

# **Money Market Funds**

## **Changing use for treasurers**

**EuroFinance Copenhagen – 17 October 2019**

**Veronica Iommi, Secretary General**

**Institutional Money Market Funds Association**

# Agenda

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- What is IMMFA, its mission and membership
- Money market funds - the basics
- European Money Market Fund Reform is behind us, what should investors be considering post-reform?
- Trends and considerations for investors
- Looking forward

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# WHAT IS IMMFA?

# IMMFA's Mission

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- The Institutional Money Market Funds Association (IMMFA) is the only trade association in Europe dedicated to Money Market Funds
- Our core objective is to promote and support development and integrity of the money market fund industry
  - Informing and influencing policy makers regarding money market fund issues
  - Educating investors about money market funds
  - Providing timely data on members' funds

# IMMFA Full Members

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# IMMFA Associate Members

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# Money Market Funds – the basics

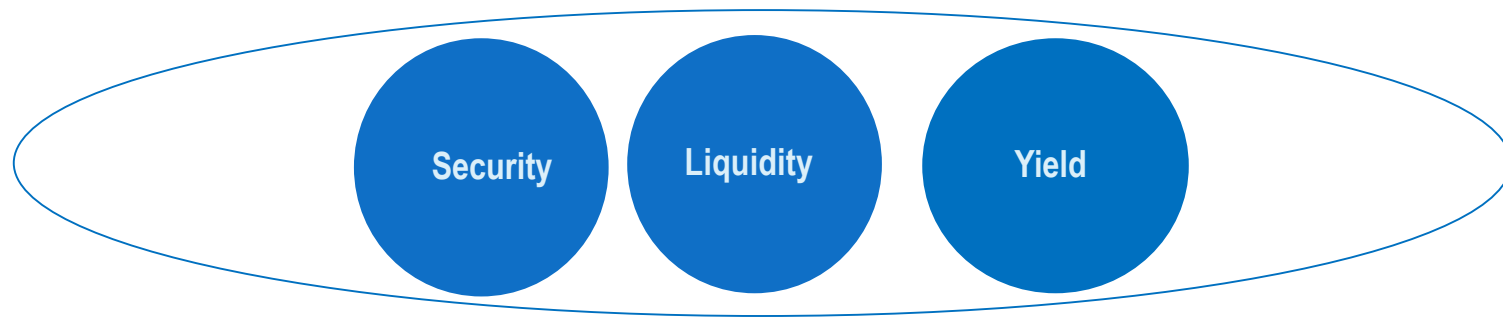
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- Money Market Funds (MMFs) are mutual funds which invest in short-term money market instruments

# Money Market Funds – the basics

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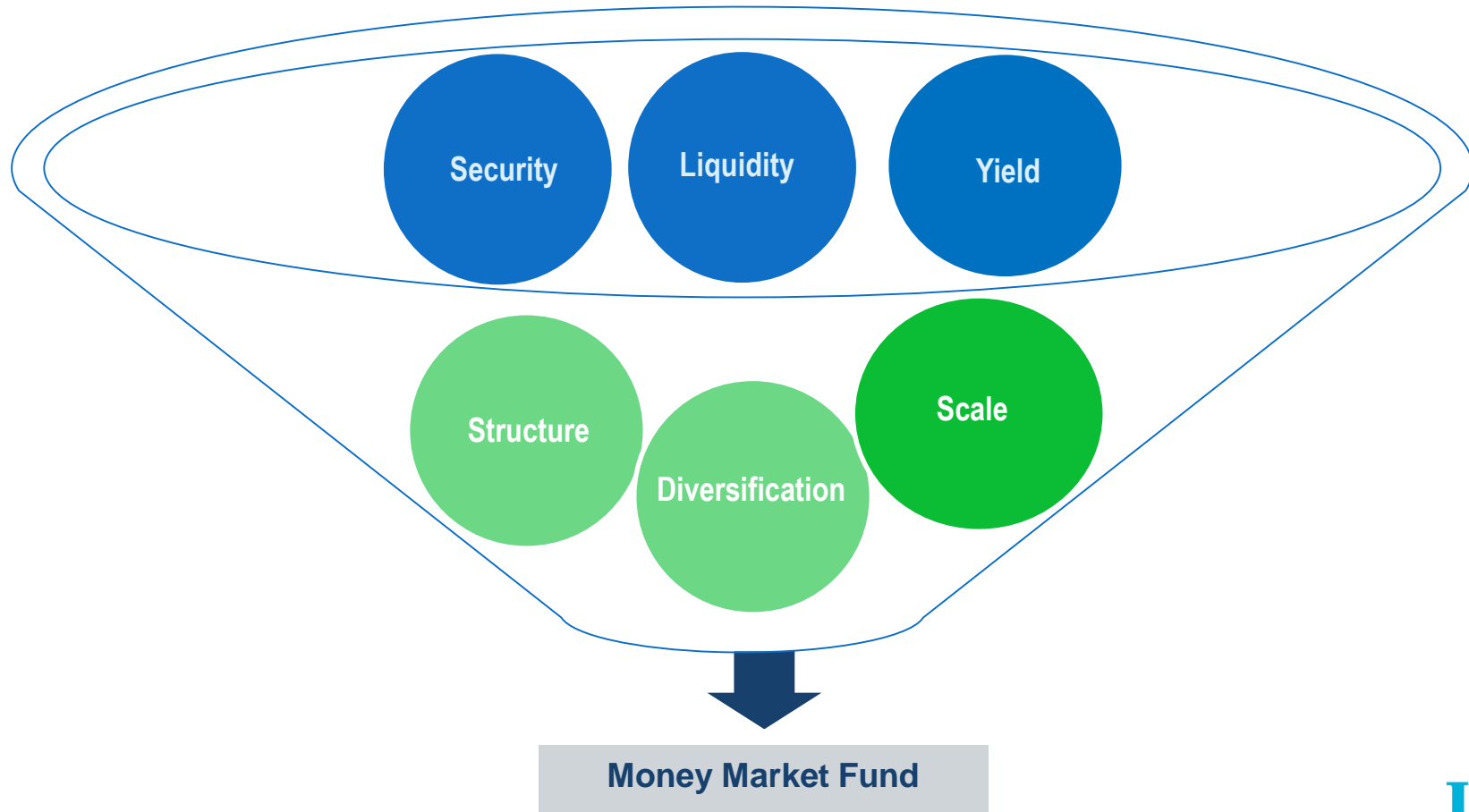




# Money Market Funds – the basics

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Money Market Funds (MMFs) are mutual funds which invest in short-term money market instruments



# Bank Deposits and Money Market Funds Compared

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## Bank deposits

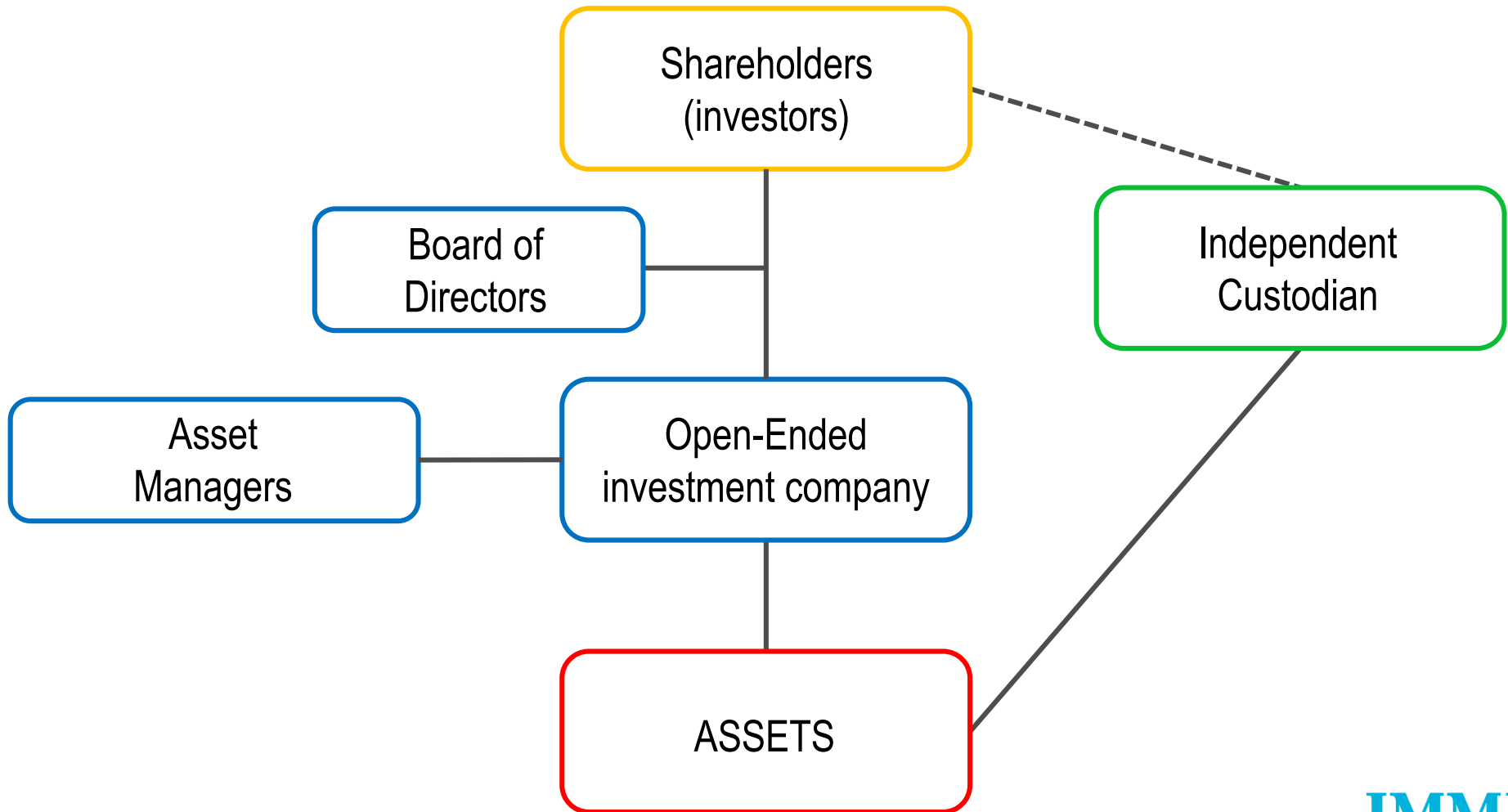
- Reduced appetite for large balances
- Concentrated exposure
- Intraday liquidity

## Money Market Funds

- Security
  - Risk diversification
  - Typically AAA rated
  - Regulated funds
  - Ring fenced assets
- Liquidity
  - Intraday liquidity
- Yield
  - Potential for yield

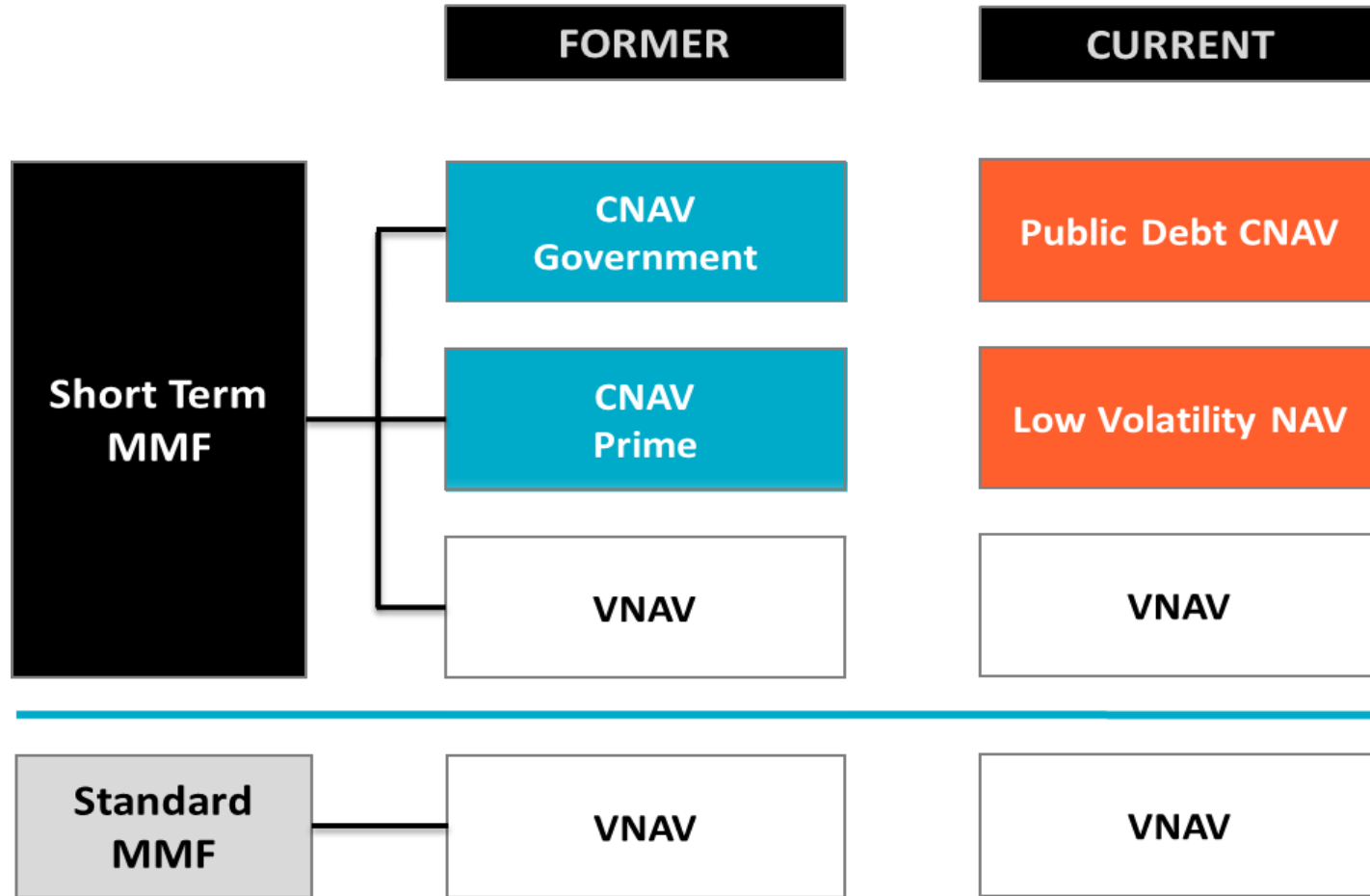
# MMF Governance Structure

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# European MMF Product Range: Old to New

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# European Constant NAV Fund Conversions



Source: IMMFA

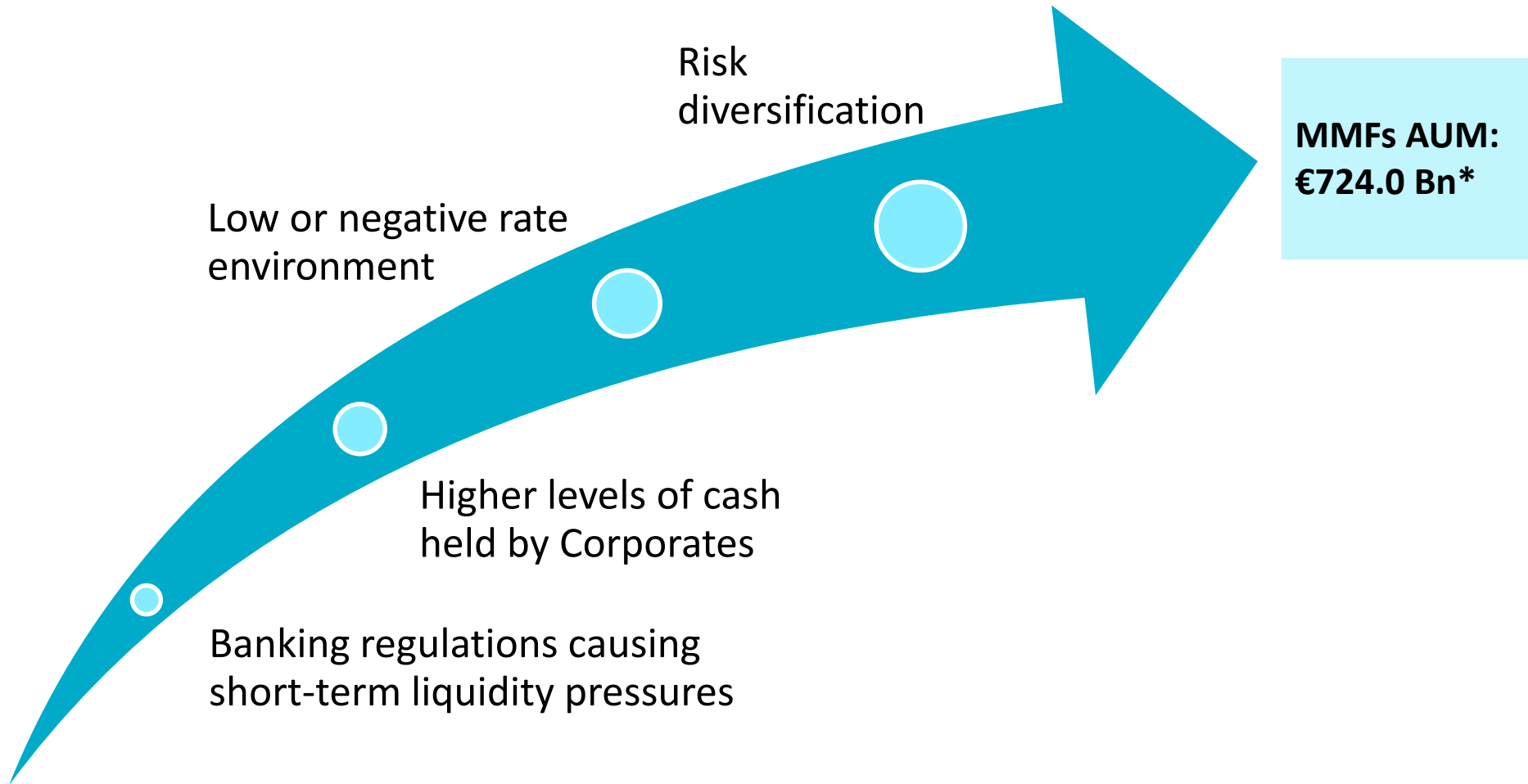
# Additional Protections from MMFR

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- Limitation in the difference allowable between the mark-to-market NAV and trading NAV of LVNAV and PDCNAV funds
- Minimum daily and weekly liquidity requirements
- Information disclosure requirements
  - Net % AUM inflows and outflows
  - Portfolio & investor composition detail

# Trends Driving Corporates' Use of MMFs

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# Considerations for Investors

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**BREXIT**

**Benchmark Reform**

**Technology**

**ESG / SRI / Sustainability**



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# LOOKING FORWARD

“Life can only be understood backwards:  
but it must be lived forwards”

- Soren Kierkegaard

# IMMFA Priorities

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- Anticipate and prepare for regulatory developments
- Position ourselves with the new Commission
- Build new/enhance existing relationships at an EU and individual country level
- Develop closer collaboration with other relevant trade associations
- In addition to delivering the mission
  - Informing and influencing policy makers regarding money market fund issues
  - Educating investors about money market funds
  - Providing timely data on members' funds

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# Institutional Money Market Funds Association

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