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| **Amundi’s answer to ESMA’s consultation paper on**  **Draft guidelines on the reporting to competent authorities**  **Under article 37 of MMF Regulation**  (February 14, 2018) |  |
| **Amundi’s answer to ISDA’s Consultation on Interbank Offered Rate (IBOR) Fallbacks for 2006 ISDA Definitions**  (October 12, 2018)  **Questions**  **The following pairs of adjusted RFR and spread adjustment are possible:**  **1. Compounded Setting in Arrears Rate with Forward Approach 1**  **2. Compounded Setting in Advance Rate with Forward Approach 5**  **3. Spot Overnight Rate with Historical Mean/Median Approach 9**  **4. Convexity-adjusted Overnight Rate with Historical Mean/Median Approach 4**  **5. Compounded Setting in Arrears Rate with Historical Mean/Median Approach 2**  **6. Compounded Setting in Advance Rate with Historical Mean/Median Approach 6**  **7. Spot Overnight Rate with Spot-Spread Approach 8**  **8. Convexity-adjusted Overnight Rate with Spot-Spread Approach 3**  **9. Compounded Setting in Advance Rate with Spot-Spread Approach** 7  **Preferred Approach**  **• Please rank the combinations listed above with 1 as your preferred approach, 2 as your second preferred approach, and so forth.**  1. Compounded Setting in Arrears Rate with Forward Approach  2. Compounded Setting in Arrears Rate with Historical Mean/Median Approach  3. Convexity-adjusted Overnight Rate with Spot-Spread Approach  4. Convexity-adjusted Overnight Rate with Historical Mean/Median Approach  5. Compounded Setting in Advance Rate with Forward Approach  6. Compounded Setting in Advance Rate with Historical Mean/Median Approach  7. Compounded Setting in Advance Rate with Spot-Spread Approach  8. Spot Overnight Rate with Spot-Spread Approach  9. Spot Overnight Rate with Historical Mean/Median Approach  **o Please explain your rankings. Please specifically comment on the characteristics of the combinations you ranked the highest that most influenced your decision.**  A first comment is necessary when it comes to ranking the different methodologies. We believe that ISDA should envision as a possibility another methodology that in our opinion would be superior to those which are suggested. We believe that derivatives and particularly futures and OIS could provide very meaningful indications to build a yield curve that would include market anticipations. We expect futures and OIS related to ESTER to develop very rapidly and to be soon a relevant option.  Limiting ourselves to the methodologies proposed in the consultation, our preference clearly goes to a compounded setting in arrears rate. It gives the best adjusted measure of the RFR over the period under review and is intellectually consistent with the objective. Conversely, other methodologies - like Compounded setting in advance rate that implies that past is predictive of future prices and spot overnight rate that cristallises an initial level without any consideration on future variations - seem over simplistic. As an asset manager we cannot imagine to contradict our constant motto that past performance do not determine future yield. We cannot either consider that we live in a still environment where spot interest rates are stable.  We realise that the incapacity to know the applicable rate in advance may frighten some participants. But we have experienced it in France decades ago when we used such rates as T4M or TAM not to mention TME and TMO as references. It is workable for back offices provided there is a reasonable delay between the exact date and the reference date. For example inflation linked bonds adjust the inflation coefficient over the course of the month based on the latest inflation figure that has been published. This 1 to 2 month delay is acceptable. On money market a 2 day delay is usual but we could imagine to slightly increase it in order to facilitate valuation and back office processes.  This compounded setting in arrears rate is appropriate for derivatives where the continuous adaptation to market conditions is necessary to properly hedge or simply value positions. However, we think that it is very important for ISDA to propose a methodology that will be applicable for all currencies and all types of instruments. That includes bonds and notes that pay a coupon based on a floating rate. In that respect we consider that discussion should start to determine the delay (1 week?) that would be compatible with a regular adjustment of accrued in portfolios.  A fall back suggestion would be to consider convexity adjusted overnight rate which is not very accurate but acceptable and simple. It introduces some convexity but does not include anticipations. However, we are afraid that in a negative interest rate environment it will lead to inconsistent results and raise more questions than bring solutions. It is not our favorite answer but ranks second because the other 2 options are not appropriate in our view. Though, we do not disqualify any proposal since we think that they may have some merits and should be considered in order to effectively agree on a fallback for IBORs.  On the difference between a spot or a long period average rate, we are close to neutral provided that we exclude the instantaneous reference base on one single observation. In other words the gap between the top 2 options in our list is very limited when it is far more important with the option we ranked 3d and below. When considering forward or spot spread approaches we suggest to take into consideration an average over one month or 20 days. For means or median it requires long term series of data and we feel that 10 years may not be sufficient. Therefore, it is also for practical and not theoretical or intellectual reasons that we put on top the Compounded setting in arrears rate with forward approach.  **o If you are completely opposed to an approach to adjusted RFRs, please do not rank it but explain why you are completely opposed to it.**  We do not want to disqualify and totally oppose any of the suggested methodologies. We express strong preferences, but we think that the overarching objective to find a workable solution in a very short delay requires some open-mindedness on our side.  **o Indicate whether your preferences apply universally to GBP LIBOR/SONIA; JPY LIBOR/TONA; TIBOR/TONA; Euroyen TIBOR/TONA; CHF LIBOR/SARON and BBSW/RBA cash rate. Alternatively, provide a separate ranking for each IBOR that should be handled separately.**  We would like to introduce a methodology that will be applicable for all types of instruments using IBORs and moving to a substitute index. Therefore and as a first application of this general principle, we intend to have the same methodology for all IBORs within the perimeter of the current consultation and the following one that ISDA plans to launch.  **o If your preferences apply universally, please indicate whether you would also expect your preferences to apply to USD LIBOR/SOFR, EUR LIBOR/[the identified EUR RFR] and EURIBOR/[the identified EUR RFR].**  Yes. See our answer to the previous question.  **o Please provide preliminary comments on your preferred approach for USD LIBOR/SOFR (regardless of whether your preference applies universally or to USD LIBOR/SOFR only). Indicate what, if any, additional information you need to confirm this as your preferred approach**.  We expect the methodology to apply to all IBORs and have the same preferences as indicated in question 1.  **• Please indicate whether you would not be able to transact using definitions that incorporate fallbacks based on any of the approaches to adjusted RFRs or spread adjustments. If you would not be able to transact, please give specific examples of the types of derivatives for which the fallbacks would be problematic and explain why.**  Considering the spread adjustment calculation, we could not agree to be dependent on one data vendor. We are strong believers that IBORs are public goods largely accessible freely or at a reasonable cost based rate and that it should be maintained with substitutes. In that respect the historical mean/median approach implies the availability of long running data over years and it may pose the question of their cost.  **• Would it be problematic for market participants to use different approaches to calculate adjusted RFRs and spread adjustments in fallbacks across different currencies? Please explain why or why not, commenting specifically on the potential implications of using different approaches across different currencies.**  Yes, it would be problematic to use different approaches for different currencies. The multiplication of methodologies introduces operational difficulties and creates unnecessary risks. We do not see any advantage in having specificities according to the currency.  **• Please provide separate comments on the general appropriateness and effectiveness of each of the four approaches to adjusted RFRs and three methodologies for the spread adjustments. Please specifically comment on anticipated operational challenges, economic impacts, implications for hedging, feasibility of implementation and any other complexities. Indicate whether your comments apply to all contracts, new contracts only or legacy contracts only. With respect to any operational challenges, please explain how long it would take to overcome such challenges.**  It is too early to assess challenges and economic impacts for an asset management firm.  **• Questions about specific methodologies for calculating the spread adjustment:**  **o Forward Approach**   * **Should the forward approach be based on data from the day prior to the trigger only or a number of days or months prior to the trigger? If the latter, how many days or months? Please specifically consider 5 trading days, 10 trading days, 1 month and 3 months but also indicate whether a different length is most appropriate and explain why.**   Spot references on a forward curve include market expectations till maturity. Therefore we consider as adequate to use them. However we agree that an average on a limited period is a prudent approach to avoid to translate into the spread adjustment an abnormal observation. We believe that 1 month is appropriate.   * **What is the appropriate length of the forward spread curve? Please specifically consider 30 years, 40 years, 50 years and 60 years but also indicate whether a different length is more appropriate and explain why.**   Liquidity tends to diminish with longer maturities. We are satisfied that the spread curve stops at 30 years.   * **Would it be acceptable to use data for cleared transactions only when using the forward approach to calculate the spread adjustment? If so, how should the differential between central counterparties (CCPs) be addressed?**   Using only cleared transactions reduces the scope of the sample and the relevance of the data. It furthermore introduces a discussion on the differential between CCPs which appears to us to be very sensitive and delicate an issue. We fear that ISDA’s responsibility be engaged in the process of ranking/rating CCPs. Thus, we do not support the suggestion to use centrally cleared transactions only.  **o Historical Mean/Median Approach**   * **What is the appropriate historical static lookback period? Please specifically consider 5 years and 10 years but also indicate whether a different time period is most appropriate and explain why.**   The longer the look-back period, the better to dilute the impact of exceptional observations without eliminating them. But practical reasons may suggest not to extend the period too much. Thus, a 10 year period would seem, at first sight, appropriate. However, it is questionable that 2009/2018 is. We suggest to extend the period of observation to 15 or 20 years and compute mean and median on different sub-periods, for example 5 years, to judge whether there is sufficient stability in the spread before fixing it. Alternatively we could suggest to aggregate 2 or 3 different periods of 5 or 3 years representing different interest rate contexts and thus reducing the impact of the recent QE policy developed by central banks.   * **Should the calculation be based on the mean or the median spot spread between the IBOR and the adjusted RFR? Please explain why.**   We have no clear cut opinion on the choice between Median or Mean. Keeping in mind that we do not want to have different approaches for different IBORs it turns to be more theoretical a question. The difference between Mean and Median somehow expresses the degree of fragmentation of the market between smaller and larger entities.  **o Spot-Spread Approach**  **Should the spot-spread approach be based on data from the day prior to the trigger only or, alternatively, some number of days prior to the trigger? If the latter, how many days prior to the trigger should this be? Please specifically consider 5 trading days, 10 trading days and 1 month, but also indicate whether a different time period is most appropriate and explain why.**  We recommend a 1 month period. We consider it reaches a good balance between the instantaneous reference that “spot “ implies and the need to avoid unrepresentative data.  **General**  As a first and general comment, we would like to underline the importance to consider that the issue of substitution of new indices to the IBOR reference is not limited to the valuation of derivatives. We appreciate and totally support ISDA initiative to address the point without waiting. However our answers are conditioned by the fact that as asset managers we use IBORs in other circumstances as well, as benchmark for funds or through the detention of floating rate bonds and notes referring to IBORs for example. Consequently we will favour an approach that has a chance to also apply to these other situations.  Our second general comment relates to the possibility to use futures and/or OIS markets to build reliable fallback references. We think that these markets will develop very rapidly and be particularly active, so that they should be considered as an alternative.  **• How important or unimportant is it for the fallbacks to be approximately present-value neutral at the time of trigger? Please explain why.**  To avoid a potential cliff effect we judge as very important that the transition to the fallback provisions when triggered does not create large present value discrepancies. Neutrality is in our view paramount. Asset managers value the assets they have under management daily and continuously monitor the risks involved and any disruption in value will result in an alert. Eventually, it may create difficulties with investors that will question the reason behind the change in value.  **• How important or unimportant is it for the fallback rates to be available in advance of the accrual period. Alternative, is setting in arrears acceptable? Please explain why or why not.**  We have a long experience with references where the final amount was not disclosed before the end of the period of accrual. Not knowing the fallback rate in advance is workable provided there is a limited delay for back offices to integrate updated data. Conversely, we are not intellectually satisfied to use past reference based on a compounded setting in advance rate.  **• How important or unimportant is it for the fallback rates to be wholly (or mostly) convexity free? Please explain why or why not.**  One could suggest that the adjustment for convexity be dealt with through the spread adjustment. We believe, though, that it is reasonable to keep a 2 step approach as suggested by ISDA and introduce a spread adjustment that will not include convexity considerations. The spread should be more relevant if independent of the compounding effect that varies with the level of interest rates. As a conclusion, we rate as important the capacity for the fallback rates to be convexity free (to the extent possible).  *Contact at Amundi: Frédéric BOMPAIRE, public affairs +33(0)1 7637 9144* [*frederic.bompaire@amundi.com*](mailto:frederic.bompaire@amundi.com) | |
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Amundi is Europe’s largest asset manager by assets under management and ranks in the top 10 globally. It manages more than 1.470 trillion euros of assets across six main investment hubs. Amundi offers its clients in Europe, Asia-Pacific, the Middle East and the Americas a wealth of market expertise and a full range of capabilities across the active, passive and real assets investment universes. Clients also have access to a complete set of services and tools. Headquartered in Paris, and listed since November 2015, Amundi is also the 1st asset manager in Europe by market capitalization. Thanks to its unique research capabilities and the skills of close to 4,500 team members and market experts based in 37 countries, Amundi provides retail, institutional and corporate clients with innovative investment strategies and solutions tailored to their needs, targeted outcomes and risk profiles.

For Amundi, MMFs represent a significant proportion of the business, close to 10% of AuM, and we are probably the largest asset manager for Euro denominated VNAV MMFs. We are thankful for ESMA to open a consultation prior to publishing its guidelines concerning reporting as foreseen in MMF Regulation. Il allows us to provide some feedback on the operational challenges that reporting creates for us. We take the opportunity of this introduction to reiterate our main concerns about reporting issues in the EU regulatory framework.

* First, the multiplication of reporting requirements specific to each regulation has led to a **heavy burden** for asset managers that does not always seem proportionate. It appears that we, as an industry, transfer a lot of data on our management companies (AIFMD) our products (under UCITS and AIFM Directives and MMF Regulation), our operations (EMIR, SFTR, MIFIR), our relationship with clients (MIFID) that overlap and are not all directly useful to regulators, who confess they are not equipped to process them all.
* Second, with a view to smoothen the reporting exercise, we continue to believe that the set-up of a **central hub,** where we would deposit all data required by law and regulation and make them accessible to authorized authorities for their needs, would facilitate work and enhance efficiency on both sides.
* Third, a minima we suggest that all reporting be separated in two parts : (i) one, the **common identification data and global characteristics of funds**, concerning information on each fund and its actors (asset manager and depositary…), which should be declared and updated once and apply for all the different reporting requirements on a shared basis and (ii) a second part covering **data specific** to each regulation. In this second part, it should be encouraged to avoid duplicative and marginally different requirements.
* Fourth, **consistency** : the way to populate a field with the same title should be totally identical for all regulations. It implies, on the one hand, that the same appellation applies for the same data and, on the other hand, that a choice be made to ask for the same data for similar fields which have the same goal. For example, we think that funds should be identified uniquely by their LEI and that any other reference to national registers or data providers’ codes be purely optional : one unique code to grant an immediate and unambiguous identification.
* Fifth, and last of these introductory remarks, **harmonisation** should be reinforced among Member States to avoid diverging interpretations that result in non-homogeneous reporting of the same field depending whether the fund is domiciled in Austria or in Luxemburg for example. We urge ESMA to focus on the harmonisation of reporting throughout the EU.

We now turn to the specific question of the consultation paper.

**X x X**

**Q1 Are you of the view that there could be merits for managers of MMFs subject to**

**yearly reporting in accordance with article 37(1) of the MMF Regulation to report**

**on a quarterly basis so that their corresponding operational process is less**

**burdensome?**

Amundi finds it helpful to open an option for quarterly reporting data relating to funds that are required to report yearly. For some asset managers it will be easier to organize a standardized process and report all MMFs on a quarterly basis without checking whether they exceed or not the 100 million threshold. We therefore support that quarterly reporting be offered as a voluntary and not mandatory alternative.

**Q2 Do you identify potential situations in which managers of MMFs do not have any**

**information to report on MMFs other than those listed above (e.g. certain types**

**of situations of liquidation of the MMF)?**

No, we do not foresee any other situation than the period between authorization (that triggers reporting) and effective launch of a MMF (that implies initial subscriptions) where a fund would not have any information to report.

**Q3 Do you agree that the MMF Guidelines could specify which sources should be**

**used by managers of MMFs if the base currency is not included in the list of**

**currencies for which the ECB provides an exchange rate? If yes, which sources**

**should be used in your view?**

No, we oppose the idea to be prescriptive. We would like to align with current practice under AIFMD where the same situation may arise. Amundi refers, for currencies not covered by the ECB data, to a data provider. We think that it is an adequate solution and we are totally transparent vis à vis Authorities on the source we use. However, we would not like to be dependent on this source and wish to keep the possibility to change for a more convenient, better or cheaper possibility. We can imagine that open-source data of quality might be proposed by official institutions or professional associations and want to be able to adopt them.

**Q4 Do you identify any other issue that would need to be specified in relation to the**

**above section on “general principles” of the reporting template?**

Yes, it is important for us that authorities keep in mind the following points when considering reporting:

* First, the multiplication of reporting requirements specific to each regulation has led to a **heavy burden** for asset managers that does not always seem proportionate. It appears that we, as an industry, transfer a lot of data on our management companies (AIFMD) our products (under UCITS and AIFM Directives and MMF Regulation), our operations (EMIR, SFTR, MIFIR), our relationship with clients (MIFID) that overlap and are not all directly useful to regulators, who confess they are not equipped to process them all.
* Second, with a view to smoothen the reporting exercise, we continue to believe that the set-up of a **central hub,** where we would deposit all data required by law and regulation and make them accessible to authorized authorities for their needs, would facilitate work and enhance efficiency on both sides.
* Third, a minima we suggest that all reporting be separated in two parts: (i) one, the **common identification data and global characteristics of funds**, concerning information on each fund and its actors (asset manager and depositary…), which should be declared and updated once and apply for all the different reporting requirements on a shared basis and (ii) a second part covering **data specific** to each regulation. In this second part, it should be encouraged to avoid duplicative and marginally different requirements.
* Fourth, **consistency**: the way to populate a field with the same title should be totally identical for all regulations. It implies, on the one hand, that the same appellation applies for the same data and, on the other hand, that a choice be made to ask for the same data for similar fields which have the same goal. For example, we think that funds should be identified uniquely by their LEI and that any other reference to national registers or data providers’ codes be purely optional : one unique code to grant an immediate and unambiguous identification.
* Fifth, **harmonisation** should be reinforced among Member States to avoid diverging interpretations that result in non-homogeneous reporting of the same field depending whether the fund is domiciled in Austria or in Luxemburg for example. We urge ESMA to focus on the harmonisation of reporting throughout the EU.

**Q5 Do you agree that if an MMF is composed of different share classes that differ in**

**relation to their base currency the base currency that should be included in field**

**A.1.12 should be the base currency as specified in the accounting documents of**

**the MMF or are you of the view that in that case the base currency of the largest**

**share class should be included in field A.1.12? Would you see merit in aligning**

**the inception date mentioned above in section X with the first reporting date, as**

**defined in section II?**

In our view, the base currency is the currency specified in the accounting documents : it results from a decision to hold it overtime as the reference for communication and reporting.

The authorization date is the date where the reporting is due and it should be the initial date in all reporting documents.

**Q6 Do you identify any other issue that would need to be specified in relation to the**

**above section on the block 1 of the reporting template?**

No.

**Q7 Are you of the view that the abovementioned specification leaves too much room**

**for interpretation and would lead to data that is not comparable? Are you of the**

**view that settlement periods should be taken into account and that, as a**

**consequence, the last part of the abovementioned specification (“*if it has as a***

***non-negligible impact on the liquidity profile of the MMF*”) should be removed?**

It is important to have a common understanding of what liquidity effectively means. In that respect the proposed wording leaves room for different interpretations at national level. We are satisfied that the guidelines include a recommendation for a prudent approach. In practice, we have setup a methodology that is documented and that has been presented to the AMF and shared with the auditors of the funds. We believe it is good practice and we suggest that ESMA keeps an eye to avoid that too lenient or too restrictive interpretations develop within the EU.

Liquidity refers to cash available for payments. It is necessary in this view to evaluate the liquidation time of an asset as the delay from decision to sell to effective reception of cash. At the moment the day is the common standard to appreciate the availability of cash, not intraday.

**Q8 Do you have any views in relation to the abovementioned formula on how to**

**measure the monthly portfolio volatility or are you of the view that another**

**formula would be welcome?**

We agree with the proposed formula. We note, however that it requires a minimum of 36 months to be calculated. In the meantime, there will be no figure to report. Consequently we believe that this field should be conditional, depending on the age of the MMF (less or more than 36 months)

**Q9 Do you identify any other issue that would need to be specified in relation to the**

**above section on the block 2 of the reporting template?**

No.

**Q10 Do you identify any other issue that would need to be specified in relation**

**to the above section on the block 3 of the reporting template?**

The question of transversal stress tests for financial stability purpose that would be conducted for all funds with specified parameters defined by the regulator should be addressed. Is it the intent of ESMA to ask for such stress tests? Punctually or regularly? We see merits in such stress tests in terms of comparability both over time and cross border. But we continue to see stress tests as a risk management tool that should apply fund by fund and be determined by the management company according to the risk profile of each fund or family of funds.

With regard to employees schemes, where MMFs can be feeders or funds of funds, we would like to introduce a comment. In our view stress tests would be, for a feeder, a duplication of the stress tests of the master, except for the liability side. For a fund of funds, we should be entitled to rely on the result of the stress tests performed on each of the underlying MMFs. Speaking of employees schemes’ specific MMFs, we suggest to adapt their reporting time schedule and to grant them 45 days (and not 30) after the end of each quarter or year to report to the authority. A fund of funds needs extra time to receive and process data of each underlying MMF.

**Q11 With the respect to the CFI codes to be provided, do you identify any**

**eligible asset not included in the table in the Annex of the Guidelines?**

No, we think CFI gives a good representation of financial instruments.

**Q12 Do you agree with the proposals of ESMA in relation to the domicile of the**

**abovementioned assets?**

Yes, we have a doubt on what is understood in §64 about the nationality of the counterparty for financial derivative instruments when they are listed. We infer that the country of the CCP where central compensation takes place is what is expected as the correct answer.

**Q13 Do you agree that a category “*supranational/multiple regions*” should be**

**included in the potential geographical areas to be chosen? If yes, could you**

**provide examples of assets for which you would choose that category?**

Supranational is common language and self-explanatory ; examples are easy to provide, since we work with such institutions as World bank or regional supranational entities in Africa, Asia… However, we do not have a clear view on “multiple regions”. Actually, we think that it would be more appropriate to use “multiple countries” instead of “multiple regions” in order to restrict “supranational” to those entities that are based on an international treaty and cover with “multiple countries” those entities gathering bodies with different nationalities without relying on a recognised international treaty.

**Q14 Do you agree that the clean price of the money market instrument (A.6.12),**

**this field should always be reported in absolute terms (in monetary values, not**

**in percentages)? Which of the 2 abovementioned options on the “base currency”**

**mentioned in field A.6.13 would you favour: currency of the asset or the currency**

**of the MMF?**

We agree, noting that the clean price expressed in currency will not include accrued interest (which is accounted for separately).

Accounting must be in the currency of the MMF. The guidelines explain which exchange rate should be used to express the valuation in the base currency, i.e. the currency of the MMF.

**Q15 With respect to fields A.6.23 to A.6.25, would you identify any cases where**

**there is no sponsor of an eligible securitisation or asset backed commercial**

**paper?**

Amundi includes the full support requirement in the criteria to make a securitization or ABCP eligible for a MMF. As a consequence, we do not invest if there is no sponsor.

**Q16 Do you identify other potential contract types that would need to be**

**included in the list above in relation to field A.6.39?**

it is unclear when reading the list to decide where such transactions as Cross currency swaps and FX forwards are to be classified. Is it in the generic SWAP and FORW categories? Why FX Forwards are not identified when FRAS and FWOS are ?

**Q17 Do you see merits in clarifying what should be the name of the underlying**

**as referred to in Field A.6.45? If yes, which specifications would you expect?**

No.

**Q18 Are you of the view that ESMA should further specify what is meant by**

**“exposure” in fields A.6.91 and A.6.92? If yes, which types of specifications**

**would you suggest?**

We ask ESMA to reconsider its position on Repos and Reverse Repos. Collateral is of the essence of these operations and should not be overlooked. Funds do not use reverse Repos in order to help banks finance their books. No, they prefer to receive collateral through a Reverse Repo for the cash they send so as to better protect the interests of their client investors than through a deposit or the subscription of a CD (where the counterparty /credit risk is not mitigated). If collateral is not taken into consideration when reporting, authorities will get an erroneous perception of risk. We suggest that NCAs receive per type of transactions (master agreement) (i) a gross exposure, (ii) the collateral received and (iii) the resulting net exposure. This, though more complex, is the best way to be able to assess risk. All these amounts should be expressed in the base currency (accounting currency) of the fund and collateral should be net of haircuts.

**Q19 Do you identify any other issue that would need to be specified in relation**

**to the above section on the block 4 of the reporting template?**

Yes, we want to answer to the second part of question 20 at this stage because it relates to Block 4 in our opinion.

We know that it would be wonderful to add all positions in the portfolio of a MMF and check that it equals NAV. It is not the case. One of the key reasons is that when the administrator calculates the NAV, it introduces accounting adjustments at the level of the fund, among which costs and charges which are not linked to any specific position.

**Q20 Do you identify any other issue that would need to be specified in relation**

**to the above section on the block 5 of the reporting template? In particular, in**

**your view, how would the NAV of the MMF compare to the sum of the values of**

**the fields on total market values (and quantity) of money market instruments,**

**securitisation and ABCP, financial derivative instrument, unit or share of other**

**MMF, deposit or ancillary liquid asset, repurchase agreement and reverse**

**repurchase agreement (A.6.16 and A.6.11, A.6.34 and A.6.29, A.6.54, A.6.67 and**

**A.6.69, A.6.80, A.6.91)? Do you have any comments on the table “*CFI codes for***

***eligible securities*” included in the annex of the Guidelines?**

Please see Question 19 above for our answer to the second part of Question 20, which should be positioned as part of Question 19.

On investor concentration, we appreciate that ESMA recognizes that the asset manager of a MMF may not have a clear knowledge of its holders and can rely on estimates. The statement in §76 is clear and we support this wording.

With regard to the issuers’ group taxonomy provided in §78 and the investor group breakdown in §80, we worry that they are not universally used and that it may be difficult to properly populate these fields. Currently, investors are classified from a marketing point of view, what is very useful for sales and compliance teams. It is a significant move to introduce a new classification and we suggest that optionality be introduced in this area. Furthermore, it is not clear why an issuers’ taxonomy should apply for holders of MMFs in parallel with an investor group breakdown that seems more relevant. May be the issuers’ group taxonomy used under A.68.6 to classify counterparties is not supposed to apply to investors and has been misplaced in the proposed guidelines. It is puzzling, anyway, to have these two lists in the same Block 5 –information on the liabilities. Since we would prefer not to have a mandatory list to comply with for investors, we tend to interpret the presence of 2 different breakdowns as an illustration of possible ways to populate field 7.3 and as a green light for other taxonomies. Is it the intent of ESMA?

Considering “Other arrangements for managing illiquid assets” we are not very comfortable with §82. First, MMFs are not allowed to invest in illiquid assets. Second, they are not allowed either to gain the support of a sponsor and that prevents them to consider specific arrangements for managing illiquid assets. Third, field 7.7 reports the eventual use of liquidity management tools (LMT) such as gates, suspension of redemptions or liquidity fees not the management of illiquid assets. If the additional field is a reference to other LMTs it should be more explicit and a change in the wording is necessary to “other liquidity management tools”. Fourth, if it alludes to credit lines, they are in general signed as a facility at the hand of the management company and it could be misleading to link them to a MMF. We ask for some clarification.

**Q21 Do you identify any other issue that would need to be specified in relation**

**to the above section on the block 6 of the reporting template?**

No.

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