz/ https://sorted.org.nz/
Question 13.5.2: What additional information do you think could be usefully captured in an mFund's Fund Profile?	**Answer:** The ASX should look to prescribe a standard set of ESG characteristics in the absence of any formal standard governing the reporting of ESG today.

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Consultation Question	Our Response
13.6 The mFund Settlement Service - Information about an mFund's NAV	
Question 13.6.1: Do you see benefit in an STP service for mFunds that would allow them to upload their NAV and the "as at" date at which it was calculated directly onto the mFund information page on the ASX mFund website and are you supportive of the proposed changes to the AQUA Rules to facilitate that service?	**Answer:** Yes, any service to electronically transmit data is supported by Morningstar, especially if you allow the same level of electronic exchange of the data back to interested parties.
13.7 The mFund Settlement Service - Information about an mFund's issues and redemptions	
Question 13.7.1: Do you support the proposed amendments to the AQUA Rules to require an mFund to publish on MAP and on the mFund issuer's website on a quarterly basis the amount and value of units it has issued or redeemed that quarter? If not, why not?	**Answer:** Yes, any service to electronically transmit data is supported by Morningstar, especially if you allow the same level of electronic exchange of the data back to interested parties.
Question 13.7.2: Do you see benefit in an STP service for mFunds that would allow them to upload their issue and redemption prices and the respective "as at" dates for which they were determined directly onto the mFund information page on the ASX mFund website and are you supportive of the proposed changes to the AQUA Rules to facilitate that service?	**Answer:** Yes, any service to electronically transmit data is supported by Morningstar, especially if you allow the same level of electronic exchange of the data back to interested parties.
13.8 The mFund Settlement Service - Information about an mFund's total units on issue	
Question 13.8.1: Do you see benefit in an STP service for mFunds that would allow them to upload the total number of units they have on issue directly onto the mFund information page on the ASX mFund website and are you supportive of the proposed changes to the AQUA Rules to facilitate that service?	**Answer:** Yes, any service to electronically transmit data is supported by Morningstar, especially if you allow the same level of electronic exchange of the data back to interested parties.
Question 13.8.2: How often do you think an mFund should be obliged to update information about the total number of units it has on issue: quarterly, monthly, weekly or daily?	**Answer:** Daily, or at least as often as they strike a unit price.

Consultation Question	Our Response
13.9 The mFund Settlement Service - Information about an mFund's distributions	
Question 13.9.1: Do you see benefit in an STP service for mFunds that would allow them to use a smart online form to provide and publish on MAP more comprehensive information about their dividends and distributions and are you supportive of the proposed changes to the AQUA Rules to facilitate that service?	**Answer:** Yes, any service to electronically transmit data is supported by Morningstar, especially if you allow the same level of electronic exchange of the data back to interested parties.
13.10 The mFund Settlement Service - DDO information	
Question 13.10.1: Are there any additional documents or information that could be published on the ASX mFund website that may assist mFunds in complying with their DDO? For example, would it be helpful to mFunds if their Target Market Determination could be published on that website? Should there be a rule making this mandatory?	**Answer:** Yes, all DDO documentation (both the TMD and any associated data standard) should be made mandatory on the MFund website. These are critical tools for investors to use to make informed decisions and should be available in as many ways as possible.
13.11 The mFund Settlement Service - Collection of additional investor information	
Question 13.11.1: Are there any additional data points about investors that could usefully be captured through the mFund Settlement Service that would help mFunds to better perform their back-office processes? If so, what are those data points and how do they assist mFunds in performing their back-office processes?	**Answer:** N/A
13.12 The mFund Settlement Service - Transfers of units in mFunds	
Question 13.12.1: Do you see benefit in the replacement CHESS settlement system having the functionality to process transfers of mFund units? How much use do you think this functionality would receive in practice?	**Answer:** N/A

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Consultation Question	Our Response
13.13 The mFund Settlement Service - A wholesale mFund service?	
Question 13.13.1: Do you see benefit in ASX developing a parallel settlement service to the mFund Settlement service designed specifically for wholesale investors? If so, what features do you think that parallel service should have to attract Unlisted Managed Funds and wholesale investors to the service?	**Answer:** N/A
13.14 The mFund Settlement Service - Extending mFund to a broader class of financial products?	
Question 13.14.1: Do you see benefit in ASX developing an mFund-style settlement service for other financial products that are traditionally provided on an OTC basis? What products do you think might usefully benefit from such a service? What features do you think that service should have to attract both product issuers and investors to the service?	**Answer:** N/A
14.2 Better information for investors about Investment Products - Information to be captured on Collective Investment Products	
Question 14.2.1: Do you support there being an information page on the ASX website for the Collective Investment Products traded on ASX and the Listing Rules and AQUA Rules being amended to facilitate the capture of the information needed to populate that page?	**Answer:** N/A
Question 14.2.2: How often do you think an ETF, ETMF, or ETSP that takes the form of a Collective Investment Product should be obliged to update information about the total number of shares/units it has on issue: quarterly, monthly, weekly or daily?	**Answer:** Daily, or at least as often as they strike a unit price.
Question 14.2.3: Are there any additional documents or information that could be published on the proposed information page on the ASX website for the Collective Investment Products traded on ASX that may assist issuers in complying with their DDO. For example, would it be helpful to issuers if their Target Market Determination could be published on that website? Should there be a rule making this mandatory?	**Answer:** Yes, all DDO documentation (both the TMD and any associated data standard) should be made mandatory on the information page. These are critical tools for investors to use to make informed decisions and should be available in as many ways as possible.

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Consultation Question	Our Response
14.3 Better information for investors about Investment Products - Information to be captured on Derivative Investment Products	
Question 14.3.1: Do you support there being an information page on the ASX website for the Derivative Investment Products traded on ASX and the AQUA Rules and the Warrant Rules being amended to facilitate the capture of the information needed to populate that page?	**Answer:** N/A
14.4 Better information for investors about Investment Products - Information about AQUA Product issues and redemptions	
Question 14.4.1: Do you support the AQUA Rules being amended to require ETFs, ETMFs, and ETSPs that take the form of Collective Investment Products to publish on MAP and on the issuer's website on a quarterly basis the amount and value of units they have issued and redeemed that quarter? If not, why not?	**Answer:** Ideally this is just a daily submission to the ASX.
14.5 Better information for investors about Investment Products - Information about AQUA Product dividends and distributions	
Question 14.5.1: Do you see benefit in an STP service for AQUA Product issuers that would allow them to use a smart online form to provide and publish on MAP more comprehensive information about their dividends and distributions and are you supportive of the proposed changes to the AQUA Rules to facilitate that service?	**Answer:** Yes, any service to electronically transmit data is supported by Morningstar, especially if you allow the same level of electronic exchange of the data back to interested parties.
14.6 Better information for investors about Investment Products - Collection of additional investor information	
Question 14.6.1: Are there any additional data points about investors that could usefully be captured through the CHESS settlement system that would help issuers of Listed Investment Products or AQUA Products to better perform their back-office processes? If so, what are those data points and how do they assist issuers in performing their back-office processes?	**Answer:** N/A
15.2 Miscellaneous issues - The AQUA Quote Display Board	
Question 15.2.1: Were you aware of the existence of the QDB?	**Answer:** N/A

Consultation Question	Our Response
Question 15.2.2: Do you consider that the QDB serves any useful purpose in relation to AQUA Products? Should ASX retain the current QDB service for AQUA Products or scrap it?	**Answer:** N/A
Question 15.2.3: Are there any improvements that ASX could make to the QDB that might make it more likely to be used by AQUA Product issuers?	**Answer:** N/A
Question 15.2.4: If the QDB could be extended to other financial products apart from AQUA Products and the capacity to quote prices could be made available to all participants and not just participants representing AQUA Product issuers, would the QDB be a service of interest to you? How might you see yourself using that service?	**Answer:** N/A
15.3 Miscellaneous issues - Admission application forms and processes	
Question 15.3.1: Have you had any recent experience of applying to be admitted to the ASX official list as a LIC, LIT, REIT or IF? If so, do you have any suggestions on how the application forms and processes for the admission of LICs, LITs, REITS and IFs to the official list could be improved?	**Answer:** N/A
Question 15.3.2: Have you had any recent experience for applying for the quotation of AQUA Products using the upgraded application forms and processes that ASX introduced in 2019? If so, do you have any suggestions on how the upgraded application forms and processes for AQUA Products could be improved?	**Answer:** N/A
Question 15.3.3: Have you had any recent experience of applying for the quotation of Warrants? If so, do you have any suggestions on how the application forms and processes for the admission of Warrants to quotation could be improved?	**Answer:** N/A
Question 15.3.4: Do you have any other suggestions on systems or process enhancements that ASX could make to assist Warrant issuers with the ongoing maintenance and refreshing of data related to Warrants?	**Answer:** N/A

Consultation Question	Our Response
15.4 Miscellaneous issues - Any other issues with ASX's Investment Product rules	
Question 15.4.1: Are there any other issues that you would like to see addressed in any re-write of the Listing Rules applicable to LICs, LITs, REITs and IFs, or the AQUA Rules or Warrant Rules?	**Answer:** N/A