CESR’s Consultation: A common definition of European money market funds

Raiffeisen Kapitalanlage-Gesellschaft m.b.H
(Raiffeisen Capital Management)
Schwarzenbergplatz 3, 1010 Vienna, Austria
Date: 20.11.2009

Raiffeisen Capital Management (“RCM”) is grateful for the opportunity to comment on CESR’s Consultation Paper regarding “A common definition of European money market funds”.

We welcome very much CESR’s intention to enforce a common definition of money market funds across Europe. This step will greatly contribute to reducing investor confusion about the risk characteristics of money market funds and achieving a more integrated and transparent European market for money market funds.

Notwithstanding the recent market events during the global financial crises the level I and level II regulations regarding money market instruments should be kept in mind. According to Article 1 (9) of Directive 85/611/EC and Article 3 of Directive 2007/16/EC the definition of money market instruments addresses only the interest rate risk. No reference is made to the credit spread risk which should not be overstretched.

The EFAMA and IMMFA recommendation for a European Classification and Definition of Money Market Funds creates a well-balanced approach between the interest rate risk and the credit spread risk. We think that this appropriate approach should used by CESR as guidelines for the fund industry.

Contact persons:
Heinz Macher, +43 1 71170 – 1300, heinz.macher@rcm.at