

MEMO# 30739

June 9, 2017

ESMA Consultation Paper on Draft Technical Advice, Standards, and Guidelines Under the EU Money Market Fund Regulation; Comments Due 7 August

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June 9, 2017 TO: ICI Members
ICI Global Members

Money Market Funds Advisory Committee SUBJECTS: International/Global

Money Market Funds RE: ESMA Consultation Paper on Draft Technical Advice, Standards, and Guidelines Under the EU Money Market Fund Regulation; Comments Due 7 August

The European Securities and Markets Authority (ESMA) has published a [Consultation Paper](#) (CP) on the EU's Money Market Funds Regulation (MMFR). The CP contains proposals on draft technical advice (TA), draft implementing technical standards (ITS), and guidelines under the MMFR. The key proposals relate to asset liquidity and credit quality, the establishment of a reporting template and stress test scenarios. Specifically, the draft proposals include:

Technical Advice

- the liquidity and credit quality requirements applicable to assets received as part of a reverse repurchase agreement;
- the criteria for the validation of the credit quality assessment methodologies and the criteria for quantification of the credit risk and the relative risk of default of an issuer and of the instrument in which the money market fund invests, as well as the criteria to establish qualitative indicators on the issuer of the instrument;

Implementing Technical Standards

- the development of a reporting template containing all the information money market fund managers are required to send to the money market fund's competent authority, including information on the characteristics, portfolio indicators, assets, and liabilities of the money market fund. This information will be submitted to the national competent authorities and then transmitted to ESMA; and

Guidelines

- guidelines on common reference parameters of the scenarios to be included in the stress tests that money market fund managers must conduct. This takes into account such factors as hypothetical changes in the level of liquidity of the assets held in the portfolio of the money market fund, movements of interest rates, and exchange rates or levels of redemption.

Stakeholders are invited to provide their feedback on these proposals by 7 August. ESMA plans to finalize the TA and ITS for submission to the European Commission and issue the guidelines by the end of the year.

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