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A SUCCESSFUL YEAR FOR THE MONEY MARKET FUNDS INDUSTRY AND A PROSPEROUS FUTURE AHEAD

Last night the Institutional Money Market Funds Association (IMMFA) played host to its largest AGM dinner to date at the Honourable Society of Lincoln's Inn, London, with guest speaker European Commissioner Charlie McCreevy.

In a year which has seen funds under management reach record highs of \$355 billion, a \$100 billion increase on 2005, and intensive and successful lobbying on behalf of the industry, Donald Aiken, Chair of IMMFA commented in his speech:

"[We] continue to punch above our weight – as we strive to gain appropriate regulatory recognition for our funds in the new integrated financial services world and to raise awareness of the usefulness of money market funds to support other products."

Mr Aiken went on to highlight the year's successes and, in particular, focussed on the CESR consultation on eligible assets where IMMFA successfully lobbied for the right to have stable-priced funds co-existing alongside other types of money market funds. The Association also successfully put forward the case for the continuing use, and clear recognition of amortised accounting to value funds. The industry will reap the rewards of this lobbying once the Eligible Assets Directive is adopted as stable NAV funds will then be permitted to be domiciled in the UK.

Another of the Association's major successes in 2006 was achieved via representations made to the Commission on MiFID. IMMFA successfully demonstrated the credit quality of the asset portfolios of triple-A rate money market funds and as result it has been confirmed that investment firms covered by MiFID will be permitted to hold client money in such money market funds as an alternative to bank accounts.

IMMFA also warmly welcomed the Commission's openness and transparency in publishing, earlier in the day, its proposals to amend EU legislation to support greater efficiency in the European funds market.

Mr Aiken continued:

"The results have been sensational...[but] we must not get complacent or underestimate the substantial challenges that remain to dismantle other inappropriate barriers and to raise awareness of the product... The EU Commission, in particular, is showing a very firm commitment to working with the industry and investors to enhance the European market for investment funds in Europe and we look forward to continued close cooperation."

With lobbying success comes added responsibility in that we must ensure that the excellent track record and integrity of our product remains sound. Put simply we

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cannot afford to take our eye off the ball and must constantly seek ways to improve our product in the interest of investors."

[Donald Aiken's speech](#)

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