

IMMFA update

European Money Fund Forum, London

Tuesday 11 June 2019

Kim Hochfeld, Chair

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Institutional Money Market Funds Association

IMMFA update - AGENDA

- European constant NAV fund conversions
- European MMF reform headlines
- IMMFA's role
- European money fund landscape today
- EU and US MMFs compared post-reform
- Concluding points

European constant NAV fund conversions



Source: IMMFA

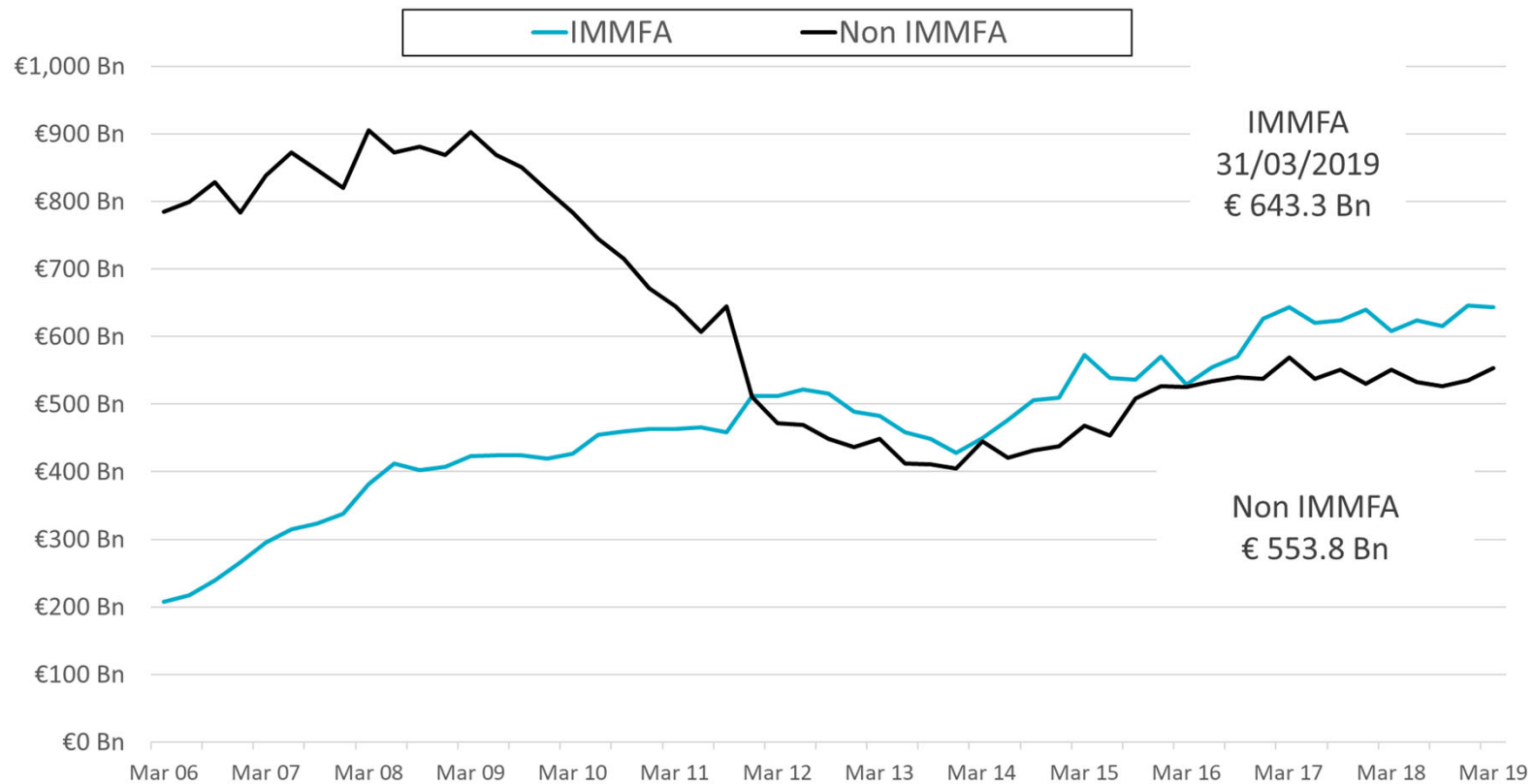
European MMF reform – the headlines

- A bump in the road rather than an earthquake
- Investors stuck closely to what they knew (and valued)
- No dip in assets managed
- US and EU money fund industries now considerably different
- Almost all EUR constant NAV funds moved to LVNAV Acc share class (from much more popular distributing share class)
- Removal of RDM created huge operational pressures on managers, however successfully dealt with to time

IMMFA's role

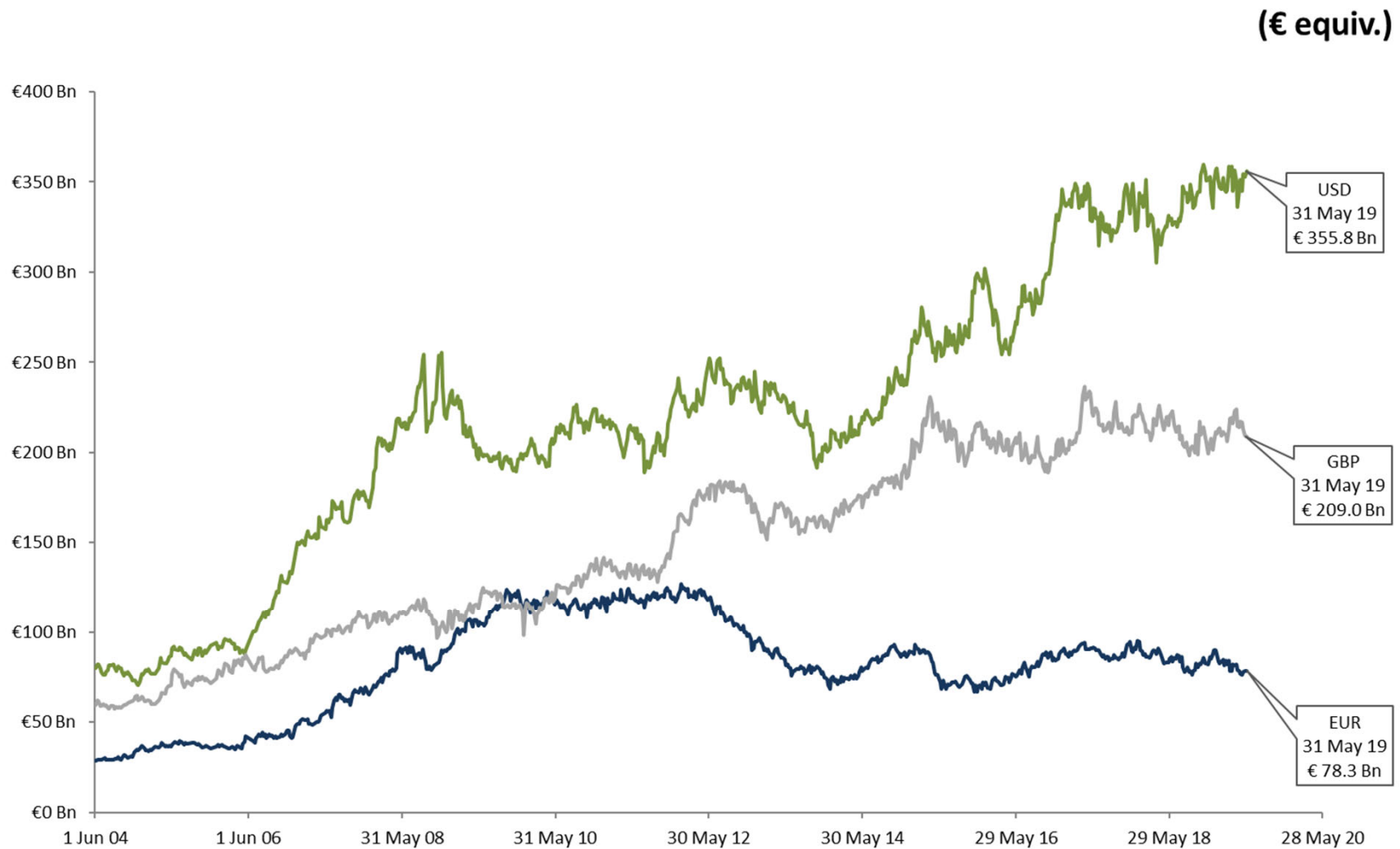
European money fund landscape today

European CNAV and VNAV MMF markets



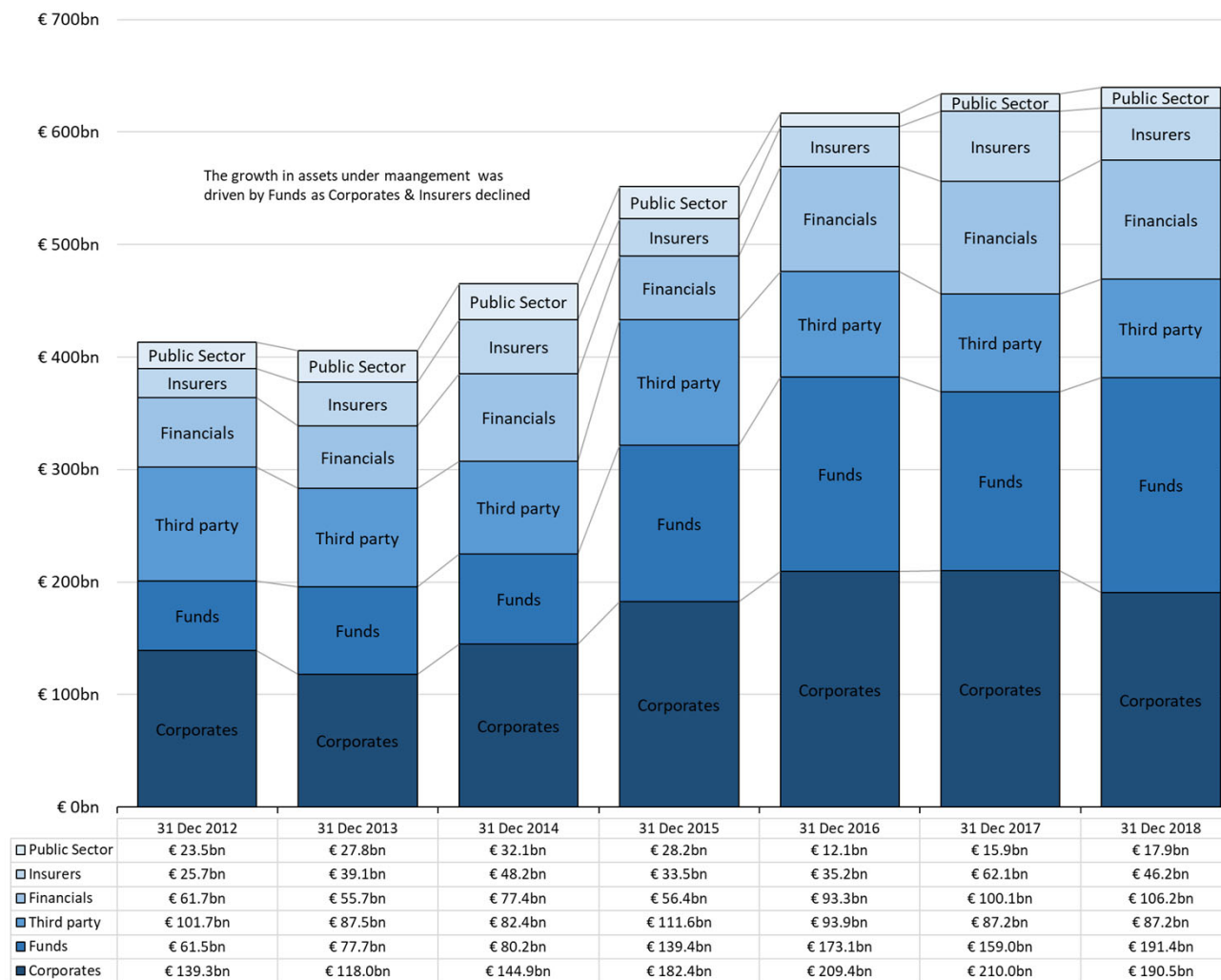
Source: ECB, IMMFA

IMMFA money market funds by currency



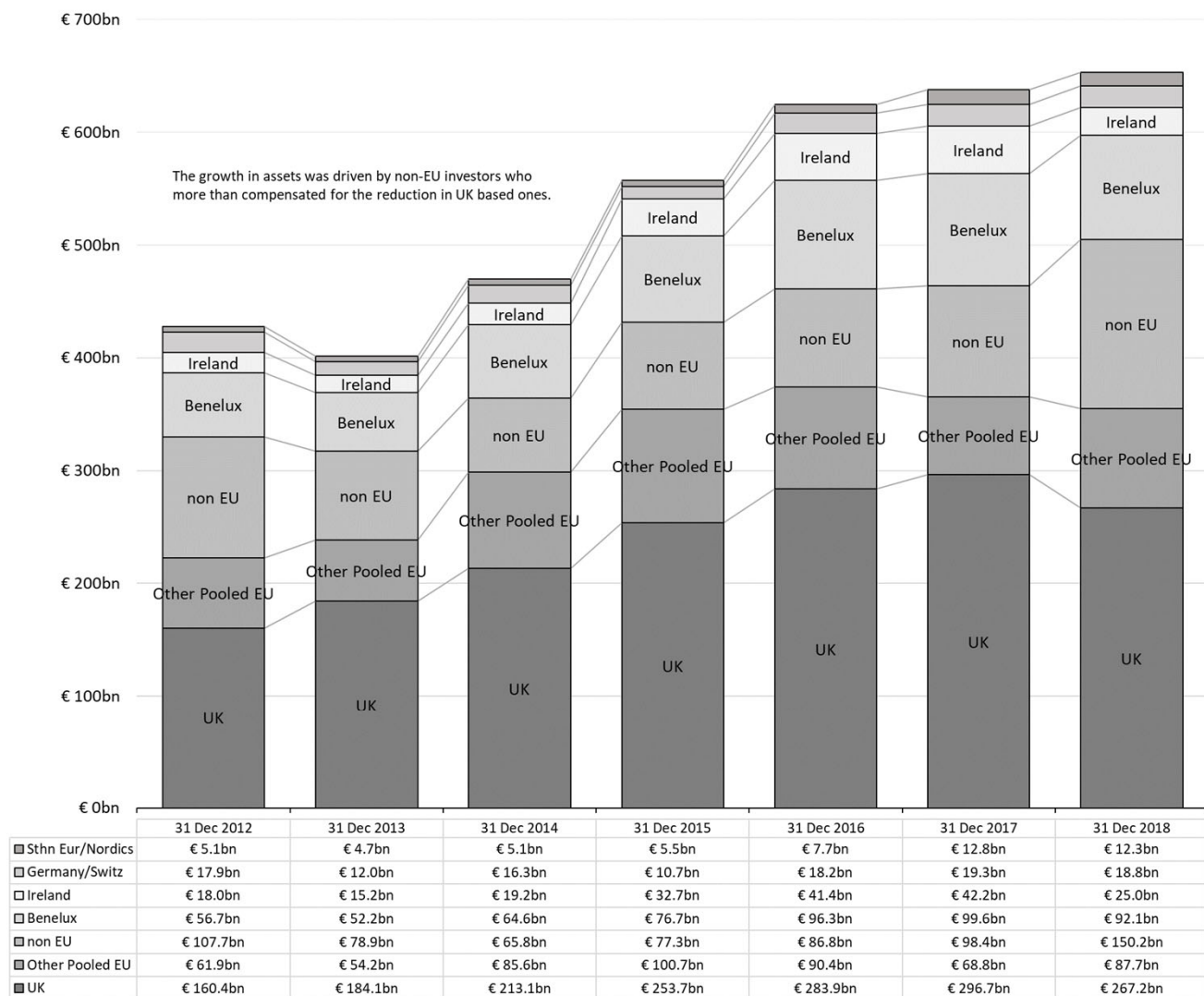
Source: IMMFA

IMMFA Money Market Funds – by investor type



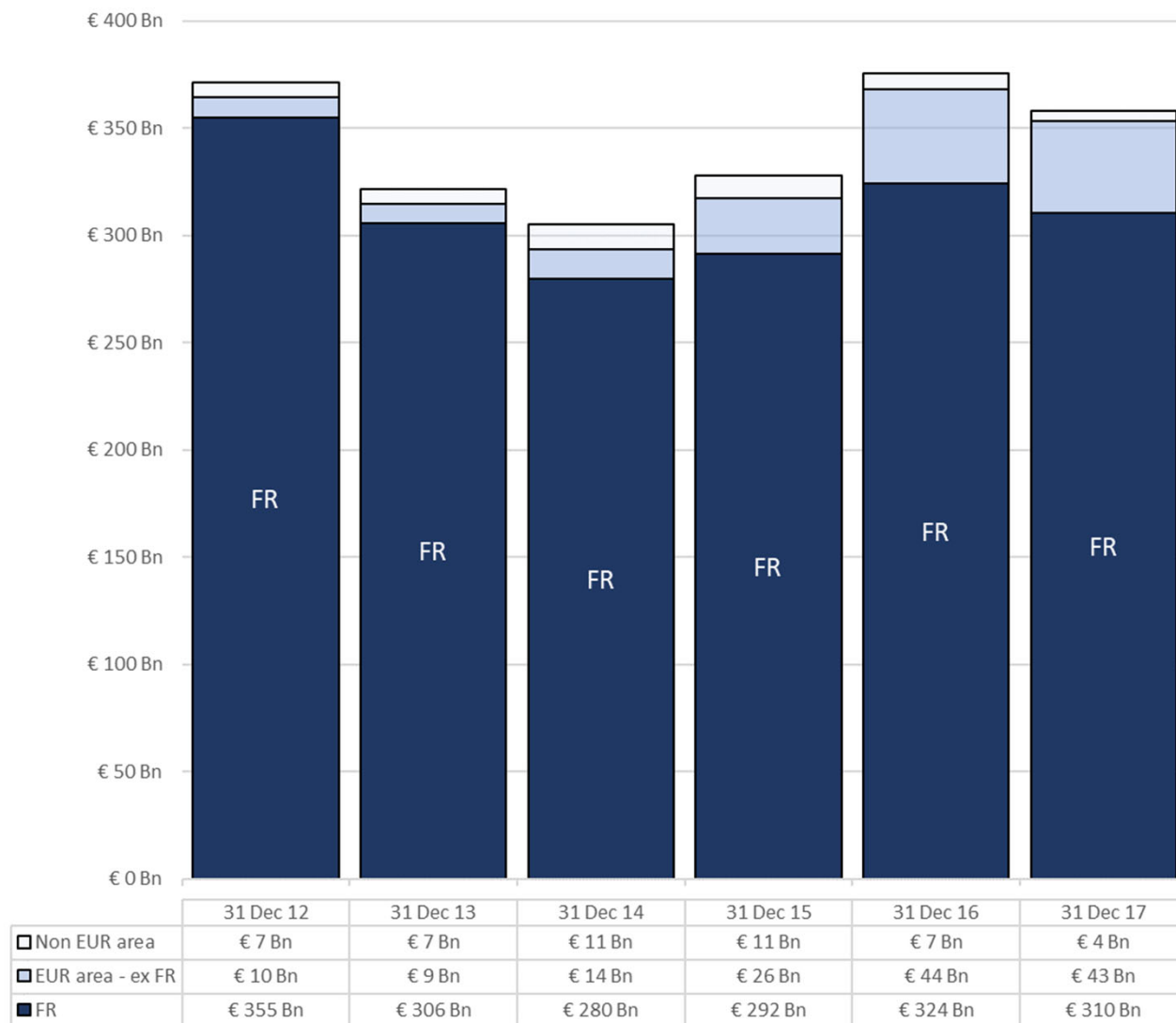
Note: Public Sector includes government bodies and NGO's, charities & universities;
 Financials includes banks & investment firms
 Third party includes sales platforms & other distributors & aggregators
 Funds includes pension, investment & mutual funds

IMMFA Money Market Funds – by investor location



Note - Southern Europe incorporates Spain, Italy & France;
Nordics incorporates Norway & Sweden.

French VNAV MMFs – by investor location



EU and US MMFs compared post-reform

EU and US MMFs AUM post-reform

Region	Govt / Public Debt CNAV	Prime / LVNAV	Prime / VNAV	TOTAL ASSETS
USA (SEC2a7)	€2,116.9bn	Nil	€865.7bn	€2,982.6bn
EU (MMFR – short-term MMF only)	€90.8bn	€528.0bn	€109.9bn (estimate)	€728.7bn
EU (MMFR – short-term & standard MMF)	€90.8bn	€528.0bn	€558.9bn (at 31.12.18)	€1,177.7bn

Source CNAV/LVNAV funds: IMMFA. Source EU VNAV funds: ECB and IMMFA. Source US funds: SEC.
Figures at 31 March 2019 unless shown otherwise.

EU and US MMFs compared post-reform

- Both US and EU funds regulated under statutory regimes
 - US products – '40 Act mutual fund legislation / SEC 2a7
 - EU - UCITS (akin to '40 Act mutual funds) and AIFs (investment funds from third countries, private placement) / Reg. (EU) 2017/1131
- Government funds – both regimes offer as constant NAV
- Prime funds – EU: substantially constant NAV / US: VNAV; EU investors accept new fees and gates requirements
- EU standard MMF not recognized as MMFs in US
- US, French VNAV – single currency / European constant NAV – multiple currencies

Concluding points

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- Common European legislation boosts MMF - visibility, new opportunities (collateral), AUM growth expected
- But – it's not over yet: 5 year review will re-open LVNAVs
- IMMFA committed to maintaining standards in the industry – expect change in the Principles of Best Practice

Questions?

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