

3<sup>rd</sup> July 2014

The Institutional Money Market Funds Association (IMMFA) has today published an updated set of Position Papers on the European Commission's proposal for a new Regulation for money market funds: "Regulation of the European Parliament and of the Council on Money Market Funds ('MMFR')".

IMMFA supports many of the provisions in the MMFR. The introduction of minimum liquidity and diversification requirements, "know your client" policies and enhanced transparency will make money market funds (MMF) even stronger and improve their resilience in stressed market conditions. IMMFA also proposes additional measures such as the use of trigger-based liquidity fees and gates to meet regulators' desire to reduce run risk in MMF whilst maintaining them as an effective product for investors.

The position papers address in addition many of the fundamental questions raised in the policy debate on MMF debate including:

- Why accounting funds as variable NAV (VNAV) rather than constant or stable NAV (CNAV) has no impact on the degree of risk in the financial system,
- What might become of the €480bn invested in European CNAV MMFs if key aspects of the proposal are implemented,
- Why investors find CNAV MMF so useful, and
- The role CNAV MMF play in funding SMEs and other businesses across Europe.

**"Money market funds are a key component of the capital markets and an invaluable tool for many of the enterprises which are the engine-room of recovery and growth in Europe"** said Susan Hindle Barone, Secretary General of IMMFA. **"We are keen to work with regulators to ensure that we address the real issues at the heart of the MMF debate. The key to reliable, robust funds lies in liquidity and transparency. Liquidity fees and redemption gates are the most direct and effective measure to dampen volatility in stressed market conditions. We hope that these position papers assist in a fuller understanding of this important sector"**

IMMFA also announced changes to its Board composition following its AGM last week. Jonathan Curry of HSBC Global AM was confirmed as Chair of IMMFA for a further year. Kathleen Hughes of Goldman Sachs was re-elected and James Finch of UBS Global AM elected as Board Directors of IMMFA. Susan Dargan of State Street Global Services was re-elected as Board Director representing Associate Members.

IMMFA

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<http://www.immfa.org/publications/policy-positions.html>