

TO: CESR - Committee of European
Securities Regulators
11-13 Avenue de Friedland
75008 Paris

Ref: CESR/09-850

Milan, 29th December 2009

ANASF COMMENTS ON

“A common definition of European money market funds”

Consultation Paper

ANASF (the National Association of Promotori Finanziari) is the only association which exclusively represents tied agents (promotori finanziari), and has more than 12.200 members. ANASF is pleased to have the opportunity to take part in the public consultation indicated, answering some of the questions brought up by the Committee.

CURRENT PRACTICE

Q.1 Do you agree that such clarification is desirable?

Yes, we agree with Cesr that it will be necessary to adapt the Mifid directive to a specific area, such as the monetary market funds, to bring it into line with the specific aspects of funds of this type.

PROPOSAL

Q.2 Do you agree with the proposal to have a common definition of European money market funds? If not, please explain why.

Yes, we believe it will be useful to arrive at a uniform definition of the monetary market fund, with a view to harmonising the regulations applicable to this and consequently simplifying cross-border exchanges.

Q.3 Do you agree with the proposal to apply the definition to harmonised (UCITS) and non-harmonised European money market funds?

Yes, a uniform definition is necessary for the consistent application of the regulations and to ensure that these instruments are completely transparent in the eyes of the saver.

Q.4 Do you agree with the proposed two-tier approach?

Yes, we agree, there is greater transparency if we draw a distinction between the definitions of long and short term monetary funds.

Q.6 Do you consider that the proposed transitional period for existing money market funds is sufficient to enable funds to comply with the definition?

Yes, we believe that the period suggested by Cesr is appropriate.

APPENDIX 1

Q.7 Do you agree with the proposed criteria for the definition of short-term money market funds?

Yes, in our opinion the criteria suggested by Cesr are sufficiently clear.

Q.9 Do you think that the proposed criteria adequately capture the risks attaching to such funds, in particular currency, interest rate, credit and liquidity risk?

We believe that the monetary funds are financial instruments for which maximum prudence has to be adopted to guarantee the maximum protection of the saver. In our opinion, therefore, certain risks should not be applied to instruments of this kind, and more especially the risk regarding foreign currencies other than that of the subscriber (when the saver belongs to the Eurozone, for example, currencies other than the euro), the credit risk (especially in the case of short term monetary funds) or the risk of liquidity.

We believe that none of these risks should exist in a monetary instrument, which we regard as being more appropriate to bond instruments. If, however, the decision is taken to include instruments in monetary funds involving foreign currency, credit or liquidity risks, it is essential that the funds and related risks be carefully monitored. It is also essential to inform the saver of these risks in writing, in an unequivocal manner, to guarantee maximum safeguards.

- Do you consider that Option 3A (120 days) or Option 3B (3 months) is more appropriate for the WAL limit? Should it be lower or higher?

We refer back to our comments in the previous reply. In our opinion, there is no substantial difference between the two options proposed. If we had to decide, however, we would go for option 3A.

- Subject to your views on question 10 below, would you recommend taking structured financial instruments into account in the WAL calculation through their expected average life⁸, or through their legal final maturity?

We believe that there is no place for structured instruments in a monetary fund, as these are high risk instruments which are difficult to settle in all market conditions.

- Do you consider that the WAM limit of 60 days is appropriate? Should it be lower or higher?

We believe that, for the sake of prudence, the WAM limit should be lower than the 60 days suggested by Cesr.

- In relation to investments in securities, do you agree with Option 2A (allowing investment of up 10 per cent of assets in floating rate securities with a legal maturity or residual maturity of between 397 days and 2 years, provided that the time remaining until the next interest rate reset date is less than 397 days) or Option 2B (limiting investment in securities to those with a legal maturity or residual maturity of less than 397 days)?

We regard option 2A as more appropriate.

Q.10 In relation to the proposed requirements regarding structured financial instruments, do you prefer Option 4A or Option 4B above?

We regard option 4B as more appropriate.

Q.11 In relation to currency exposure, do you think that short-term money market funds should limit the extent to which they invest in or are exposed to securities not denominated in their base currency?

We believe that, due to their nature, these financial instruments should not be in a currency other than that of the subscriber. If however this is necessary, the information leaflets have to contain clear warnings for the savers, with preventive, additional and clear explanations of foreign currency exposure and the risks that this involves.

Q.12 In relation to the proposed requirements on ratings of instruments, do you prefer Option 1A or Option 1B above? In this context, do you believe that a money market instrument should be considered of high quality if the issuer of the

instrument has been awarded the highest possible credit rating, even if the instrument itself has not been rated?

We regard option 1B as more appropriate. In the light of the Lehman Brothers case, in which the rating agencies did not point out the real financial conditions of the company, as a result of which enormous damage was caused to savers when it went bankrupt, we do not regard the quality assessment of a fund by a rating agency as sufficient in itself to protect the saver against risk. It would therefore be useful to identify a number of additional parameters with a view to establishing the high quality of a fund.

Q.13 Do you agree with the proposed criteria for the definition of longer-term money market funds?

Yes, the criteria indicated by Cesr are sufficiently clear.

Q.15 Do you think that the proposed criteria adequately capture the risks attaching to such funds, in particular currency, interest rate, credit and liquidity risk?
See the reply to question 9.

Q.16 In relation to the WAL limit, do you consider that Option 1A (12 months) or Option 1B (6 months) is appropriate?

We regard option 1A as more appropriate.

- Would you recommend taking structured financial instruments into account in the WAL calculation through their expected average life, or through their legal final maturity?

We believe that there is no place for structured instruments in a monetary fund, as these are high risk instruments which are difficult to settle in all market conditions.

- Do you consider that the WAM limit of 6 months is appropriate? Should it be lower or higher? Can this criterion be expressed in terms of interest rate sensitivity (corresponding limit set at 0.5)?

We believe that the WAM limit of 6 months is appropriate. Yes, this criterion may be expressed in terms of sensitivity to interest rates, but with a corresponding limit set at 0.25. In historic terms, the upward and downward variation in rates has frequently taken place at 0.25 rather than 0.5.

- In relation to investments in securities, do you believe that investment of up to 10 per cent of assets in floating rate securities with a legal maturity or residual maturity of more than 2 years would be appropriate, provided that the time remaining until the next interest rate reset date is less than 397 days?

In the case of investments of up to 10% of assets in floating rate securities, we believe it would be useful to establish a variable rate with a residual maturity of more than two years, provided the time remaining until the next interest rate reset is less than 397 days.

Q.17 In relation to currency exposure, do you think that longer-term money market funds should limit the extent to which they invest in or are exposed to securities not denominated in their base currency?

We believe that, due to their nature, these financial instruments should not be in a currency other than that of the subscriber. If however this is necessary, the information leaflets have to contain clear warnings for the savers, with preventive, additional and clear explanations of foreign currency exposure and the risks that this involves.

Please do not hesitate to contact us for any clarification.

With kindest regards



The Chairman
Elio Conti Nibali