

## PRESS RELEASE

### ESMA consults on Money Market Funds rules

The European Securities and Markets Authority (ESMA) has published a [Consultation Paper](#) (CP) on the Money Market Funds Regulation (MMFR). The CP contains proposals on draft technical advice (TA), draft implementing technical standards (ITS), and guidelines under the MMFR. The key proposals relate to asset liquidity and credit quality, the establishment of a reporting template and stress test scenarios.

These represent the detailed rules required for the implementation of the new European Union regulatory framework aimed at ensuring the stability and integrity of money market funds. The key draft proposals under the different policy tools include:

#### Technical Advice

- the liquidity and credit quality requirements applicable to assets received as part of a reverse repurchase agreement;
- the criteria for the validation of the credit quality assessment methodologies and the criteria for quantification of the credit risk and the relative risk of default of an issuer and of the instrument in which the MMF invests, as well as the criteria to establish qualitative indicators on the issuer of the instrument;

#### Implementing Technical Standards

- the development of a reporting template containing all the information managers of MMFs are required to send to the competent authority of the MMF, including on the characteristics, portfolio indicators, assets, and liabilities of the MMF. This information will be submitted to national competent authorities (NCAs) and then transmitted to ESMA; and

#### Guidelines

- guidelines on common reference parameters of the scenarios to be included in the stress tests that managers of MMFs are required to conduct. This takes into account such factors as hypothetical changes in the level of liquidity of the assets held in the



portfolio of the MMF, movements of interest rates and exchange rates or levels of redemption.

Stakeholders are invited to provide their feedback on these proposals by 7 August. ESMA will finalise the TA and ITS for submission to the Commission, and issue the guidelines, by the end of the year.

## Notes for editors

1. [ESMA34-49-82 Draft technical advice, implementing technical standards and guidelines under the MMF Regulation.](#)
2. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
  - ii. completing a single rulebook for EU financial markets;
  - iii. promoting supervisory convergence; and
  - iv. directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

**David Cliffe**

Team Leader - Communications

Tel: +33 (0)1 58 36 43 24

Mob: +33 (0)6 42 48 29 06

Email: [press@esma.europa.eu](mailto:press@esma.europa.eu)