

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 I

General provisions

Article 1

Subject matter and scope

1 This Regulation lays down rules for money market funds (MMFs) established, managed or marketed in the Union, concerning the financial instruments eligible for investment by a MMF, the portfolio of an MMF, the valuation of the assets of an MMF, and the reporting requirements in relation to an MMF.

This Regulation applies to collective investment undertakings that:

- a require authorisation as UCITS or are authorised as UCITS under Directive 2009/65/EC or are AIFs under Directive 2011/61/EU;
- b invest in short-term assets; and
- c have distinct or cumulative objectives offering returns in line with money market rates or preserving the value of the investment.

2 Member States shall not add any additional requirements in the field covered by this Regulation.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) ‘short-term assets’ means financial assets with a residual maturity not exceeding 2 years;
- (2) ‘money market instruments’ means money market instruments as defined in Article 2(1)(o) of Directive 2009/65/EC, and instruments as referred to in Article 3 of Commission Directive 2007/16/EC⁽¹⁾;
- (3) ‘transferable securities’ means transferable securities as defined in Article 2(1)(n) of Directive 2009/65/EC, and instruments as referred to in Article 2(1) of Directive 2007/16/EC;
- (4) ‘repurchase agreement’ means any agreement in which one party transfers securities or any rights related to that title to a counterparty, subject to a commitment to repurchase them at a specified price on a future date specified or to be specified;
- (5) ‘reverse repurchase agreement’ means any agreement in which one party receives securities, or any rights related to a title or security from a counterparty subject to a commitment to sell them back at a specified price on a future date specified or to be specified;

- (6) ‘securities lending’ and ‘securities borrowing’ mean any transaction in which an institution or its counterparty transfers securities subject to a commitment that the borrower will return equivalent securities at some future date or when requested to do so by the transferor, that transaction being known as ‘securities lending’ for the institution transferring the securities and being known as ‘securities borrowing’ for the institution to which they are transferred;
- (7) ‘securitisation’ means securitisation as defined in Article 4(1)(61) of Regulation (EU) No 575/2013;
- (8) ‘mark-to-market’ means the valuation of positions at readily available close out prices that are sourced independently, including exchange prices, screen prices, or quotes from several independent reputable brokers;
- (9) ‘mark-to-model’ means any valuation which is benchmarked, extrapolated or otherwise calculated from one or more market input;
- (10) ‘amortised cost method’ means a valuation method which takes the acquisition cost of an asset and adjusts that value for amortisation of premiums or discounts until maturity;
- (11) ‘public debt constant net asset value MMF’ or ‘public debt CNAV MMF’ means an MMF:
- (a) that seeks to maintain an unchanging net asset value (NAV) per unit or share;
 - (b) where the income in the fund is accrued daily and can either be paid out to the investor or used to purchase more units or shares in the fund;
 - (c) where assets are generally valued according to the amortised cost method and where the NAV is rounded to the nearest percentage point or its equivalent in currency terms; and
 - (d) that invests at least 99,5 % of its assets in instruments referred to in Article 17(7), reverse repurchase agreements secured with government debt referred to in Article 17(7) and in cash;
- (12) ‘low volatility net asset value MMF’ or ‘LVNAV MMF’ means an MMF that complies with the specific requirements laid down in Articles 29, 30 and 32 and in Article 33(2) (b);
- (13) ‘variable net asset value MMF’ or ‘VNAV MMF’ means an MMF that complies with the specific requirements laid down in Articles 29 and 30 and in Article 33(1);
- (14) ‘short-term MMF’ means an MMF that invests in eligible money market instruments referred to in Article 10(1) and is subject to the portfolio rules set out in Article 24;
- (15) ‘standard MMF’ means an MMF that invests in eligible money market instruments referred to in Article 10(1) and (2) and is subject to the portfolio rules set out in Article 25;
- (16) ‘credit institution’ means credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013;
- (17) ‘competent authority of the MMF’ means:
- (a) for UCITS, the competent authority of the UCITS home Member State designated in accordance with Article 97 of Directive 2009/65/EC;

- (b) for EU AIFs, the competent authority of the home Member State of the AIF as defined in Article 4(1)(p) of Directive 2011/61/EU;
 - (c) for non-EU AIFs, any of the following:
 - (i) the competent authority of the Member State where the non-EU AIF is marketed in the Union without a passport;
 - (ii) the competent authority of the EU AIFM managing the non-EU AIF, where the non-EU AIF is marketed in the Union with a passport or is not marketed in the Union;
 - (iii) the competent authority of the Member State of reference if the non-EU AIF is not managed by an EU AIFM and is marketed in the Union with a passport;
- (18) ‘legal maturity’ means the date when the principal of a security is to be repaid in full and which is not subject to any optionality;
- (19) ‘weighted average maturity’ or ‘WAM’ means the average length of time to legal maturity or, if shorter, to the next interest rate reset to a money market rate, of all of the underlying assets in the MMF reflecting the relative holdings in each asset;
- (20) ‘weighted average life’ or ‘WAL’ means the average length of time to legal maturity of all of the underlying assets in the MMF reflecting the relative holdings in each asset;
- (21) ‘residual maturity’ means the length of time remaining until the legal maturity of a security;
- (22) ‘short sale’ means any sale by an MMF of an instrument which the MMF does not own at the time of entering into the agreement to sell, including such sale where, at the time of entering into the agreement to sell, the MMF has borrowed or agreed to borrow the instrument for delivery at settlement, not including:
- (a) a sale by either party under a repurchase agreement where one party has agreed to sell to the other a security at a specified price with a commitment from the other party to sell the security back at a later date at another specified price; or
 - (b) an entry into a futures contract or other derivative contract where it is agreed to sell securities at a specified price at a future date;
- (23) ‘manager of an MMF’ means, in the case of an MMF that is a UCITS, the UCITS management company, or the UCITS investment company in the case of a self-managed UCITS, and, in the case of an MMF that is an AIF, an AIFM or an internally-managed AIF.

Article 3

Types of MMFs

- 1 MMFs shall be set up as one of the following types:
- a a VNAV MMF;
 - b a public debt CNAV MMF;
 - c a LVNAV MMF.

2 The authorisation of an MMF shall explicitly state the type of MMF, from those set out in paragraph 1.

Article 4

Authorisation of MMFs

1 No collective investment undertaking shall be established, marketed or managed in the Union as an MMF unless it has been authorised in accordance with this Regulation.

Such authorisation shall be valid for all Member States.

2 A collective investment undertaking that requires authorisation as a UCITS under Directive 2009/65/EC and as an MMF under this Regulation for the first time shall be authorised as an MMF as part of the UCITS authorisation procedure pursuant to Directive 2009/65/EC.

Where a collective investment undertaking has already been authorised as a UCITS under Directive 2009/65/EC, it may apply for authorisation as an MMF in accordance with the procedure set out in paragraphs 4 and 5 of this Article.

3 A collective investment undertaking that is an AIF and that requires authorisation as an MMF under this Regulation shall be authorised as an MMF pursuant to the authorisation procedure laid down in Article 5.

4 No collective investment undertaking shall be authorised as an MMF unless the competent authority of the MMF is satisfied that the MMF will be able to meet all the requirements of this Regulation.

5 For the purposes of authorisation as an MMF, a collective investment undertaking shall submit to its competent authority all of the following documents:

- a the fund rules or instruments of incorporation of the MMF, including an indication of which type of MMF it is from those set out in Article 3(1);
- b identification of the manager of the MMF;
- c identification of the depositary;
- d a description of, or any information on, the MMF available to investors;
- e a description of, or any information on, the arrangements and procedures needed to comply with the requirements referred to in Chapters II to VII;
- f any other information or document requested by the competent authority of the MMF to verify compliance with the requirements of this Regulation.

6 The competent authorities shall, on a quarterly basis, inform ESMA of authorisations granted or withdrawn pursuant to this Regulation.

7 ESMA shall keep a central public register identifying each MMF authorised under this Regulation, its type in accordance with Article 3(1), whether it is a short-term or standard MMF, the manager of an MMF and the competent authority of the MMF. The register shall be made available in electronic format.

Article 5

Procedure for authorising MMFs that are AIFs

1 An AIF shall be authorised as an MMF only if the competent authority of the MMF approves the application submitted by an AIFM, that has already been authorised under Directive 2011/61/EU to manage an MMF that is an AIF, and also approves the fund rules and the choice of the depositary.

2 When submitting the application for managing an MMF that is an AIF, the authorised AIFM shall provide the competent authority of the MMF with:

- a the written agreement with the depositary;
- b information on delegation arrangements regarding portfolio and risk management and administration with regard to the AIF;
- c information about the investment strategies, the risk profile and other characteristics of MMFs that are AIFs that the AIFM manages or intends to manage.

The competent authority of the MMF may ask the competent authority of the AIFM for clarification and information concerning the documentation referred to in the first subparagraph or an attestation as to whether MMFs fall within the scope of the AIFM's management authorisation. The competent authority of the AIFM shall respond within 10 working days of such request.

3 Any subsequent modifications of the documentation referred to in paragraph 2 shall be immediately notified to the competent authority of the MMF by the AIFM.

4 The competent authority of the MMF shall refuse the application of the AIFM only in the event that any of the following applies:

- a the AIFM does not comply with this Regulation;
- b the AIFM does not comply with Directive 2011/61/EU;
- c the AIFM is not authorised by its competent authority to manage MMFs;
- d the AIFM has not provided the documentation referred to in paragraph 2.

Before refusing an application, the competent authority of the MMF shall consult the competent authority of the AIFM.

5 Authorisation of an AIF as an MMF shall not be subject to a requirement either that the AIF be managed by an AIFM authorised in the AIF home Member State or that the AIFM pursues or delegates any activities in the AIF home Member State.

6 Within 2 months of submission of a complete application, the AIFM shall be informed whether or not authorisation of the AIF as an MMF has been granted.

7 The competent authority of the MMF shall not grant authorisation of an AIF as an MMF if the AIF is legally prevented from marketing its units or shares in its home Member State.

Article 6

Use of designation as MMF

1 A UCITS or an AIF shall use the designation ‘money market fund’ or ‘MMF’ in relation to itself or the units or shares it issues only where the UCITS or the AIF has been authorised in accordance with this Regulation.

A UCITS or an AIF shall not use a misleading or inaccurate designation which would suggest it is an MMF, unless it has been authorised as an MMF in accordance with this Regulation.

A UCITS or an AIF shall not have characteristics which are substantially similar to those referred to in Article 1(1), unless it has been authorised as an MMF in accordance with this Regulation.

2 The use of the designation ‘money market fund’, ‘MMF’ or of another designation that suggests that a UCITS or AIF is an MMF shall mean use in any external documents, prospectuses, reports, statements, advertisements, communications, letters or any other material addressed to or intended for distribution to prospective investors, unit-holders, shareholders or competent authorities in written, oral, electronic or any other form.

Article 7

Applicable rules

1 An MMF and the manager of the MMF shall comply at all times with this Regulation.

2 An MMF which is a UCITS and the manager of the MMF shall comply at all times with the requirements of Directive 2009/65/EC, unless otherwise specified in this Regulation.

3 An MMF which is an AIF and the manager of the MMF shall comply at all times with the requirements of Directive 2011/61/EU, unless otherwise specified in this Regulation.

4 The manager of an MMF shall be responsible for ensuring compliance with this Regulation and shall be liable for any loss or damage resulting from non-compliance with this Regulation.

5 This Regulation shall not prevent MMFs from applying investment limits that are stricter than those required by this Regulation.

- (1) Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions ([OJ L 79, 20.3.2007, p. 11](#)).