Money Market Funds Regulation (EU) 2017/1131

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| **Article** | **Text from 2017/1131** | **Proposed Text** |
| **Definitions** | | |
| 2 | Is your MMF a short term MMF or a standard MMF? | Which type of MMF is the fund and where can this be found in the MMF documentation? |
| **Type of MMF** | | |
| 3 | 1. MMFs shall be set up as one of the following types:   1. a VNAV MMF; 2. a public debt CNAV MMF; 3. a LVNAV MMF   MMF shall explicitly state the type of MMF, from those set out in Article 3 | Which type of MMF is the fund and where can this be found in the MMF documentation? |
| **4 Eligible Assets** | | |
| 9 | 1.   An MMF shall invest only in one or more of the following categories of financial assets and only under the conditions specified in this Regulation:   1. money market instruments including financial instruments issued or guaranteed separately or jointly by the Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements or any other relevant international financial institution or organisation to which one or more Member States belong 2. eligible securitisations and asset-backed commercial paper (ABCPs); 3. deposits with credit institutions; 4. financial derivative instruments 5. repurchase agreements that fulfil the conditions set out in Article 14; 6. reverse repurchase agreements that fulfil the conditions set out in Article 15; 7. units or shares of other MMFs. | List which financial asset types the MMF invest in? Where is this set out in the MMF documentation? |
| 2. An MMF shall not undertake any of the following activities:   1. investing in assets other than those referred to in paragraph 1; 2. short sale of any of the following instruments: money market instruments, securitisations, ABCPs and units or shares of other MMFs; 3. taking direct or indirect exposure to equity or commodities, including via derivatives, certificates representing them, indices based on them, or any other means or instrument that would give an exposure to them; 4. entering into securities lending agreements or securities borrowing agreements, or any other agreement that would encumber the assets of the MMF; 5. borrowing and lending cash. | Provide confirmation that business activities will **not** include any of these activities? Is this explicitly set out in the MMF documentation? |
| 3.   An MMF may hold ancillary liquid assets in accordance with Article 50(2) of Directive 2009/65/EC. | Does the MMF intend to hold any ancillary liquid assets? Where is this set out in the MMF documentation? |
| **(a) Eligible Money Market Instruments** | | |
| 10 | 1. A money market instrument shall be eligible for investment by an MMF provided that it fulfils all of the following requirements:   1. it falls within one of the categories of money market instruments referred to in point (a), (b), (c) or (h) of Article 50(1) of Directive 2009/65/EC; 2. it displays one of the following alternative characteristics:   (i) it has a legal maturity at issuance of 397 days or less;  (ii) it has a residual maturity of 397 days or less;   1. the issuer of the money market instrument and the quality of the money market instrument have received a favourable assessment pursuant to Articles 19 to 22; 2. where an MMF invests in a securitisation or ABCP, it is subject to the requirements laid down in Article 11. | If applicable, where is this set out in the MMF documentation? |
| 2. Notwithstanding point (b) of paragraph 1, standard MMFs shall also be allowed to invest in money market instruments with a residual maturity until the legal redemption date of less than or equal to 2 years, provided that the time remaining until the next interest rate reset date is 397 days or less. For that purpose, floating-rate money-market instruments and fixed-rate money-market instruments hedged by a swap arrangement shall be reset to a money market rate or index. |  |
| 3. Point (c) of paragraph 1 shall not apply to money market instruments issued or guaranteed by the Union, a central authority or central bank of a Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility. | If applicable, where is this set out in the MMF documentation? |
| **(b) Eligible Securitisations and ABCPS** | | |
| 11 | 1. Both a securitisation and an ABCP shall be considered to be eligible for investment by an MMF provided that the securitisation or ABCP is sufficiently liquid, has received a favourable assessment pursuant to Articles 19 to 22, and is any of the following:   1. a securitisation referred to in Article 13 of Commission Delegated Regulation (EU) 2015/61 (16); 2. an ABCP issued by an ABCP programme which:   (i) is fully supported by a regulated credit institution that covers all liquidity, credit and material dilution risks, as well as ongoing transaction costs and ongoing programme-wide costs related to the ABCP, if necessary to guarantee the investor the full payment of any amount under the ABCP;  (ii) is not a re-securitisation and the exposures underlying the securitisation at the level of each ABCP transaction do not include any securitisation position;  (iii) does not include a synthetic securitisation as defined in point (11) of Article 242 of Regulation (EU) No 575/2013;     1. a simple, transparent and standardised (STS) securitisation or ABCP. | If applicable, where is this set out in the MMF documentation? |
| 2. A short-term MMF may invest in the securitisations or ABCPs referred to in paragraph 1 provided any of the following conditions is fulfilled, as applicable:   1. the legal maturity at issuance of the securitisations referred to in point (a) of paragraph 1 is 2 years or less and the time remaining until the next interest rate reset date is 397 days or less; 2. the legal maturity at issuance or residual maturity of the securitisations or ABCPs referred to in points (b) and (c) of paragraph 1 is 397 days or less; 3. the securitisations referred to in points (a) and (c) of paragraph 1 are amortising instruments and have a WAL of 2 years or less. |
| 3. A standard MMF may invest in the securitisations or ABCPs referred to in paragraph 1 provided any of the following conditions is fulfilled, as applicable:   1. the legal maturity at issuance or residual maturity of the securitisations and ABCPs referred to in points (a), (b) and (c) of paragraph 1 is 2 years or less and the time remaining until the next interest rate reset date is 397 days or less; 2. the securitisations referred to in points (a) and (c) of paragraph 1 are amortising instruments and have a WAL of 2 years or less. |
| 4. For the purposes of the first subparagraph, the criteria identifying STS securitisations and ABCPs shall include at least the following:   1. requirements relating to the simplicity of the securitisation, including its true sale character and the respect of standards relating to the underwriting of the exposures; 2. requirements relating to standardisation of the securitisation, including risk retention requirements; 3. requirements relating to the transparency of the securitisation, including the provision of information to potential investors; 4. for ABCPs, in addition to points (a), (b) and (c), requirements relating to the sponsor and to the sponsor support of the ABCP programme. |
| **(c) Eligible deposits with credit institutions** | | |
| 12 | A deposit with a credit institution shall be eligible for investment by an MMF provided that all of the following conditions are fulfilled:   1. the deposit is repayable on demand or is able to be withdrawn at any time; 2. the deposit matures in no more than 12 months; 3. the credit institution has its registered office in a Member State or, where the credit institution has its registered office in a third country, it is subject to prudential rules considered equivalent to those laid down in Union law in accordance with the procedure laid down in Article 107(4) of Regulation (EU) No 575/2013. | If applicable, where is this set out in the MMF documentation? |
| **(d) Eligible financial derivative instruments** | | |
| 13 | A financial derivative instrument shall be eligible for investment by an MMF provided it is dealt in on a regulated market as referred to in point (a), (b) or (c) of Article 50(1) of Directive 2009/65/EC or OTC and provided that all of the following conditions are fulfilled:   1. the underlying of the derivative instrument consists of interest rates, foreign exchange rates, currencies or indices representing one of those categories; 2. the derivative instrument serves only the purpose of hedging the interest rate or exchange rate risks inherent in other investments of the MMF; 3. the counterparties to OTC derivative transactions are institutions subject to prudential regulation and supervision and belonging to the categories approved by the competent authority of the MMF; 4. the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the MMF's initiative. | If applicable, where is this set out in the MMF documentation? |
| **(e) Eligible repurchase agreements** | | |
| 14 | A repurchase agreement shall be eligible to be entered into by an MMF provided that all of the following conditions are fulfilled:   1. it is used on a temporary basis, for no more than seven working days, only for liquidity management purposes and not for investment purposes other than as referred to in point (c); 2. the counterparty receiving assets transferred by the MMF as collateral under the repurchase agreement is prohibited from selling, investing, pledging or otherwise transferring those assets without the MMF's prior consent; 3. the cash received by the MMF as part of the repurchase agreement is able to be:   (i)placed on deposits in accordance with point (f) of Article 50(1) of Directive 2009/65/EC; or  (ii) invested in assets referred to in Article 15(6), but shall not otherwise be invested in eligible assets as referred to in Article 9, transferred or otherwise reused;   1. the cash received by the MMF as part of the repurchase agreement does not exceed 10 % of its assets; 2. the MMF has the right to terminate the agreement at any time upon giving prior notice of no more than two working days. | If applicable, where is this set out in the MMF documentation? |
| **(f) Eligible reverse repurchase agreements** | | |
| 15 | 1. A reverse repurchase agreement shall be eligible to be entered into by an MMF provided that all of the following conditions are fulfilled:   1. the MMF has the right to terminate the agreement at any time upon giving prior notice of no more than two working days; 2. the market value of the assets received as part of the reverse repurchase agreement is at all times at least equal to the value of the cash paid out. | If applicable, where is this set out in the MMF documentation? |
| 2. The assets received by an MMF as part of a reverse repurchase agreement shall be money market instruments that fulfil the requirements set out in Article 10.  The assets received by an MMF as part of a reverse repurchase agreement shall not be sold, reinvested, pledged or otherwise transferred. |
| 3.   Securitisations and ABCPs shall not be received by an MMF as part of a reverse repurchase agreement. |
| 4.   The assets received by an MMF as part of a reverse repurchase agreement shall be sufficiently diversified with a maximum exposure to a given issuer of 15 % of the MMF's NAV, except where those assets take the form of money market instruments that fulfil the requirements of Article 17(7). In addition, the assets received by an MMF as part of a reverse repurchase agreement shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty. |
| 5.   An MMF that enters into a reverse repurchase agreement shall ensure that it is able to recall the full amount of cash at any time on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement shall be used for the calculation of the NAV of the MMF. |
| 6. By way of derogation from paragraph 2 of this Article, an MMF may receive as part of a reverse repurchase agreement liquid transferable securities or money market instruments other than those that fulfil the requirements set out in Article 10 provided that those assets comply with one of the following conditions:   1. they are issued or guaranteed by the Union, a central authority or central bank of a Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility provided that a favourable assessment has been received pursuant to Articles 19 to 22; 2. they are issued or guaranteed by a central authority or central bank of a third country, provided that a favourable assessment has been received pursuant to Articles 19 to 22.   The assets received as part of a reverse repurchase agreement in accordance with the first subparagraph of this paragraph shall be disclosed to MMF investors, in accordance with Article 13 of Regulation (EU) 2015/2365 of the European Parliament and of the Council (17). |
| **(g) Eligible units or shares of MMFs** | | |
| 16 | 1. An MMF may acquire the units or shares of any other MMF (‘targeted MMF’) provided that all of the following conditions are fulfilled:   1. no more than 10 % of the assets of the targeted MMF are able, according to its fund rules or instruments of incorporation, to be invested in aggregate in units or shares of other MMFs; 2. the targeted MMF does not hold units or shares in the acquiring MMF.     An MMF whose units or shares have been acquired shall not invest in the acquiring MMF during the period in which the acquiring MMF holds units or shares in it. | If applicable, where is this set out in the MMF documentation? |
| 2.   An MMF may acquire the units or shares of other MMFs, provided that no more than 5 % of its assets are invested in units or shares of a single MMF. |
| 3.   An MMF may, in aggregate, invest no more than 17,5 % of its assets in units or shares of other MMFs. |
| 4.   Units or shares of other MMFs shall be eligible for investment by an MMF provided that all of the following conditions are fulfilled:   |  | | --- | | (a) the targeted MMF is authorised under this Regulation; |   (b) where the targeted MMF is managed, whether directly or under a delegation, by the same manager as that of the acquiring MMF or by any other company to which the manager of the acquiring MMF is linked by common management or control, or by a substantial direct or indirect holding, the manager of the targeted MMF, or that other company, is prohibited from charging subscription or redemption fees on account of the investment by the acquiring MMF in the units or shares of the targeted MMF;   |  | | --- | | (c) where an MMF invests 10 % or more of its assets in units or shares of other MMFs:  (i) the prospectus of that MMF shall disclose the maximum level of the management fees that may be charged to the MMF itself and to the other MMFs in which it invests; and  (ii) the annual report shall indicate the maximum proportion of management fees charged to the MMF itself and to the other MMFs in which it invests. | |
| 5.   Paragraphs 2 and 3 of this Article shall not apply to an MMF that is an AIF authorised in accordance with Article 5, where all of the following conditions are met:   |  |  | | --- | --- | |  | 1. the MMF is marketed solely through an employee savings scheme governed by national law and which has only natural persons as investors; |  |  |  | | --- | --- | |  | (b) the employee savings scheme referred to in point (a) only allows investors to redeem their investment subject to restrictive redemption terms which are laid down in national law, whereby redemptions may only take place in certain circumstances that are not linked to market developments. | |
| 6. Short-term MMFs may only invest in units or shares of other short-term MMFs. |
| 7.   Standard MMFs may invest in units or shares of short-term MMFs and standard MMFs. |
| **Provisions on investment policies** | | |
| Diversification 17 | 1. An MMF shall invest no more than:   1. 5 % of its assets in money market instruments, securitisations and ABCPs issued by the same body; 2. 10 % of its assets in deposits made with the same credit institution, unless the structure of the banking sector in the Member State in which the MMF is domiciled is such that there are insufficient viable credit institutions to meet that diversification requirement and it is not economically feasible for the MMF to make deposits in another Member State, in which case up to 15 % of its assets may be deposited with the same credit institution. | If applicable, where is this set out in the MMF documentation? |
| 2. By way of derogation from point (a) of paragraph 1, a VNAV MMF may invest up to 10 % of its assets in money market instruments, securitisations and ABCPs issued by the same body provided that the total value of such money market instruments, securitisations and ABCPs held by the VNAV MMF in each issuing body in which it invests more than 5 % of its assets does not exceed 40 % of the value of its assets. |
| 3.   Until the date of application of the delegated act referred to in Article 11(4), the aggregate of all of an MMF's exposures to securitisations and ABCPs shall not exceed 15 % of the assets of the MMF.  As from the date of application of the delegated act referred to in Article 11(4), the aggregate of all of an MMF's exposures to securitisations and ABCPs shall not exceed 20 % of the assets of the MMF, whereby up to 15 % of the assets of the MMF may be invested in securitisations and ABCPs that do not comply with the criteria for the identification of STS securitisations and ABCPs. |
| 4. The aggregate risk exposure to the same counterparty of an MMF stemming from OTC derivative transactions which fulfil the conditions set out in Article 13 shall not exceed 5 % of the assets of the MMF. |
| 5.   The aggregate amount of cash provided to the same counterparty of an MMF in reverse repurchase agreements shall not exceed 15 % of the assets of the MMF. |
| 6. Notwithstanding the individual limits laid down in paragraphs 1 and 4, an MMF shall not combine, where to do so would result in an investment of more than 15 % of its assets in a single body, any of the following:   1. investments in money market instruments, securitisations and ABCPs issued by that body; 2. deposits made with that body; 3. OTC financial derivative instruments giving counterparty risk exposure to that body. |
| 7. By way of derogation from point (a) of paragraph 1, the competent authority of an MMF may authorise an MMF to invest, in accordance with the principle of risk-spreading, up to 100 % of its assets in different money market instruments issued or guaranteed separately or jointly by the Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong.  The first subparagraph shall only apply where all of the following requirements are met:   1. the MMF holds money market instruments from at least six different issues by the issuer; 2. the MMF limits the investment in money market instruments from the same issue to a maximum of 30 % of its assets; 3. the MMF makes express reference, in its fund rules or instruments of incorporation, to all administrations, institutions or organisations referred to in the first subparagraph that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5 % of its assets; 4. the MMF includes a prominent statement in its prospectus and marketing communications drawing attention to the use of the derogation and indicating all administrations, institutions or organisations referred to in the first subparagraph that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5 % of its assets. |
| 8. Notwithstanding the individual limits laid down in paragraph 1, an MMF may invest no more than 10 % of its assets in bonds issued by a single credit institution that has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.  Where an MMF invests more than 5 % of its assets in the bonds referred to in the first subparagraph issued by a single issuer, the total value of those investments shall not exceed 40 % of the value of the assets of the MMF. |
| 9.   Notwithstanding the individual limits laid down in paragraph 1, an MMF may invest no more than 20 % of its assets in bonds issued by a single credit institution where the requirements set out in point (f) of Article 10(1) or point (c) of Article 11(1) of Delegated Regulation (EU) 2015/61 are met, including any possible investment in assets referred to in paragraph 8 of this Article.  Where an MMF invests more than 5 % of its assets in the bonds referred to in the first subparagraph issued by a single issuer, the total value of those investments shall not exceed 60 % of the value of the assets of the MMF, including any possible investment in assets referred to in paragraph 8, respecting the limits set out therein. |
| 10.   Companies which are included in the same group for the purposes of consolidated accounts under Directive 2013/34/EU of the European Parliament and of the Council[(18)](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017R1131&from=EN#ntr18-L_2017169EN.01000801-E0018) or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits referred to in paragraphs 1 to 6 of this Article. |
| **Concentration** | | |
| 18 | 1.   An MMF shall not hold more than 10 % of the money market instruments, securitisations and ABCPs issued by a single body. | Where is this set out in the MMF documentation? |
| 2.   The limit laid down in paragraph 1 shall not apply in respect of holdings of money market instruments issued or guaranteed by the Union, national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong. |
| **Internal Credit Quality Assessment procedure** | | |
| 19 | 1.   The manager of an MMF shall establish, implement and consistently apply a prudent internal credit quality assessment procedure for determining the credit quality of money market instruments, securitisations and ABCPs, taking into account the issuer of the instrument and the characteristics of the instrument itself. | Please confirm that you are aware of, and will comply with, these requirements |
| 2.   The manager of an MMF shall ensure that the information used in applying the internal credit quality assessment procedure is of sufficient quality, up-to-date and from reliable sources. |
| 3.   The internal assessment procedure shall be based on prudent, systematic and continuous assessment methodologies. The methodologies used shall be subject to validation by the manager of an MMF based on historical experience and empirical evidence, including back testing. |
| 4.   The manager of an MMF shall ensure that the internal credit quality assessment procedure complies with all of the following general principles:   1. an effective process is to be established to obtain and update relevant information on the issuer and the instrument's characteristics; 2. adequate measures are to be adopted and implemented to ensure that the internal credit quality assessment is based on a thorough analysis of the information that is available and pertinent, and includes all relevant driving factors that influence the creditworthiness of the issuer and the credit quality of the instrument; 3. the internal credit quality assessment procedure is to be monitored on an ongoing basis and all credit quality assessments shall be reviewed at least annually; 4. while there is to be no mechanistic over-reliance on external ratings in accordance with Article 5a of Regulation (EC) No 1060/2009, the manager of an MMF shall undertake a new credit quality assessment for a money market instrument, securitisations and ABCPs when there is a material change that could have an impact on the existing assessment of the instrument; 5. the credit quality assessment methodologies are to be reviewed at least annually by the manager of an MMF to determine whether they remain appropriate for the current portfolio and external conditions and the review shall be transmitted to the competent authority of the manager of the MMF. Where the manager of the MMF becomes aware of errors in the credit quality assessment methodology or in its application, it shall immediately correct those errors; 6. when methodologies, models or key assumptions used in the internal credit quality assessment procedure are changed, the manager of an MMF is to review all affected internal credit quality assessments as soon as possible. |
| **Internal Credit Quality Assessment** | | |
| 20 | 1.   The manager of an MMF shall apply the procedure laid down in Article 19 to determine whether the credit quality of a money market instrument, securitisation or ABCP receives a favourable assessment. Where a credit rating agency registered and certified in accordance with Regulation (EC) No 1060/2009 has provided a rating of that money market instrument, the manager of the MMF may have regard to such rating and supplementary information and analysis in its internal credit quality assessment, while not solely or mechanistically relying on such rating in accordance with Article 5a of Regulation (EC) No 1060/2009. | Please confirm that you are aware of, and will comply with, these requirements |
| 2.   The credit quality assessment shall take into account at least the following factors and general principles:   1. the quantification of the credit risk of the issuer and of the relative risk of default of the issuer and of the instrument; 2. qualitative indicators on the issuer of the instrument, including in the light of the macroeconomic and financial market situation; 3. the short-term nature of money market instruments; 4. the asset class of the instrument; 5. the type of issuer distinguishing at least the following types of issuers: national, regional or local administrations, financial corporations, and non-financial corporations; 6. for structured financial instruments, the operational and counterparty risk inherent within the structured financial transaction and, in case of exposure to securitisations, the credit risk of the issuer, the structure of the securitisation and the credit risk of the underlying assets; 7. the liquidity profile of the instrument.   The manager of an MMF may, in addition to the factors and general principles referred to in this paragraph, take into account warnings and indicators when determining the credit quality of a money market instrument referred to in Article 17(7). |
| **Documentation** | | |
| 21 | 1.   The manager of an MMF shall document its internal credit quality assessment procedure and credit quality assessments. Documentation shall include all of the following:   1. the design and operational details of its internal credit quality assessment procedure in a manner that allows competent authorities to understand and evaluate the appropriateness of a credit quality assessment; 2. the rationale for and the analysis supporting the credit quality assessment, as well as the manager of the MMF's choice of criteria for, and the frequency of, the review of the credit quality assessment; 3. all major changes to the internal credit quality assessment procedure, including identification of the triggers of such changes; 4. the organisation of the internal credit quality assessment procedure and the internal control structure; 5. complete internal credit quality assessment histories on instruments, issuers and, where relevant, recognised guarantors; 6. the person or persons responsible for the internal credit quality assessment procedure. | Please confirm that you are aware of, and will comply with, these requirements |
| 2. The manager of an MMF shall keep all the documentation referred to in paragraph 1 for at least three complete annual accounting periods. |
| 3. The internal credit quality assessment procedure shall be detailed in the fund rules or rules of incorporation of the MMF and all documents referred to in paragraph 1 shall be made available upon request to the competent authorities of the MMF and to the competent authorities of the manager of the MMF. |
| 23 | 1. The internal credit quality assessment procedure shall be approved by the senior management, the governing body, and, where it exists, the supervisory function of the manager of an MMF.  Those parties shall have a good understanding of the internal credit quality assessment procedure and the methodologies applied by the manager of an MMF, as well as a detailed comprehension of the associated reports. |
| 2.   The manager of an MMF shall report to the parties referred to in paragraph 1 on the MMF's credit risk profile, based on an analysis of the MMF's internal credit quality assessments. Reporting frequencies shall depend on the significance and type of information and shall be at least annual. |
| 3. Senior management shall ensure, on an ongoing basis, that the internal credit quality assessment procedure is operating properly.  Senior management shall be regularly informed about the performance of the internal credit quality assessment procedures, the areas where deficiencies were identified, and the status of efforts and actions taken to improve previously identified deficiencies. |
| 4.   Internal credit quality assessments and their periodic reviews by the manager of an MMF shall not be performed by the persons performing or responsible for the portfolio management of an MMF. |
| **Portfolio rules for short-term MMFs** | | |
| 24 | 1.   A short-term MMF shall comply on an ongoing basis with all of the following portfolio requirements:   1. its portfolio is to have a WAM of no more than 60 days; 2. its portfolio is to have a WAL of no more than 120 days, subject to the second and third subparagraphs; 3. for LVNAV MMFs and public debt CNAV MMFs, at least 10 % of their assets are to be comprised of daily maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of one working day or cash which is able to be withdrawn by giving prior notice of one working day. A LVNAV MMF or public debt CNAV MMF is not to acquire any asset other than a daily maturing asset when such acquisition would result in that MMF investing less than 10 % of its portfolio in daily maturing assets; 4. for a short-term VNAV MMF, at least 7,5 % of its assets are to be comprised of daily maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of one working day, or cash which is able to be withdrawn by giving prior notice of one working day. A short-term VNAV MMF is not to acquire any asset other than a daily maturing asset when such acquisition would result in that MMF investing less than 7,5 % of its portfolio in daily maturing assets; 5. for LVNAV MMFs and public debt CNAV MMFs, at least 30 % of their assets are to be comprised of weekly maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of five working days or cash which is able to be withdrawn by giving prior notice of five working days. A LVNAV MMF or public debt CNAV MMF is not to acquire any asset other than a weekly maturing asset when such acquisition would result in that MMF investing less than 30 % of its portfolio in weekly maturing assets; 6. for a short-term VNAV MMF, at least 15 % of its assets are to be comprised of weekly maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of five working days, or cash which is able to be withdrawn by giving prior notice of five working days. A short-term VNAV MMF is not to acquire any asset other than a weekly maturing asset when such acquisition would result in that MMF investing less than 15 % of its portfolio in weekly maturing assets; 7. for the purpose of the calculation referred to in point (e), assets referred to in Article 17(7) which are highly liquid and can be redeemed and settled within one working day and have a residual maturity of up to 190 days may also be included within the weekly maturing assets of a LVNAV MMF and public debt CNAV MMF, up to a limit of 17,5 % of its assets; 8. for the purpose of the calculation referred to in point (f), money market instruments or units or shares of other MMFs may be included within the weekly maturing assets of a short-term VNAV MMF up to a limit of 7,5 % of its assets provided they are able to be redeemed and settled within five working days.   For the purposes of point (b) of the first subparagraph, when calculating the WAL for securities, including structured financial instruments, a short-term MMF shall base the maturity calculation on the residual maturity until the legal redemption of the instruments. However, in the event that a financial instrument embeds a put option, a short-term MMF may base the maturity calculation on the exercise date of the put option instead of the residual maturity, but only if all of the following conditions are fulfilled at all times:   1. the put option is able to be freely exercised by the short-term MMF at its exercise date; 2. (ii) the strike price of the put option remains close to the expected value of the instrument at the exercise date; 3. (iii)the investment strategy of the short-term MMF implies that there is a high probability that the option will be exercised at the exercise date.   By way of derogation from the second subparagraph, when calculating the WAL for securitisations and ABCPs, a short-term MMF may instead, in the case of amortising instruments, base the maturity calculation on one of the following:  (i) the contractual amortisation profile of such instruments;    (ii) the amortisation profile of the underlying assets from which the cash-flows for the redemption of such instruments result. | If applicable, where is this set out in the MMF documentation? |
| 2.   If the limits referred to in this Article are exceeded for reasons beyond the control of a standard MMF or as a result of the exercise of subscription or redemption rights, that MMF shall adopt as a priority objective the correction of that situation, taking due account of the interests of its unit holders or shareholders | Please confirm that you are aware of, and will comply with, these requirements |
| 3.   A standard MMF shall not take the form of a public debt CNAV MMF or a LVNAV MMF. |
| **MMF Credit Ratings** | | |
| 26 | An MMF that solicits or finances an external credit rating shall do so in accordance with Regulation (EC) No 1060/2009. The MMF or the manager of the MMF shall clearly indicate in the MMF's prospectus, and in all communication to investors in which the external credit rating is mentioned, that the rating was solicited or financed by the MMF or by the manager of the MMF. | Please confirm that you are aware of, and will comply with, these requirements |
| **Know your Customer Policy** | | |
| 27 | 1.   Without prejudice to any more stringent requirements set out in Directive (EU) 2015/849 of the European Parliament and of the Council[(19)](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017R1131&from=EN#ntr19-L_2017169EN.01000801-E0019), the manager of an MMF shall establish, implement and apply procedures and exercise all due diligence with a view to anticipating the effect of concurrent redemptions by several investors, taking into account at least the type of investor, the number of units or shares in the fund owned by a single investor and the evolution of inflows and outflows. | Please confirm that you are aware of, and will comply with, these requirements |
| 2.   If the value of the units or shares held by a single investor exceeds the amount of the corresponding daily liquidity requirement of an MMF, the manager of the MMF shall consider, in addition to the factors set out in paragraph 1, all of the following:   1. identifiable patterns in investor cash needs, including the cyclical evolution of the number of shares in the MMF; 2. the risk aversion of the different investors; 3. the degree of correlation or close links between different investors in the MMF. |
| 3. Where investors route their investments via an intermediary, the manager of an MMF shall request the information to comply with paragraphs 1 and 2 from the intermediary in order to manage appropriately the liquidity and investor concentration of the MMF. |
| 4.   The manager of an MMF shall ensure that the value of the units or shares held by a single investor does not materially impact the liquidity profile of the MMF where it accounts for a substantial part of the total NAV of the MMF. |
| **Stress Testing** | | |
| 28 | 1.   Each MMF shall have in place sound stress testing processes that identify possible events or future changes in economic conditions which could have unfavourable effects on the MMF. The MMF or the manager of an MMF shall assess the possible impact that those events or changes could have on the MMF. The MMF or the manager of an MMF shall regularly conduct stress testing for different possible scenarios.  The stress tests shall be based on objective criteria and consider the effects of severe plausible scenarios. The stress test scenarios shall at least take into consideration reference parameters that include the following factors:   1. hypothetical changes in the level of liquidity of the assets held in the portfolio of the MMF; 2. hypothetical changes in the level of credit risk of the assets held in the portfolio of the MMF, including credit events and rating events; 3. hypothetical movements of the interest rates and exchange rates; 4. hypothetical levels of redemption; 5. hypothetical widening or narrowing of spreads among indices to which interest rates of portfolio securities are tied; 6. hypothetical macro systemic shocks affecting the economy as a whole. | Please confirm that you are aware of, and will comply with, these requirements |
| 2.   In addition, in the case of public debt CNAV MMFs and LVNAV MMFs, the stress tests shall estimate for different scenarios the difference between the constant NAV per unit or share and the NAV per unit or share. |
| 3.   Stress tests shall be conducted at a frequency determined by the board of directors of the MMF, where applicable, or the board of directors of the manager of an MMF, after considering what an appropriate and reasonable interval in light of the market conditions is and after considering any envisaged changes in the portfolio of the MMF. Such frequency shall be at least bi-annual. |
| 4. Where the stress test reveals any vulnerability of the MMF, the manager of an MMF shall draw up an extensive report with the results of the stress testing and a proposed action plan.  Where necessary, the manager of an MMF shall take action to strengthen the robustness of the MMF, including actions that reinforce the liquidity or the quality of the assets of the MMF and shall immediately inform the competent authority of the MMF of the measures taken. |
| 5.   The extensive report with the results of the stress testing and proposed action plan shall be submitted for examination to the board of directors of the MMF, where applicable, or the board of directors of the manager of an MMF. The board of directors shall amend the proposed action plan if necessary and approve the final action plan. The extensive report and the action plan shall be kept for a period of at least 5 years. |
| **Valuation Rules** | | |
| **Valuation of MMFs** | | |
| 29 | 1.   The assets of an MMF shall be valued on at least a daily basis. | Where is this set out in the MMF documentation? |
| 2.   The assets of an MMF shall be valued by using mark-to-market whenever possible. |
| 3.   When using mark- to-market:   1. the asset of an MMF shall be valued at the more prudent side of bid and offer unless the asset can be closed out at mid-market; 2. only good quality market data shall be used; such data shall be assessed on the basis of all of the following factors: 3. the number and quality of the counterparties; 4. the volume and turnover in the market of the asset of the MMF; 5. the issue size and the portion of the issue that the MMF plans to buy or sell |
| 4. Where use of mark-to-market is not possible or the market data is not of sufficient quality, an asset of an MMF shall be valued conservatively by using mark-to-model.  The model shall accurately estimate the intrinsic value of the asset of an MMF, based on all of the following up-to-date key factors:   1. the volume and turnover in the market of that asset; 2. (b)the issue size and the portion of the issue that the MMF plans to buy or sell; 3. market risk, interest rate risk, credit risk attached to the asset.   When using mark-to-model, the amortised cost method shall not be used. |
| 5.   A valuation carried out in accordance with paragraphs 2, 3, 4, 6 and 7 shall be communicated to the competent authorities. |
| 6.   Notwithstanding paragraphs 2, 3 and 4, the assets of public debt CNAV MMFs may additionally be valued by using the amortised cost method. |
| 7. By way of derogation from paragraphs 2 and 4, in addition to the mark-to-market referred to in paragraphs 2 and 3 and the mark-to-model referred to in paragraph 4, the assets of LVNAV MMFs that have a residual maturity of up to 75 days may be valued by using the amortised cost method.  The amortised cost method shall only be used for valuing an asset of a LVNAV MMF in circumstances where the price of that asset calculated in accordance with paragraphs 2, 3 and 4 does not deviate from the price of that asset calculated in accordance with the first subparagraph of this paragraph by more than 10 basis points. In the event of such a deviation, the price of that asset shall be calculated in accordance with paragraphs 2, 3 and 4. |
| **Calculation of NAV per unit or share** | | |
| 30 | 1.   An MMF shall calculate a NAV per unit or share as the difference between the sum of all assets of the MMF and the sum of all liabilities of the MMF valued in accordance with mark-to-market or mark-to-model, or both, divided by the number of outstanding units or shares of the MMF. | Where is this set out in the MMF documentation? |
| 2.   The NAV per unit or share shall be rounded to the nearest basis point or its equivalent when the NAV is published in a currency unit. |
| 3.   The NAV per unit or share of an MMF shall be calculated and published at least daily on the public section of the website of the MMF. |
| **Calculation of the constant NAV per unit or share of public debt CNAV MMFs** | | |
| 31 | 1.   A public debt CNAV MMF shall calculate a constant NAV per unit or share as the difference between the sum of all of its assets valued in accordance with the amortised cost method, as provided for in Article 29(6), and the sum of all of its liabilities, divided by the number of its outstanding units or shares. | If applicable, where is this set out in the MMF documentation? |
| 2.   The constant NAV per unit or share of a public debt CNAV MMF shall be rounded to the nearest percentage point or its equivalent when the constant NAV is published in a currency unit. |
| 3.   The constant NAV per unit or share of a public debt CNAV MMF shall be calculated at least daily. |
| 4.   The difference between the constant NAV per unit or share and the NAV per unit or share calculated in accordance with Article 30 shall be monitored and published daily on the public section of the website of the MMF. |
| **Calculation of the constant NAV per unit or share of public debt LVNAV MMFs** | | |
| 32 | 1. A LVNAV MMF shall calculate a constant NAV per unit or share as the difference between the sum of all of its assets valued in accordance with the amortised cost method as specified in Article 29(7), and the sum of all its liabilities, divided by the number of its outstanding units or shares. | If applicable, where is this set out in the MMF documentation? |
| 2.   The constant NAV per unit or share of a LVNAV MMF shall be rounded to the nearest percentage point or its equivalent when the constant NAV is published in a currency unit. |
| 3.   The constant NAV per unit or share of a LVNAV MMF shall be calculated at least daily. |
| 4.   The difference between the constant NAV per unit or share and the NAV per unit or share calculated in accordance with Article 30 shall be monitored and published daily on the public section of the website of the MMF. |
| **Issue and redemption price** | | |
| 33 | 1.   The units or shares of an MMF shall be issued or redeemed at a price that is equal to the MMF's NAV per unit or share, notwithstanding permitted fees or charges as specified in the prospectus of the MMF. | Where is this set out in the MMF documentation? |
| 2.   By way of derogation from paragraph 1:   1. the units or shares of a public debt CNAV MMF may be issued or redeemed at a price that is equal to that MMF's constant NAV per unit or share; 2. the units or shares of a LVNAV MMF may be issued or redeemed at a price that is equal to that MMF's constant NAV per unit or share, but only where the constant NAV per unit or share calculated in accordance with Article 32(1), (2) and (3) does not deviate from the NAV per unit or share calculated in accordance with Article 30 by more than 20 basis points.   In relation to point (b), when the constant NAV per unit or share calculated in accordance with Article 32(1), (2) and (3) deviates from the NAV per unit or share calculated in accordance with Article 30 by more than 20 basis points, the following redemption or subscription shall be undertaken at a price that is equal to the NAV per unit or share calculated in accordance with Article 30.  Potential investors shall, prior to the conclusion of the contract, be clearly warned in writing by the manager of an MMF of the circumstances in which the LVNAV MMF will no longer redeem or subscribe at a constant NAV per unit or share. |
| **Specific requirements for public debt CNAV MMFs and LVNAV MMFs** | | |
| 34 | 1. The manager of a public debt CNAV MMF or of a LVNAV MMF shall establish, implement and consistently apply prudent and rigorous liquidity management procedures for ensuring compliance with the weekly liquidity thresholds applicable to such funds. The liquidity management procedures shall be clearly described in the fund rules or instruments of incorporation, as well as in the prospectus.  In ensuring compliance with the weekly liquidity thresholds, the following shall apply:   1. whenever the proportion of weekly maturing assets as set out in point (e) of Article 24(1) falls below 30 % of the total assets of the public debt CNAV MMF or of the LVNAV MMF and the net daily redemptions on a single working day exceed 10 % of total assets, the manager of the public debt CNAV MMF or of the LVNAV MMF shall immediately inform its board thereof and the board shall undertake a documented assessment of the situation to determine the appropriate course of action having regard to the interests of the investors and shall decide whether to apply one or more of the following measures: 2. liquidity fees on redemptions that adequately reflect the cost to the MMF of achieving liquidity and ensure that investors who remain in the fund are not unfairly disadvantaged when other investors redeem their units or shares during the period; 3. redemption gates that limit the amount of shares or units to be redeemed on any one working day to a maximum of 10 % of the shares or units in the MMF for any period up to 15 working days; 4. suspension of redemptions for any period up to 15 working days; or 5. take no immediate action other than fulfilling the obligation laid down in Article 24(2); 6. whenever the proportion of weekly maturing assets as set out in point (e) of Article 24(1) falls below 10 % of its total assets, the manager of a public debt CNAV MMF or of a LVNAV MMF shall immediately inform its board thereof and the board shall undertake a documented assessment of the situation and, on the basis of such assessment and having regard to the interests of the investors, shall apply one or more of the following measures and document the reasons for its choice: 7. (i)liquidity fees on redemptions that adequately reflect the cost to the MMF of achieving liquidity and ensure that investors who remain in the fund are not unfairly disadvantaged when other investors redeem their units or shares during the period; 8. (ii) a suspension of redemptions for a period of up to 15 working days. | If applicable, where is this set out in the MMF documentation? |
| 2.   When, within a period of 90 days, the total duration of the suspensions exceeds 15 days, a public debt CNAV MMF or a LVNAV MMF shall automatically cease to be a public debt CNAV MMF or a LVNAV MMF. The public debt CNAV MMF or the LVNAV MMF shall immediately inform each investor thereof in writing in a clear and comprehensible way. |
| 3.   After the board of the public debt CNAV MMF or of the LVNAV MMF has determined its course of action with regard to both points (a) and (b) of paragraph 1, it shall promptly provide details of its decision to the competent authority of that MMF. |