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IMMFA Reacts to European Council's Money Market Fund Regulation

London, UK – June 20, 2016 – On Friday June 17 the European Council adopted its compromise position on the Money Market Fund Regulation (“MMFR”). This step enables the Council, the European Parliament and the European Commission to commence negotiations in trialogue to finalise the regulation.

Further changes are expected as negotiations continue, and unfinished work remains on several key aspects. Nevertheless, this is a milestone for the MMFR, which is now at a more advanced and workable stage than ever before.

Jane Lowe, IMMFA Secretary General, said:

“We welcome and acknowledge the Council’s hard work to find an acceptable compromise amongst the 28 Member States. The introduction of three forms of money market funds (government stable NAV, low volatility NAV and variable NAV) provides optionality and clarity, benefiting money market fund investors.

We welcome the Council’s pragmatism in permitting fund ratings to be sought by money market fund managers, and in providing for an implementation period that allows investors, managers and service providers to ready themselves.

Nevertheless, the IMMFA is disappointed that the restriction of government debt as a liquid asset means that government debt stable NAV funds and the low volatility NAV funds may ultimately prove unworkable. If properly constructed, these structures would provide security and optionality for investors.

Bringing certainty to the future shape and regulation of the €500 billion European constant NAV money market funds sector will enhance their ability to serve clients and help ensure

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they are better positioned for European efforts to build alternatives to bank funding in the Capital Market Union.”

-Ends-

Notes to editors:

IMMFA is the trade association which represents constant NAV money market funds. It was established on 14 June 2000, and currently has 19 members who operate investment funds and a number of associate members. Assets under management were €565 billion as at 10 June 2016 and make up over 50% of MMF assets under management in Europe.

MMFR/ Money Market Fund Regulation 2013/0615 is a legislative proposal put forward by the European Commission on 05 September 2013 to regulate all money market funds domiciled or promoted in the European Union. As a regulation, it applies directly in all Member States. The European Parliament agreed its position on the MMFR on 29 April 2015.

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