

Regulation (EU) 2017/1131 of the European Parliament and of the Council
of 14 June 2017 on money market funds (Text with EEA relevance)

CHAPTER II

Obligations concerning the investment policies of MMFs

Section I

General rules and eligible assets

Article 16

Eligible units or shares of MMFs

1 An MMF may acquire the units or shares of any other MMF [^{F1}(including an EU MMF)] ('targeted MMF') provided that all of the following conditions are fulfilled:

- a no more than 10 % of the assets of the targeted MMF are able, according to its fund rules or instruments of incorporation, to be invested in aggregate in units or shares of other MMFs;
- b the targeted MMF does not hold units or shares in the acquiring MMF.

[^{F2}A targeted MMF] shall not invest in the acquiring MMF during the period in which the acquiring MMF holds units or shares in it.

2 An MMF may acquire the units or shares of other MMFs [^{F3}(including EU MMFs)], provided that no more than 5 % of its assets are invested in units or shares of a single MMF.

3 An MMF may, in aggregate, invest no more than 17,5 % of its assets in units or shares of other MMFs [^{F4}(including EU MMFs)].

4 Units or shares of other MMFs [^{F5}(including EU MMFs)] shall be eligible for investment by an MMF provided that all of the following conditions are fulfilled:

- a the targeted MMF is authorised under this Regulation [^{F6}or under the EU MMF Regulation];
- b where the targeted MMF is managed, whether directly or under a delegation, by the same manager as that of the acquiring MMF or by any other company to which the manager of the acquiring MMF is linked by common management or control, or by a substantial direct or indirect holding, the manager of the targeted MMF, or that other company, is prohibited from charging subscription or redemption fees on account of the investment by the acquiring MMF in the units or shares of the targeted MMF;
- c where an MMF invests 10 % or more of its assets in units or shares of other MMFs [^{F7}(including EU MMFs)]:
 - (i) the prospectus of that MMF shall disclose the maximum level of the management fees that may be charged to the MMF itself and to the [^{F8}targeted MMFs] in which it invests; and

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- (ii) the annual report shall indicate the maximum proportion of management fees charged to the MMF itself and to the [F⁹targeted MMFs] in which it invests.

5 Paragraphs 2 and 3 of this Article shall not apply to an MMF that is an AIF authorised in accordance with Article 5, where all of the following conditions are met:

- a the MMF is marketed solely through an employee savings scheme governed by national law and which has only natural persons as investors;
- b the employee savings scheme referred to in point (a) only allows investors to redeem their investment subject to restrictive redemption terms which are laid down in national law, whereby redemptions may only take place in certain circumstances that are not linked to market developments.

By way of derogation from paragraphs 2 and 3 of this Article, an MMF that is a [F¹⁰UK UCITS] authorised in accordance with Article 4(2) [F¹¹, (2A) or (2B)] may acquire units or shares in other MMFs in accordance with [F¹²the Schedule or rules 5.8.2, 5.8.3 and 5.8.4 of the Collective Investment Schemes sourcebook] under the following conditions:

- a the MMF is marketed solely through an employee savings scheme governed by national law and which has only natural persons as investors;
- b the employee savings scheme referred to in point (a) only allows investors to redeem their investment subject to restrictive redemption terms which are laid down in national law, whereby redemptions may only take place in certain circumstances that are not linked to market developments.

6 Short-term MMFs may only invest in units or shares of other short-term MMFs.

7 Standard MMFs may invest in units or shares of short-term MMFs and standard MMFs.

Textual Amendments

- F1** Words in Art. 16(1) inserted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(a)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in Art. 16(1) substituted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(a)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in Art. 16(2) inserted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F4** Words in Art. 16(3) inserted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(c)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in Art. 16(4) inserted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(d)(i)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F6** Words in Art. 16(4)(a) inserted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(d)(ii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in Art. 16(4)(c) inserted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(d)(iii)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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- F8** Words in Art. 16(4)(c)(i) substituted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(d)(iv)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F9** Words in Art. 16(4)(c)(ii) substituted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(d)(iv)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F10** Word in Art. 16(5) substituted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(e)(i)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F11** Words in Art. 16(5) inserted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(e)(ii)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F12** Words in Art. 16(5) substituted (31.12.2020) by [The Money Market Funds \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/394\)](#), regs. 1(3), **10(9)(e)(iii)** (with savings in [S.I. 2019/680](#), reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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Changes and effects yet to be applied to :

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 1](#)