

VIDEO

September 19, 2014

Focus on Funds: European Money Market Fund Reforms on the Horizon

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In a report from London, the September 19, 2014, edition of Focus on Funds offers insight on what to expect next regarding money market fund regulation.

Transcript

Stephanie Ortballs-Tibbs, Director, ICI Media Relations: Welcome to Focus on Funds, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

The next round of regulatory changes to money market funds will take place in Europe. And so the Institute is active in London and Brussels, meeting with and informing regulators as to what's happened in the U.S. and a possible best way forward in the EU.

Jane, you're over in Europe right now, speaking to European regulators about money market reform. Why is the debate moving here and what do we expect?

Jane Heinrichs, ICI Senior Associate Counsel: Our main reason for coming here is for them to understand what the SEC did and what they didn't do and why, and why it was that they targeted their reforms to the unique nature of the money market fund industry in the U.S. So we're hoping that some of that will be things that will influence how they work here.

Stephanie Ortballs-Tibbs: And you're willing to tick through a number of things with them that you think are important for them to keep in mind. What are a few of those highlights?

Jane Heinrichs: Well, for one thing, although the U.S. adopted a floating NAV [net asset value] for institutional prime money market funds, they did it only after looking at the market very carefully, and they targeted the reforms to the unique nature of the money market fund industry. Most importantly, all investors in the U.S. will still have ability to use a stable NAV product. Under the EU proposal, as currently drafted, that is not the case.

Stephanie Ortballs-Tibbs: So you're looking for a tailored solution, not a one-size-fits-all.

Jane Heinrichs: That's right, and that's the most important thing. Even if the EU were to adopt the exact same reforms that the U.S. adopted, they would not have the same effect in EU because of the nature of their product here. The U.S. also did not adopt capital [requirements], so we'd like for the EU to take that off the table.

Stephanie Ortals-Tibbs: That's this week in funds. See you next week.

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