

MEMO# 34119

April 20, 2022

European Commission Publishes Consultation on the Money Market Fund Regulation

[34119]

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TO: ICI Members

ICI Global Members SUBJECTS: International/Global

MiFID, EMIR, AIFMD, UCITS V RE: European Commission Publishes Consultation on the Money Market Fund Regulation

On April 12, the European Commission (Commission) published a targeted consultation on the functioning of the Money Market Fund Regulation (MMFR), which has been fully applicable since January 2019.[\[1\]](#) The consultation's results will feed into the Commission's report reviewing the MMFR, which is expected in the summer of 2022. Comments are due by May 13, 2022.

The consultation, billed as a "targeted review," asks an extremely broad range of questions, grouped into three categories: general questions addressed to all, questions for investors in money market funds, and questions for money market fund managers.

The section with questions addressed to all includes questions on:

- the impact of the MMFR on the money market fund industry in the European Union;
- whether the MMFR made money market funds more resilient during March 2020 and compared to 2007;
- the impact of eliminating Low-Volatility Net Asset Value (LVNAV) and public debt Constant Net Asset Value (CNAV) money market funds;
- what improvements should be made to the MMFR;
- what international regulatory developments should be taken into account;
- whether the Alternative Investment Fund Managers Directive (AIFMD)/Undertakings for Collective Investment in Transferable Securities (UCITS) proposals on liquidity management tools would strengthen the liquidity risk management in money market funds;
- the impact of the MMFR on the functioning of short-term markets; and
- whether there is sufficient transparency regarding short-term money market fund instruments in the EU.

The questions addressed to investors in money market funds seek detailed information on the investor's holdings of money market funds (including by currency), the reasons for investing in money market funds by type, what alternative investments would be used if LVNAVs or public debt CNAVs were unavailable, as well as additional questions.

The questions addressed to managers of money market funds seek detailed information about the types of funds that are managed (including by currency), whether they invest in debt issued or guaranteed by public authorities (and amounts), actions taken to maintain the difference between the constant Net Asset Value (NAV) and shadow NAV, and the impact of central banks' intervention since March 2020.

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endnotes

[1] The consultation is available at https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/2022-money-market-funds-consultation-document_en.pdf.

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