

Valdis Dombrovskis
Vice-President in charge of the Euro
and Social Dialogue and in charge of
Financial Stability, Financial Services
and the Capital Markets Union
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

Ref: ESMA's draft implementing technical standards under Article 37 of the Money Market Fund Regulation and technical advice under Articles 15 and 22 of the Money Market Fund Regulation

Dear Vice-President Dombrovskis,

DEAR VALDIS,

I am writing to you regarding the draft implementing technical standards (ITS) which ESMA is empowered to develop under Article 37 of Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (the MMF Regulation), as well as the technical advice requested by the European Commission under Articles 15 and 22 of the MMF Regulation.

In line with this empowerment, I am pleased to submit to you for endorsement the draft ITS establishing a reporting template for the information referred to in paragraphs 2 and 3 of Article 37 of the MMF Regulation. ESMA has conducted public consultations on these draft ITS and analysed the potential related costs and benefits, in accordance with Article 15(1) of Regulation (EU) No 1095/2010 of the European Parliament and of the Council (the ESMA Regulation).

ESMA requested the opinion of the Securities and Markets Stakeholder Group (SMSG) in accordance with Article 37(1) of the ESMA Regulation. However, the SMSG decided not to provide an opinion.

I would like to note that ESMA received significant feedback from stakeholders on the issue of share destruction (also known as share cancellation) in the context of the draft ITS under Article 37. ESMA has sought the views of the legal services of the Commission on this issue, given that the practice raises issues of interpretation of the MMF Regulation. Depending on the output of this legal assessment, ESMA will take appropriate follow-up action, having regard to the nature of this issue and current market practices. The precise tool that ESMA will use will depend on the outcome of the Commission's legal assessment. However, this follow-up action is likely to include, in particular, input to the Commission on the extent to which additional



fields related to share cancellation would potentially need to be included in the reporting template under Article 37 of the MMF Regulation

I am also pleased to submit to you for your consideration ESMA's technical advice under Articles 15 and 22 of the MMF Regulation. The advice under Article 15 relates to the delegated acts the Commission is empowered to adopt specifying liquidity requirements applicable to assets referred to in paragraph 6 of Article 15 and specifying credit quality applicable to assets referred to in paragraph 6(a) of Article 15. These assets are those received by an MMF as part of a reverse repurchase agreement. On the other hand, the advice under Article 22 relates to the delegated acts the Commission is empowered to adopt in relation to credit quality requirements.

ESMA has conducted public consultations on the technical advice and analysed the potential related costs and benefits.

Please note that the final report also includes the guidelines that ESMA is obliged to adopt with a view to establishing common reference parameters of the stress test scenarios referred to in Article 28 of the MMF Regulation.

For any further information on the draft ITS or technical advice, I suggest you contact me or Evert van Walsum, Head of the Investors and Issuers Department at ESMA.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'S. Maijor', written over the typed name.

Steven Maijor

cc.: Roberto Gualtieri MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament

Toomas Tõniste, Chair of the Economic and Financial Committee, Council of the European Union

Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union

Olivier Guersent, Director General, DG Financial Stability, Financial Services and Capital Markets Union, European Commission