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 V

Specific requirements for public debt CNAV MMFs and LVNAV MMFs

Article 34

Specific requirements for public debt CNAV MMFs and LVNAV MMFs

1 The manager of a public debt CNAV MMF or of a LVNAV MMF shall establish, implement and consistently apply prudent and rigorous liquidity management procedures for ensuring compliance with the weekly liquidity thresholds applicable to such funds. The liquidity management procedures shall be clearly described in the fund rules or instruments of incorporation, as well as in the prospectus.

In ensuring compliance with the weekly liquidity thresholds, the following shall apply:

a whenever the proportion of weekly maturing assets as set out in point (e) of Article 24(1) falls below 30 % of the total assets of the public debt CNAV MMF or of the LVNAV MMF and the net daily redemptions on a single working day exceed 10 % of total assets, the manager of the public debt CNAV MMF or of the LVNAV MMF shall immediately inform its board thereof and the board shall undertake a documented assessment of the situation to determine the appropriate course of action having regard to the interests of the investors and shall decide whether to apply one or more of the following measures:

  (i) liquidity fees on redemptions that adequately reflect the cost to the MMF of achieving liquidity and ensure that investors who remain in the fund are not unfairly disadvantaged when other investors redeem their units or shares during the period;

  (ii) redemption gates that limit the amount of shares or units to be redeemed on any one working day to a maximum of 10 % of the shares or units in the MMF for any period up to 15 working days;

  (iii) suspension of redemptions for any period up to 15 working days; or

  (iv) take no immediate action other than fulfilling the obligation laid down in Article 24(2);

b whenever the proportion of weekly maturing assets as set out in point (e) of Article 24(1) falls below 10 % of its total assets, the manager of a public debt CNAV MMF or of a LVNAV MMF shall immediately inform its board thereof and the board shall undertake a documented assessment of the situation and, on the basis of such assessment and having regard to the interests of the investors, shall apply one or more of the following measures and document the reasons for its choice:

  (i) liquidity fees on redemptions that adequately reflect the cost to the MMF of achieving liquidity and ensure that investors who remain in the fund are not unfairly disadvantaged when other investors redeem their units or shares during the period;

(ii) a suspension of redemptions for a period of up to 15 working days.

2 When, within a period of 90 days, the total duration of the suspensions exceeds 15 days, a public debt CNAV MMF or a LVNAV MMF shall automatically cease to be a public debt CNAV MMF or a LVNAV MMF. The public debt CNAV MMF or the LVNAV MMF shall immediately inform each investor thereof in writing in a clear and comprehensible way.

3 After the board of the public debt CNAV MMF or of the LVNAV MMF has determined its course of action with regard to both points (a) and (b) of paragraph 1, it shall promptly provide details of its decision to the **[**[F1]FCA**]**.

Textual Amendments

F1 Word in Art. 34(3) substituted (31.12.2020) by The Money Market Funds (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/394), regs. 1(3), **15** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Changes to legislation:
Regulation (EU) 2017/1131 of the European Parliament and of the Council, CHAPTER V is up to date with all changes known to be in force on or before 28 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.
View outstanding changes

Changes and effects yet to be applied to :
– Regulation revoked by 2023 c. 29 Sch. 1 Pt. 1