

# Targeted consultation on the functioning of the Money Market Fund Regulation

Fields marked with \* are mandatory.

## Introduction

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The [money market funds Regulation](#), fully applicable since January 2019, aims at preserving the integrity and stability of the internal market, by addressing credit and liquidity risks challenges experienced by MMFs during the 2008 crisis, increasing the protection of MMFs investors and enhancing the supervision of MMFs.

The MMF Regulation (EU Regulation 2017/1131) requires the Commission to submit a report to the co-legislators assessing the adequacy of this Regulation from a prudential and economic point of view by summer 2022. This should be based on a robust and comprehensive evaluation of current rules. The following questionnaire aims at complementing the information collected by other initiatives and work (ESMA, ESRB/ECB, FSB) on the functioning of the existing rules on money market funds.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-money-market-funds@ec.europa.eu](mailto:fisma-money-market-funds@ec.europa.eu).

More information on

- [this consultation](#)
- [the consultation document](#)
- [the abbreviations used in this consultation](#)
- [money market funds](#)
- [the protection of personal data regime for this consultation](#)

## About you

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\* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

\* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)

- Public authority
- Trade union
- Other

\* First name

Xavier

\* Surname

Bove

\* Email (this won't be published)

xavier.bove@fleishmaneuropa.com

\* Organisation name

*255 character(s) maximum*

The European Association of Corporate Treasurers (EACT)

\* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

9160958318-89

\* What type of entity are you?

- Financial entity
- Non-financial corporate
- Institutional investor
- Other

Please describe your entity, including elements with regard to its size (if applicable):

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The European Association of Corporate Treasurers ("EACT") brings together 14 000 corporate treasury professionals active in 22 countries and working for around 6500 individual companies. We look at the Money Market Fund market from the perspective of both end-users who use these funds to manage their liquidity and from the perspective of issuers of commercial paper.

### \* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia

- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia

- Democratic Republic of the Congo
- Denmark
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea

- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Libya
- Liechtenstein
- Lithuania

- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island



- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Saint Martin
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal

- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan

- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

\* In which jurisdiction are you domiciled?

- an EU or an EEA Member State
- United States of America
- United Kingdom
- Other

\* Please specify the EU or EEA Member State you are domiciled in:

- AT - Austria
- BE - Belgium
- BG - Bulgaria
- HR - Croatia
- CY - Cyprus
- CZ - Czechia
- DK - Denmark

- EE - Estonia
- FI - Finland
- FR - France
- DE - Germany
- EL - Greece
- HU - Hungary
- IE - Ireland
- IT - Italy
- LV - Latvia
- LT - Lithuania
- LU - Luxembourg
- MT - Malta
- NL - Netherlands
- PL - Poland
- PT - Portugal
- RO - Romania
- SK - Slovak Republic
- SI - Slovenia
- ES - Spain
- SE - Sweden
- IC - Iceland
- LI - Liechtenstein
- NO - Norway
- CH - Switzerland

\* Field of activity or sector (if applicable)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)

- Social entrepreneurship
- Other
- Not applicable

\* Please specify your activity field(s) or sector(s)

Corporate treasury

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

### \* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

#### **Anonymous**

Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

#### **Public**

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

## 1. Questions addressed to all

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Question 1. In your view, what is the impact of the MMFR on the MMF industry in the EU?

**a) Effectiveness: Has the Regulation been overall effective in delivering on its objective in terms of**

	1 (least effective)	2 (rather not effective)	3 (neutral)	4 (rather effective)	5 (most effective)	Don't know - No opinion - Not applicable
Ensuring the liquidity of the fund is adequate to face redemption requests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preventing risk of contagion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhancing the financial stability of the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing MMF investor protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reducing first mover advantage incentives in times of stress	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transparency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Supervision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other aspects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answer to question 1 a), providing quantitative information to the extent possible:**

*3000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The MMFR framework has significantly improved transparency – when asked about this aspect none of our members raised any issues or concerns.

Overall, EACT members share the view that the 2017 Money Market Funds rules proved to be efficient. The March 2020 crisis showed that MMFs had enough liquidity to handle the volumes of redemption requests. In our view, liquidity, risk management, transparency and supervision are adequately calibrated to accommodate the needs of corporate end-users.

One important aspect to highlight is the concentration risk: we have witnessed that the number of MMFs has decreased significantly, together with the reduction of the number of asset managers present on those markets. Any regulatory reform the EU undertakes should avoid leading to a further decrease in diversity of funds - which would harm European corporates.

**What factors have reduced the effectiveness / rendered the framework less effective than anticipated? Which rules have proven less effective than anticipated?**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**b) Efficiency: Has the framework been cost efficient?**

- 1 - Least efficient
- 2 - Rather not efficient
- 3 - Neutral
- 4 - Rather efficient
- 5 - Most efficient
- Don't know / no opinion / not applicable

**Please explain your answer to question 1 b), providing quantitative information to the extent possible:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Is there any undue burden created by the MMFR? What scope is there to realise cost efficiencies via further simplification?**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Should enforcement of the rules and supervision be strengthened?**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**c) Relevance: Is the framework overall relevant (in terms of evolving objectives and needs, has the market significantly evolved compared to when the MMFR was designed?)?**

- 1 - Least relevant
- 2 - Rather not relevant
- 3 - Neutral
- 4 - Rather relevant
- 5 - Most relevant
- Don't know / no opinion / not applicable

**Please explain your answer to question 1 c), providing quantitative information to the extent possible:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.



**How relevant is it, or what needs to change, in light of market developments?**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

#### d) Coherence

	1 (least coherent)	2 (rather not coherent)	3 (neutral)	4 (rather coherent)	5 (most coherent)	Don't know - No opinion - Not applicable
Is the legislative framework coherent with other related frameworks, at EU level?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Are existing EU provisions coherent with each other?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 1 d), providing quantitative information to the extent possible:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**e) EU value-added: Has intervention at EU level been justified, and does it continue to be justified?**

- 1 - Least successful
- 2 - Rather not successful
- 3 - Neutral
- 4 - Rather successful
- 5 - Most successful
- Don't know / no opinion / not applicable

**Please explain your answer to question 1 e), providing quantitative information to the extent possible:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**What has been the value-added compared to national frameworks?**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 2. a) To what extent has MMFR made MMFs more resilient during March 2020 and compared to 2007 (i.e. considering equivalents to MMFs at that time)?**

- 1 - Least successful
- 2 - Rather not successful
- 3 - Neutral
- 4 - Rather successful
- 5 - Most successful
- Don't know / no opinion / not applicable

**Please explain your answers to question 2 a), in case you have the experience /information to make such a comparison:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The EU rules implemented three years ago have proven highly resilient in the face of extreme stress during March 2020.

Our members noted that, when the Negotiable European Commercial Paper (NEU CP) market - a key source of liquidity of corporates - stopped on 16 March 2020, many of them turned to MMFs to fill the liquidity gap caused by this closure, leading to important outflows in a short time without difficulties thanks to the MMFs' careful management of their liquidity and compliance with regulatory ratios.

For many businesses March 2020 was a time of high stress for their cash (because of the sudden impact of the pandemic restrictions on their own business operations) - and the overwhelming experience is that the MMF markets delivered during that time.

We are not aware of any products (in any category of MMFs) which had to impose redemption gates or liquidity fees on investors because of their inability to meet redemptions requests at the time.

**Question 2. b) Through which channels has MMFR made MMFs more resilient during March 2020 and compared to 2007?**

	1 (least successful)	2 (rather not successful)	3 (neutral)	4 (rather successful)	5 (most successful)	Don't know - No opinion - Not applicable
MMFR rules on credit risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
MMFs asset composition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Definition of liquidity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 2 b), in case you have the experience /information to make such a comparison:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 3. If LVNAV were not available anymore, what impacts would you expect on you, and other relevant stakeholders? Please explain:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

EACT members turn to MMFs to manage their cash – including LVNAV. LVNAVs bring specific characteristics to end-users: same-day settlements and cash equivalence treatment

For many corporates, the accounting treatment as “cash equivalent” can today only be obtained with LVNAV structures because of those funds’ ability to round the share price to two decimal places. This is a key feature of LVNAV funds to preserve - as it underpins their ability to get the “cash equivalent treatment”. Forcing corporates to invest into other instruments with different characteristics will create uncertainties for the accounting treatment of these products as cash or cash equivalent. These uncertainties are very hard to mitigate through policy given the global aspects of this issue (various accounting standards, auditors, etc)

Our members also use MMFs to get diversification of counterparty risk – which requires a large diversity of MMF providers. Removing this fund structure (without preserving its key characteristics) risks delivering a more concentrated market would be detrimental to European corporate end-users

Any potential alternative product structure is unlikely to have the same scale (Assets Under Management) than LVNAVs today. It is not clear how long it would take for alternatives to reach similar levels of AUM than current LVNAVs

Any unnecessary regulatory intervention removing key characteristics for end-users may push them into riskier and less well-regulated instruments.

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**Question 4. If Public Debt CNAV MMFs were not available anymore, what impacts would you expect on you, and other relevant stakeholders? Please explain:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

EACT members have different use cases for MMFs with some investing exclusively in Public Debt CNAV, others exclusively in LVNAV and yet others who will use different combinations because of their different business profiles and risk appetites. The diversity of options in funds structures caters to different real businesses' needs and should be preserved.

If the availability of Public Debt CNAV in the EU be compromised, some corporates would immediately move to other jurisdictions where Public Debt CNAV products will continue to be available.

Public Debt CNAV offer cash equivalent designation giving a basic standard of stability for large holdings, particularly in funds holding better quality paper in EUR. If this basic standard is not there it would change internal dynamic of investment within companies who would reduce their broader considerations of EUR funds more broadly.

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## Question 5. What elements of the MMFR could in your view be improved?

Please select as many answers as you like

- Know your customer policy
- Disclosure / transparency
- Role of credit rating
- Limitations on the use of amortised cost method
- Regulatory triggers for LMTs
- Data sharing
- Scope
- Other

### Please specify to what other element(s) of the MMFR you refer in your answer to question 5:

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If EU regulators are to review MMFR, it might be an opportune moment to ensure that the reality of the market – notably the increased interest in ESG MMFs – is considered by the regulatory framework in any way appropriate.

### To what degree is it important to improve this/these other element(s) of the MMFR?

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral

- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your answer about the improvement of this/these other element(s) of the MMFR:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 6. What regulatory developments at international level should be taken into account in the MMFR and why? Please explain:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Given the global nature of this market, any change to the EU rulebook should consider international implications. Corporate end-users will look at those markets from a global perspective – and many will have options in many jurisdictions.

Today's EU MMF framework works well as it caters for the variety of needs EU corporate end-users have when using those markets – as the framework delivers scale and associated benefits (such as liquidity). If EU products are made less attractive by unnecessary changes to the fund characteristics, users may end up having to pick other options – including, when possible, outside the EU. The EU market would lose out in terms of scale and liquidity.

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**Question 7. Would the [proposal on Liquidity Management Tools](#) under the AIFMD/UCITS review contribute to strengthen the liquidity risk management in MMFs?**

- Yes
- Partially
- No
- Other
- Don't know / no opinion / not applicable

**Please explain your answer to question 7:**

*1500 character(s) maximum*



including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 8 a) Do you have any comment on the impact of the MMFR on the functioning of short-term markets (via investments in short-term instruments issued by banks, insurances, non-financial corporates, etc.), both in terms of costs/convenience, but also in terms of financial stability/contagion in times of crisis?**

**Please explain further and provide quantitative information if possible:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 8 b) In your view, is there sufficient transparency both in terms of issuance, underlying collateral and rates of short-term money market instruments in the EU insofar as covered by the MMFR?**

- Yes
- Partially
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 8 b):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

From the perspective of corporates there is sufficient transparency for these instruments under the current MMFR. Our members welcomed the improvement in transparency provided since the last EU reform, noting that asset managers now provided them with detailed information about holdings and activities.

## 2. Questions addressed to investors in MMFs



**Question 9. In which type(s) of EU MMFs do you invest?**

**Please indicate in the respective cell, approximately, the total amount of your holdings in EU MMF converted in EUR:**

	<b>Public debt CVNAV</b>	<b>LVNAV</b>	<b>Standard VNAV</b>	<b>Short-term VNAV</b>
Amount in EUR as of 31/12 /2021				

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**Question 10. Which currency do you mostly invest in and for what reasons?**

**Please indicate the percentage share of your holdings at the end of 2021:**

	<b>EUR</b>	<b>GPB</b>	<b>US Dollars</b>	<b>Other currencies</b>
In LVNAV				
In public debt CNAV				
In VNAV				

## Please explain your answer to question 10:

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Different corporates have different use cases for money market funds. Some may only use specific types of funds other may use a combination of different ones and others may not use them at all. Our EU corporate members invest in the full spectrum of money market funds and benefit from the diversity of providers and options. As such, we caution against proposals that would reduce choices in this market since diversification is key to ensure the variety of business needs are adequately catered for.

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## Question 11. a) What are the reasons/needs for investing in public debt CNAV ?

Please select as many answers as you like

- Short-term investment: optimise returns while preserving liquidity
- Margin call management
- Operational use (payment of invoices and bills, etc.)
- Other cash management reasons
- As part of investment products offered to retail investors (life insurance product, pensions products, fund of funds – please specify which one(s) and why
- Regulatory incentives, please specify which one(s) and why
- Tax reasons, please specify which one(s) and why
- Accounting reasons (e.g. Classification in “cash and cash equivalents” investment, others.)
- Other

## Please provide an assessment of importance of short-term investment (optimise returns while preserving liquidity):

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

## Please explain your assessment of the importance of short-term investment (optimise returns while preserving liquidity):

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This is the core feature of the CNAV MMF in terms of managing liquidity in a stable manner while engaging lower risk.

**Please provide an assessment of importance of operational use (payment of invoices and bills, etc.):**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of operational use (payment of invoices and bills, etc.):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Operational dexterity of the funds in terms of liquidity management are highly valued in catering for daily cash operations. Corporates need investment instruments available on same day value.

**Please specify to what other cash management reason(s) you refer in your answer:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

E.g., capitalisation and dividends.

**Please provide an assessment of importance of this/these other cash management reason(s):**

- 1 - Not important
- 2 - Rather not important

- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of this/these other cash management reason(s):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

These funds can tend to be substantial in size and this lends to managing large operational transactions.

**Please provide an assessment of importance of accounting reasons:**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of accounting reasons:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The classification is a significant factor in that it offers more basic reporting requirements while reflecting the highly liquid characteristics of the fund. IAS7 "cash and cash equivalent" qualification is key for many corporates to off-set gross debt with cash (short term) and reduce net borrowing position.

**Please specify to what other reason(s)/needs you refer in your answer to question 11 a):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Risk Management

**Please provide an assessment of importance of this/these other reason(s) /need(s):**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of this/these other reason (s)/need(s):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

These funds offer high credit quality compared to alternatives like Time Deposits.

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**Question 11. b) What are the reasons/needs for investing in LVNAV?**

Please select as many answers as you like

- Short-term investment: optimise returns while preserving liquidity
- Margin call management
- Operational use (payment of invoices and bills, etc.)
- Other cash management reasons
- As part of investment products offered to retail investors (life insurance product, pensions products, fund of funds – please specify which one(s) and why
- Regulatory incentives, please specify which one(s) and why
- Tax reasons, please specify which one(s) and why



- Accounting reasons (e.g. Classification in “cash and cash equivalents” investment, others.)
- Other

**Please provide an assessment of importance of short-term investment (optimise returns while preserving liquidity):**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of short-term investment (optimise returns while preserving liquidity):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

LVNAVs are very flexible, allowing our members to invest up several billions of their cash while mitigating credit risk more efficiently.

**Please provide an assessment of importance of operational use (payment of invoices and bills, etc.):**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of operational use (payment of invoices and bills, etc.):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Strong liquidity allows our members to face cash swings (sometimes > EUR 1bn / day).

**Please provide an assessment of importance of accounting reasons:**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of accounting reasons:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The classification is a significant factor in that it offers more basic reporting requirements while reflecting the highly liquid characteristics of the fund. (i.e., IAS 7).

---

**Question 11. c) What are the reasons/needs for investing in standard VNAV?**

Please select as many answers as you like

- Short-term investment: optimise returns while preserving liquidity
- Margin call management
- Operational use (payment of invoices and bills, etc.)
- Other cash management reasons
- As part of investment products offered to retail investors (life insurance product, pensions products, fund of funds – please specify which one(s) and why
- Regulatory incentives, please specify which one(s) and why
- Tax reasons, please specify which one(s) and why
- Accounting reasons (e.g. Classification in “cash and cash equivalents” investment, others.)
- Other

**Please provide an assessment of importance of short-term investment (optimise returns while preserving liquidity):**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of short-term investment (optimise returns while preserving liquidity):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Standard VNAV can be very flexible, allowing our members to invest up several billions of their cash while mitigating credit risk more efficiently.

**Please provide an assessment of importance of operational use (payment of invoices and bills, etc.):**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of operational use (payment of invoices and bills, etc.):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Strong liquidity allows our members to face cash swings (sometimes > EUR 1bn / day).

**Please provide an assessment of importance of accounting reasons:**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of accounting reasons:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unlike LVNAVs, cash or cash equivalent accounting treatment of Standard VNAV is not consistent across all of our members' jurisdictions. This is a significant draw-back for all our members as it would result in lower levels of assets under management for these types of funds as many investors would be deterred because of this uncertainty.

---

**Question 11. d) What are the reasons/needs for investing in short-term VNAV?**

Please select as many answers as you like

- Short-term investment: optimise returns while preserving liquidity
- Margin call management
- Operational use (payment of invoices and bills, etc.)
- Other cash management reasons
- As part of investment products offered to retail investors (life insurance product, pensions products, fund of funds – please specify which one(s) and why
- Regulatory incentives, please specify which one(s) and why
- Tax reasons, please specify which one(s) and why
- Accounting reasons (e.g. Classification in “cash and cash equivalents” investment, others.)
- Other

**Please provide an assessment of importance of short-term investment (optimise returns while preserving liquidity):**

- 1 - Not important

- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of short-term investment (optimise returns while preserving liquidity):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Standard VNAV can be very flexible, allowing our members to invest up several billions of their cash while mitigating credit risk more efficiently.

**Please provide an assessment of importance of operational use (payment of invoices and bills, etc.):**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of operational use (payment of invoices and bills, etc.):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Strong liquidity allows our members to face cash swings (sometimes > EUR 1bn / day).

**Please provide an assessment of importance of accounting reasons:**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral

- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your assessment of the importance of accounting reasons:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unlike LVNAVs, cash or cash equivalent accounting treatment of short-term VNAVs is not consistent across all of our members' jurisdictions. This is a significant draw-back for all our members as it would result in lower levels of assets under management for these types of funds as many investors would be deterred because of this uncertainty.

---

**Question 12. What is your investment horizon when investing in these MMFs?**

**Please specify time frame and please indicate “on demand” when you invest in MMF due to keeping a liquid cash balance:**

	<b>Investment horizon</b>
Public debt CVNAV	
LVNAV	
Standard VNAV	
Short-term VNAV	

## Please explain your answer to question 12:

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Our members use MMF instruments for short term, day to day liquidity management with a maximum horizon at 2-3 months in rare cases. They may invest in very short-term instrument with daily liquidity and eventually hold them for couple of days and weeks, depending on liquidity needs. However, when needed, it should be immediately available, at least for a portion to be defined by treasurers. As a result, fees on liquidity or redemption barriers will force corporates to search for alternatives as corporates would be penalised for each transaction.

---

## Question 13. Do the levels of DLA and WLA profile published by MMFs play a role in your investment/disinvestment decision?

- Yes
- Partially
- No
- Don't know / no opinion / not applicable

## Please explain your answer to question 13:

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The levels of DLA and WLA are primarily considered during periods of stress and when assessing the initial investment as part of the due diligence assessment. The primary metric assessed over the lifetime of the fund is its size.

---

## Question 14. Except for immediate cash needs, what are the most typical reasons why you would divest from a given MMF?

### a) Drift of risk indicators (WAM, WAL, DLA, WLA)

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

## Please explain your answer to question 14 a):



*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Risk Management is a core factor that attracts and maintains investment in MMFs – any deterioration here would lead to an analysis of the security of the holding and potential reduction of maximum investment limits.

#### b) Fund's recent performance

#### **Volatility of the NAV and MTM (shadow) NAV**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

#### **Please explain your answer to question 14 b) on volatility of the NAV and MTM (shadow) NAV:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Our members who have exposures to VNAV are generally comfortable with MtM pricing even in times of stress. For our members who have exposures in CNAV, volatility could encourage an examination of the position, but this would be in the context of the broader market conditions – i.e., is there a flight to liquidity or a run-on investment emerging?

#### **Difference between constant NAV and MTM (shadow) NAV that widens (question relevant for LVNAV and Public Debt CNAV)**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

#### **Please explain your answer to question 14 b) on the difference between constant NAV and MTM (shadow) NAV that widens (question relevant for LVNAV and Public Debt CNAV):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Our members are more comfortable with volatility than gates or suspensions.

c) By anticipation due to the market context

**Risk of non-accessibility or partial access to the cash in case of LMTs being triggered (e.g. suspension, gates)**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your answer to question 14 c) on risk of non-accessibility or partial access to the cash in case of LMTs being triggered (e.g. suspension, gates):**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The core purpose of the MMF is liquidity management. Any indication that accesses to liquidity could be in any way impaired would motivate divesting required operational cash from the fund.

**Emerging risks, anticipation of further markets deterioration that may affect the MMF's performance**

- 1 - Not important
- 2 - Rather not important
- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don't know / no opinion / not applicable

**Please explain your answer to question 14 c) on emerging risks, anticipation of further markets deterioration that may affect the MMF's performance:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The market and the economic conditions are major factors in the assessment of holdings in any fund or liquid product type – significant deterioration like that of the financial crash of 2007/8 would be the type of instance to protect capital by divesting.

---

**Question 15. Would the mandatory availability of LMTs to pass on the cost of liquidity to redeeming investors be a reassurance to the remaining investors?**

- Yes
- Partially
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 15:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Decoupling regulatory thresholds from suspensions, gates, and redemption fees for LVNAV and CNAV MMFs would reduce first-mover advantage.

Swing pricing is not an appropriate tool for MMFs – as if MMFs were required to use swing pricing, it is unlikely that they would be able to offer same day settlement to all investors and this would undermine one of the fundamental characteristics of the MMF investment proposition.

---

**Question 16. If LVNAV were not available anymore, or not available in your preferred currency, what alternative investment(s) would correspond to your needs?**

Please select as many answers as you like

- Bank deposits
- Short-term VNAV
- Standard VNAV
- Public debt CNAV
- EU investment funds other than MMFs
- Non-EU MMFs

- Non-EU investment funds other than MMFs
- Direct investments in money market instruments (such as short-term treasury bills, etc.)
- Other financial instruments
- Other

**Please further explain your answers to question 16 if necessary:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The existing characteristics of LVNAVs constitute an essential tool for our members. As none of the proposed alternatives replicate these same characteristics it would be a net loss for European corporates if the scope of available options were to be narrowed.

**Question 17. If Public Debt CNAV MMFs were not available anymore, or not available in your preferred currency, what alternative investment(s) would correspond to your needs?**

Please select as many answers as you like

- Bank deposits
- Short-term VNAV
- Standard VNAV
- EU investment funds other than MMFs
- Non-EU MMFs
- Non-EU investment funds other than MMFs
- Direct investments in money market instruments (such as short-term treasury bills, etc.)
- Other financial instruments
- Other

**Please further explain your answers to question 17 if necessary:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The existing characteristics of Public Debt CNAVs constituent an essential tool for our members. As none of the proposed alternatives replicate these same characteristics it would be a net loss for European corporates if the scope of available options were to be narrowed.



**Question 18. Do you already invest in these alternative investments? If so, in which ones?**

	<b>Percentage share invested (end 2021)</b>	<b>Further comment if necessary</b>
Alternative investments		
Bank deposits		
Non-EU MMFs		
Non-EU investment funds other than MMFs (please specify which ones)		
Direct investments in money market instruments		
Other financial instruments (please specify which ones)		
Other (please specify which ones)		

**Question 18 a) Would it be feasible for you to transfer all your MMF holdings into these instruments?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain why it would not be feasible for you to transfer all your MMF holdings into these instruments:**

*1500 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

All of these suggested alternatives present drawbacks when compared to the existing MMF regime, European Corporates currently benefit from the variety of MMF options and providers and would be negatively affected by any measures that would restrain their options.

It is key to diversify risks and not to encourage concentration of them. Diversity of actors help corporates to diversify risks and several counterparties, while MMF's are also already diversified by nature.

### **3. Questions addressed to MMFs asset managers**

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**Question 19. Which type(s) of MMFs do you manage, in which currency and for which amount (end of 2021 position converted in EUR)?**

	<b>CNAV - Total NAV EUR</b>	<b>LVNAV - Total NAV in EUR</b>	<b>Standard VNAV - Total NAV in EUR</b>	<b>Short-term VNAV - Total NAV in EUR</b>
Euro-denominated				
USD-denominated				
GBP-denominated				
Other currencies (please specify)				

---



**Question 20. Do the MMFs you manage invest in debt issued or guaranteed by public authorities or institutions?**

Please select as many answers as you like

- Debt issued or guaranteed by EU public issuers
  - Debt issued or guaranteed by non-EU public issuers
-

**Question 21. When monitoring the evolution of the difference between the constant NAV and MTM (shadow) NAV, on a regular basis or during the March 2020 crisis, what actions were/are taken to maintain this difference below the threshold mentioned in Article 33(2)(b) of Regulation 2017/1131 for LVNAV or to maintain a constant NAV for public debt CNAV?**

	Action taken on a day to day basis	Specific actions taken during the March 2020 crisis
Public debt CNAV		
LVNAV		

**Question 22. Can you explain the direct and indirect impacts (on the type of MMF and on the broader markets) of the central banks' intervention since March 2020 up to now?**

**a) CNAV:**

	<b>1</b> (low impact)	<b>2</b> (rather low impact)	<b>3</b> (neutral)	<b>4</b> (rather high impact)	<b>5</b> (very high impact)	Don't know - No opinion - Not applicable
Impact of outright purchases of CP by central banks on cumulative MMFs outflows/inflows	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On prices of short-term financial instruments bought by the ECB /BoE/FED	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Impact on market confidence -decreasing outflows (EUR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other impact(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please specify the central bank your answer to question 22 a) refers to (ECB, BoE, FED):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**B) LVNAV:**

	1 (low impact)	2 (rather low impact)	3 (neutral)	4 (rather high impact)	5 (very high impact)	Don't know - No opinion - Not applicable
Impact of outright purchases of CP by central banks on cumulative MMFs outflows/inflows	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On prices of short-term financial instruments bought by the ECB /BoE/FED	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Impact on market confidence -decreasing outflows (EUR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other impact(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please specify the central bank your answer to question 22 b) refers to (ECB, BoE, FED):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**C) VNAV:**

	1 (low impact)	2 (rather low impact)	3 (neutral)	4 (rather high impact)	5 (very high impact)	Don't know - No opinion - Not applicable
Impact of outright purchases of CP by central banks on cumulative MMFs outflows/inflows	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On prices of short-term financial instruments bought by the ECB /BoE/FED	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Impact on market confidence -decreasing outflows (EUR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other impact(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



**Please specify the central bank your answer to question 22 c) refers to (ECB, BoE, FED):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## Additional information

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Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

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## Contact

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