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AMENDMENTS 42 - 211

Draft report
Saïd El Khadraoui
(PE523.111v01-00)

on the proposal for a regulation of the European Parliament and of the Council on Money Market Funds

Proposal for a regulation
(COM(2013)0615 – C7-0263/2013 – 2013/0306(COD))

AM_Com_LegReport

Amendment 42
Syed Kamall

Proposal for a regulation
Recital 2

Text proposed by the Commission	*Amendment*
(2) On the demand side, MMFs are short-term cash management tools that provide a high degree of liquidity, diversification, stability of value of the principal invested combined with a market-based yield. MMFs are ***mainly*** used by corporations seeking to invest their excess cash for a short time frame. MMFs, therefore, represent a crucial link bringing together demand and offer of short-term money.	(2) On the demand side, MMFs are short-term cash management tools that provide a high degree of liquidity, diversification, stability of value of the principal invested combined with a market-based yield. MMFs are used by ***a wide range of entities including charities, housing associations, local authorities and larger professional investors like*** corporations ***and pension funds*** seeking to invest their excess cash for a short time frame. MMFs, therefore, represent a crucial link bringing together demand and offer of short-term money.

Or. en

Amendment 43
Syed Kamall

Proposal for a regulation
Recital 3

Text proposed by the Commission	*Amendment*
(3) Events that occurred during the financial crisis have shed light on several features of MMFs that make them vulnerable when there are difficulties in financial markets ***and therefore may spread or amplify risks through the financial system. When the prices of the assets in which the MMFs are invested in start to decrease, especially during stressed market situations, the MMF***	(3) Events that occurred during the financial crisis have shed light on several features of MMFs that make them vulnerable when there are difficulties in financial markets***. However, as highlighted in the European Commission's Economic Paper 472, published in 2012, "Non-bank financial institutions: Assessment of their impact on the stability of the financial system", the activities of money market***

cannot always maintain the promise to redeem immediately and to preserve the principal value of a unit or share issued by the MMF to investors. This situation may trigger massive and sudden redemption requests, potentially causing broader macroeconomic consequences.	***funds were not the underlying causes of financial instability during the financial crisis***.

Or. en

Justification

This wording is taken from the European Commission's Economic Paper 472, published in 2012, "Non-bank financial institutions: Assessment of their impact on the stability of the financial system", which highlights the role MMFs played during the crisis.

Amendment 44
Sharon Bowles

Proposal for a regulation
Recital 3

Text proposed by the Commission	*Amendment*
(3) Events that occurred during the financial crisis have shed light on several features of MMFs that make them vulnerable when there are difficulties in financial markets ***and therefore may spread or amplify risks through the financial system***. When the prices of the assets in which the MMFs are invested in start to decrease, especially during stressed market situations, ***the MMF*** cannot always ***maintain the promise to redeem*** immediately and ***to*** preserve the principal value of a unit or share issued by the MMF to investors. This situation may trigger massive and sudden redemption requests***, potentially causing broader macroeconomic consequences***.	(3) Events that occurred during the financial crisis have shed light on several features of MMFs that make them vulnerable when there are difficulties in financial markets. When the prices of the assets in which the MMFs are invested in start to decrease, especially during stressed market situations, ***a MMF that has not maintained sufficient levels of liquidity*** cannot always ***meet redemption requests*** immediately and preserve the principal value of a unit or share issued by the MMF to investors. This situation may trigger massive and sudden redemption requests.

Or. en

Amendment 45
Syed Kamall

Proposal for a regulation
Recital 3 a (new)

Text proposed by the Commission	*Amendment*
	(3a) In the context of the financial crisis, it must be noted that the underlying cause of risks to financial stability operating through money market funds did not originate in money markets. In particular, risks arose within the banking sector (due to securitised loan assets) that fed through to prime MMFs and due to the behaviour of investors in response to falling NAVs. Moreover, the impact on MMF investors in terms of realised losses were either zero or very small.

Or. en

Justification

This wording is taken from the European Commission's Economic Paper 472, published in 2012, "Non-bank financial institutions: Assessment of their impact on the stability of the financial system", which highlights the role MMFs played during the crisis.

Amendment 46
Syed Kamall

Proposal for a regulation
Recital 4

Text proposed by the Commission	*Amendment*
(4) Large redemption requests force MMFs to sell some of their investment assets in a declining market, fuelling a liquidity crisis. In these circumstances, money market issuers can face severe funding difficulties if the market of commercial papers and other money market instruments dries up. Any contagion to the short term funding	(4) Large redemption requests force MMFs to sell some of their investment assets in a declining market, fuelling a liquidity crisis. In these circumstances, money market issuers can face severe funding difficulties if the market of commercial papers and other money market instruments dries up. Any contagion to the short term funding

market could then also represent direct and major difficulties for the financing of the financial institutions, corporations and governments***, thus the economy***.	market could then also represent direct and major difficulties for the financing of the financial institutions, corporations and governments***. It should be noted that those MMFs that suffered the biggest redemptions during the crisis did so because of their real or perceived exposure to the financial sector, and had little to do with their being CNAV or VNAV. The European Commission's Economic Paper 472, published in 2012, makes no distinction between CNAV or VNAV funds***.

Or. en

Justification

There is no evidence the CNAV funds performed worse than VNAV funds during the financial crisis.

Amendment 47
Sharon Bowles

Proposal for a regulation
Recital 4

Text proposed by the Commission	*Amendment*
(4) Large redemption requests force MMFs to sell some of their investment assets in a declining market***, fuelling a liquidity crisis***. ***In these circumstances,*** money market issuers can face severe funding difficulties if the market of commercial papers and other money market instruments dries up. ***Any contagion to the short term funding market could then also represent direct and major difficulties for the financing of the financial institutions, corporations and governments, thus the economy.***	(4) Large redemption requests ***may*** force MMFs ***that have not maintained sufficient levels of liquidity*** to sell some of their investment assets in a declining market. Money market issuers can face severe funding difficulties if the market of commercial papers and other money market instruments dries up.

Or. en

Amendment 48
Sharon Bowles

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) Asset managers, helped by sponsors, may decide to provide discretionary support to maintain the liquidity and the stability of their MMFs. Sponsors ***are often forced*** to support their sponsored MMFs when losing value due to the reputational risk and fear that panic could spread into the sponsor other businesses. Depending on the size of the fund and the extent of redemption pressure, sponsor support may reach proportions that exceed their readily available reserves. Therefore, it is important to provide for a framework of uniform rules in order to prevent the failure of the sponsor ***and risk contagion to other entities that sponsor MMFs***.	(5) Asset managers, helped by sponsors, may decide to provide discretionary support to maintain the liquidity and the stability of their MMFs. ***Previously,*** sponsors ***have chosen*** to support their sponsored MMFs when losing value due to the reputational risk and fear that panic could spread into the sponsor other businesses. Depending on the size of the fund and the extent of redemption pressure, sponsor support may reach proportions that exceed their readily available reserves. Therefore, it is important to provide for a framework of uniform rules in order to prevent the failure of the sponsor***, particularly a sponsor that is a large bank***.

Or. en

Amendment 49
Wolf Klinz, Burkhard Balz, Olle Schmidt

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission	*Amendment*
	(6a) Measures need to be implemented to reduce the risk of runs and to address the first mover advantage. As recommended by IOSCO, appropriate safeguards shall reinforce MMFs' resilience and ability to face significant redemptions. These measures shall be:

1) Imposing minimum levels of daily, weekly and monthly liquid assets that MMFs must hold. MMF should also adjust their holdings depending on market conditions and their investor basis.

2) Enhancing the quality of the assets a MMF holds.

3) Requiring money market funds to institute a liquidity fee in cases of high stress in financial markets in which the MMF is facing an unusually high volume of redemptions.

4) Permitting MMFs to impose a gating mechanism in certain circumstances which would allow the fund to temporarily suspend redemptions.

Or. en

Amendment 50
Syed Kamall

Proposal for a regulation
Recital 7

Text proposed by the Commission	*Amendment*
(7) Uniform rules on MMFs are also necessary to ensure smooth operation of the short term funding market for financial institutions, corporate issuers of short term debt and governments. They are also required to ensure equal treatment among MMF investors and to avoid that late redeemers have to support additional inconvenience when redemptions are temporarily suspended or when the MMF is liquidated.	(7) Uniform rules on MMFs are also necessary to ensure smooth operation of the short term funding market for financial institutions, corporate issuers of short term debt and governments. They are also required to ensure equal treatment among MMF investors and to avoid that late redeemers have to support additional inconvenience when redemptions are temporarily suspended or when the MMF is liquidated. ***However in stressed market conditions, redemption gates and/or fee provisions may be used by the CNAV MMF manager in order to eliminate the 'first mover' advantage whilst protecting investors' money.***

Or. en

Justification

Liquidity fees would charge the redeeming investor the market cost of raising the liquidity they require. The imposition of liquidity fees can be said to effectively convert a fund from CNAV to VNAV during times of stress. If a redeeming investor is charged the difference between the constant share price and the cost of providing the liquidity to meet the redemption, they are effectively receiving a similar treatment as they would if the fund were VNAV.

Amendment 51
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 17

Text proposed by the Commission	*Amendment*
(17) It is important that UCITS and AIFs that have the characteristics of MMFs be identified as MMFs and that their capacity to comply on an on-going basis with the new uniform rules on MMFs be explicitly verified. For this purpose competent authorities should authorise MMFs. For UCITS the authorisation as MMF should be part of the authorisation as UCITS in accordance with the harmonised procedures envisaged in Directive 2009/65/EC. For AIFs, as they are not subject to harmonised authorisation and supervision procedures under Directive 2011/61/EU, it is necessary to provide for common basic rules on authorisation that mirror the existing UCITS harmonised rules. Such procedures should ensure that an AIF authorised as a MMF has as ***manager*** an alternative investment fund manager (AIFM) authorised in accordance with Directive 2011/61/EU.	(17) It is important that UCITS and AIFs that have the characteristics of MMFs be identified as MMFs and that their capacity to comply on an on-going basis with the new uniform rules on MMFs be explicitly verified. For this purpose competent authorities should authorise MMFs. For UCITS the authorisation as MMF should be part of the authorisation as UCITS in accordance with the harmonised procedures envisaged in Directive 2009/65/EC. For AIFs, as they are not subject to harmonised authorisation and supervision procedures under Directive 2011/61/EU, it is necessary to provide for common basic rules on authorisation that mirror the existing UCITS harmonised rules. Such procedures should ensure that an AIF authorised as a MMF has as an alternative investment fund manager (AIFM) authorised in accordance with Directive 2011/61/EU.

Or. en

Amendment 52
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 22

Text proposed by the Commission	*Amendment*
(22) Money market instruments are transferable instruments normally dealt in on the money market, as treasury and local authority bills, certificates of deposits, commercial papers, bankers' acceptances or medium- or short-term notes. They should be eligible for investment by MMFs only insofar as they comply with maturity limits and are considered by the MMF to be of high credit quality.	(22) Money market instruments are transferable instruments normally dealt in on the money market, ***such*** as treasury and local authority bills, certificates of deposits, commercial papers, bankers' acceptances or medium- or short-term notes. They should be eligible for investment by MMFs only insofar as they comply with maturity limits and are considered by the MMF to be of high credit quality.

Or. en

Amendment 53
Sharon Bowles

Proposal for a regulation
Recital 23

Text proposed by the Commission	*Amendment*
(23) Asset Backed Commercial Papers (ABCPs) should be considered eligible money market instruments ***to the extent that they respect additional requirements***. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying ***assets. Not all categories of underlying assets should be eligible because some were more confronted to instability than others. For this reason the underlying assets should be exclusively composed of short-***	(23) Asset Backed Commercial Papers (ABCPs)***, consisting of both commercial and consumer loans,*** should be considered eligible money market instruments. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying ***asset pools and the nature of the securitisation which must not be overly complex or highly tranched***. ESMA should be entrusted with drafting regulatory technical standards to be submitted for endorsement

term debt instruments that have been issued by corporates in the course of their business activity, such as trade receivables. Instruments such as auto loans and leases, equipment leases, consumer loans, residential mortgage loans, credit card receivables or any other type of instrument linked to the acquisition or financing of services or goods by consumers should not be eligible. ESMA should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and ***circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt and the conditions and*** numerical thresholds determining when ***corporate debt*** is of high credit quality and liquid.	by the Commission with regard to the conditions and numerical thresholds determining when ***the securitisation*** is of high credit quality***, not unduly complex*** and liquid.

Or. en

Justification

To limit to only corporate debt here would have a detrimental impact on the real economy.

Amendment 54
Jean-Paul Gauzès

Proposal for a regulation
Recital 23

Text proposed by the Commission	*Amendment*
(23) Asset Backed Commercial Papers (ABCPs) should be considered eligible money market instruments to the extent that they respect additional requirements. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying assets. Not all categories of underlying assets	(23) Asset Backed Commercial Papers (ABCPs) should be considered eligible money market instruments to the extent that they respect additional requirements. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying assets. ***Yet*** not all categories of underlying assets

should be eligible because some were more confronted to instability than others. For this reason the underlying assets should be ***exclusively*** composed of ***short-term*** debt instruments that have been ***issued by*** corporates in the course of their business activity, ***such as*** trade receivables***. Instruments such as auto loans and leases, equipment leases, consumer loans, residential mortgage*** loans***, credit card receivables or any other type of instrument linked to the acquisition or financing of services or goods by consumers should not be eligible***. ESMA should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and circumstances under which the underlying exposure or pool of exposures ***is*** considered to ***exclusively*** consist of ***corporate*** debt and the conditions and numerical thresholds determining when ***corporate*** debt is of high credit quality and liquid.	***proved to be unstable, and in particular those securitizations where the underlying assets were associated with supporting the working capital of manufacturers and the sales of real economy goods and services, performed well and*** should be ***eligible. For this reason ABCP backed by underlying assets*** composed of debt instruments that have been ***originated by bank clients, such as*** corporates ***or their captive financial subsidiaries,*** in the course of their business activity, ***including*** trade receivables***, or other related debt held directly or indirectly, should be eligible for MMF investment. In this regard, instruments which provide working capital to bank clients, such as trade receivables, auto*** loans ***and leases, equipment loans and leases, SME loans and consumer loans should be eligible provided they are of high quality, liquid and otherwise satisfy maximum WAL requirement***. ESMA should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and circumstances under which the underlying exposure or pool of exposures considered to consist of ***eligible*** debt and the conditions and numerical thresholds determining when ***such eligible*** debt is of high credit quality and liquid.

Or. en

Amendment 55
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 23

Text proposed by the Commission	*Amendment*
(23) Asset Backed Commercial Papers (ABCPs) should be considered eligible	(23) Asset Backed Commercial Papers (ABCPs) should be considered eligible

money market instruments to the extent that they respect additional requirements. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying assets. Not all categories of underlying assets should be eligible because some were more confronted to instability than others. For this reason the underlying assets should be exclusively composed of short-term debt instruments that have been issued by corporates in the course of their business activity, such as trade receivables. Instruments such as auto loans and leases, equipment leases, consumer loans, residential mortgage loans, credit card receivables or any other type of instrument linked to the acquisition or financing of services or goods by consumers should not be eligible. ESMA should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt and the conditions ***and*** numerical thresholds determining when corporate debt is of high credit quality and liquid.	money market instruments to the extent that they respect additional requirements. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying assets ***as well as to ensure that the pool of exposures is sufficiently diversified***. Not all categories of underlying assets should be eligible because some were more confronted to instability than others. For this reason the underlying assets should be exclusively composed of short-term ***and liquid*** debt instruments that have been issued by corporates in the course of their business activity, such as trade receivables. Instruments such as auto loans and leases, equipment leases, consumer loans, residential mortgage loans, credit card receivables or any other type of instrument linked to the acquisition or financing of services or goods by consumers should not be eligible. ESMA ***in close cooperation with EBA*** should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt and the conditions***, whether it is sufficiently diversified as well as the*** numerical thresholds determining when corporate debt is of high credit quality and liquid.

Or. en

Amendment 56
Wolf Klinz

Proposal for a regulation
Recital 23

Text proposed by the Commission	*Amendment*
(23) Asset Backed Commercial Papers (ABCPs) should be considered eligible money market instruments to the extent that they respect additional requirements. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying assets. Not all categories of underlying assets should be eligible because some were more confronted to instability than others. For this reason the underlying assets should be exclusively composed of short-term debt instruments that have been issued by corporates in the course of their business activity, such as trade receivables. Instruments such as auto loans and leases, equipment leases, consumer loans, residential mortgage loans, credit card receivables or any other type of instrument linked to the acquisition or financing of services or goods by consumers should ***not be eligible***. ESMA should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt and the conditions and numerical thresholds determining when corporate debt is of high credit quality and liquid.	(23) Asset Backed Commercial Papers (ABCPs) should be considered eligible money market instruments to the extent that they respect additional requirements. Due to the fact that during the crisis certain securitisations were particularly unstable, it is necessary to impose maturity limits and quality criteria on the underlying assets. Not all categories of underlying assets should be eligible because some were more confronted to instability than others. For this reason the underlying assets should be exclusively composed of short-term debt instruments that have been issued by corporates in the course of their business activity, such as trade receivables. Instruments such as auto loans and leases, equipment leases, consumer loans, residential mortgage loans, credit card receivables or any other type of instrument linked to the acquisition or financing of services or goods by consumers should ***undergo a thorough examination***. ESMA should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt and the conditions and numerical thresholds determining when corporate debt is of high credit quality and liquid.

Or. en

Amendment 57
Wolf Klinz

Proposal for a regulation
Recital 23 a (new)

Text proposed by the Commission	Amendment
	(23a) In order to assess the eligibility of certain instruments and their underlying assets, ESMA shall develop a set of criteria to define 'high-quality securitisation'. These criteria should take into consideration the need for more standardisation and transparency to avoid securitisation structures of high complexity.

Or. en

Amendment 58
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 25

Text proposed by the Commission	Amendment
(25) Financial derivative instruments eligible for investment by a MMF should only serve the purpose of hedging interest rate and currency risk and should only have as an underlying instrument interest rates, exchange currencies or indices representing these categories. Any use of derivatives for another purpose or on other underlying assets should be prohibited. Derivatives should only be used as a complement to the fund strategy but not as the main tool for achieving the fund's objectives. Should a MMF invest in assets labelled in another currency than the currency of the fund, it is expected that the MMF manager would hedge the entire currency risk exposure, including via derivatives.	(25) Financial derivative instruments eligible for investment by a MMF should only serve the purpose of hedging interest rate and currency risk and should only have as an underlying instrument interest rates, exchange currencies or indices representing these categories. Any use of derivatives for another purpose or on other underlying assets should be prohibited. Derivatives should only be used as a complement to the fund strategy but not as the main tool for achieving the fund's objectives. Should a MMF invest in assets labelled in another currency than the currency of the fund, it is expected that the MMF manager would hedge the entire currency risk exposure, including via derivatives. ***MMFs should be allowed to invest in financial derivative instruments if those instruments are traded on an MTF or OTF as defined in Directive [MiFID]. ESMA should be entrusted with***

	drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the conditions and circumstances under which derivative instruments are considered to serve the purpose of hedging the duration and exchange risks inherent to other investments of the MMF.

Or. en

Amendment 59
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 26

Text proposed by the Commission	*Amendment*
(26) Reverse repurchase agreements could be used by MMFs as a means to invest excess cash on a very short-term basis, provided that the position is fully collateralized. In order to protect the interests of the investors it is necessary to ensure that the collateral provided in the framework of reverse repurchase agreements be of high quality. All other efficient portfolio management techniques, including securities lending and borrowing, should not be used by the MMF as they are likely to impinge on achieving the investment objectives of the MMF.	(26) Reverse repurchase agreements could be used by MMFs as a means to invest excess cash on a very short-term basis, provided that the position is fully collateralized. In order to protect the interests of the investors it is necessary to ensure that the collateral provided in the framework of reverse repurchase agreements be of high quality. All other efficient portfolio management techniques, including securities lending and borrowing, should not be used by the MMF as they are likely to impinge on achieving the investment objectives of the MMF. ***ESMA in close cooperation with EBA should be entrusted with drafting regulatory technical standards to be submitted for endorsement by the Commission with regard to the quantitative and qualitative requirements applicable to the collateral provided in the framework of reverse repurchase agreements.***

Or. en

Amendment 60
Sharon Bowles

Proposal for a regulation
Recital 26 a (new)

Text proposed by the Commission	*Amendment*
	(26a) A MMF should be allowed to invest in shares of other MMFs. In order not to further systemic risk within the industry, a MMF should only be allowed to invest a maximum of 5% of its total assets in another MMF, and a maximum of 10% of its total assets in an aggregate of MMF shares.

Or. en

Amendment 61
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 27

Text proposed by the Commission	*Amendment*
(27) In order to limit risk-taking by MMFs it is essential to reduce counterparty risk by subjecting the portfolio of MMFs to clear diversification requirements. To this effect it is also necessary that the reverse repurchase agreements be fully collateralized and that, for limiting the operational risk, one reverse repurchase agreement counterparty cannot account for more than 20% of the MMF's assets. All ***over-the-counter (OTC)*** derivatives should be subject to Regulation (EU) No 648/2012[5] .	(27) In order to limit risk-taking by MMFs it is essential to reduce counterparty risk by subjecting the portfolio of MMFs to clear diversification requirements. To this effect it is also necessary that the reverse repurchase agreements be fully collateralized and that, for limiting the operational risk, one reverse repurchase agreement counterparty cannot account for more than 20% of the MMF's assets. All ***financial*** derivatives ***instruments*** should be subject to Regulation (EU) No 648/2012[5] .
[5] Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central	[5] Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central

counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).	counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).

Or. en

Amendment 62
Syed Kamall

Proposal for a regulation
Recital 29

Text proposed by the Commission	*Amendment*
(29) The MMF should have a responsibility to invest in high quality eligible assets. Therefore, a MMF should have a prudent and rigorous internal assessment procedure for determining the credit quality of the money market instruments in which it intends to invest. In accordance with Union legislation limiting over-reliance on credit ratings, it is important that MMFs avoid any mechanistic reliance on ratings issued by rating agencies when assessing the quality of eligible assets. For this purpose the MMF should establish an internal rating system based on a harmonised rating scale and an internal assessment procedure.	***deleted***

Or. en

Amendment 63
Sharon Bowles

Proposal for a regulation
Recital 29

Text proposed by the Commission	*Amendment*
(29) The MMF should have a responsibility to invest in high quality eligible assets. Therefore, a MMF should	(29) The MMF should have a responsibility to invest in high quality eligible assets. Therefore, a MMF should

have a prudent and rigorous internal assessment procedure for determining the credit quality of the money market instruments in which it intends to invest. In accordance with Union legislation limiting over-reliance on credit ratings, it is important that MMFs avoid any mechanistic reliance on ratings issued by rating agencies when assessing the quality of eligible assets. ***For this purpose the MMF should establish an internal rating system based on a harmonised rating scale and an internal assessment procedure.***	have a prudent and rigorous internal assessment procedure for determining the credit quality of the money market instruments in which it intends to invest. In accordance with Union legislation limiting over-reliance on credit ratings, it is important that MMFs avoid any mechanistic reliance on ratings issued by rating agencies when assessing the quality of eligible assets.

Or. en

Amendment 64
Syed Kamall

Proposal for a regulation
Recital 29 a (new)

Text proposed by the Commission	*Amendment*
	(29a) Taking note of the work done by international bodies, such as IOSCO and the FSB, as well as in European legislation, such as Regulation 462/2013 and Directive 2013/14/EU, on reducing investor overreliance on credit ratings, it is not appropriate to explicitly ban any product, not just MMFs, from soliciting or financing an external credit rating.

Or. en

Amendment 65
Syed Kamall

Proposal for a regulation
Recital 30

Text proposed by the Commission	*Amendment*
(30) For the purpose of avoiding that MMF managers use different assessment criteria for evaluating the credit risk of a money market instrument and thus attribute different risk characteristics to the same instrument, it is essential that managers rely on the same criteria. To this effect the rating criteria should be precisely defined and harmonized. Examples of internal rating criteria are quantitative measures on the issuer of the instrument, such as financial ratios, balance sheet dynamics, profitability guidelines, which are evaluated and compared to those of industry peers and groups; qualitative measures on the issuer of the instrument, such as management effectiveness, corporate strategy, which are analysed with a view to determining that the issuer's overall strategy does not impede on its future credit quality. The highest internal ratings should reflect the fact that the creditworthiness of the issuer of the instruments is maintained at all times at the highest possible levels.	***deleted***

Or. en

Amendment 66
Sharon Bowles

Proposal for a regulation
Recital 30

Text proposed by the Commission	*Amendment*
(30) For the purpose of avoiding that MMF managers use different assessment criteria for evaluating the credit risk of a money market instrument and thus attribute different risk characteristics to the same instrument, it is essential that managers rely on the same criteria. To this effect the	(30) For the purpose of avoiding that MMF managers use different assessment criteria for evaluating the credit risk of a money market instrument and thus attribute different risk characteristics to the same instrument, it is essential that managers rely on the same criteria. To this effect the

rating ***criteria*** should be precisely defined and harmonized. Examples of internal ***rating*** criteria are quantitative measures on the issuer of the instrument, such as financial ratios, balance sheet dynamics, profitability guidelines, which are evaluated and compared to those of industry peers and groups; qualitative measures on the issuer of the instrument, such as management effectiveness, corporate strategy, which are analysed with a view to determining that the issuer's overall strategy does not impede on its future credit quality. The highest internal ***ratings*** should reflect the fact that the creditworthiness of the issuer of the instruments is maintained at all times at the highest possible levels.	rating ***assessment*** should be precisely defined and harmonized. Examples of internal ***assessment*** criteria are quantitative measures on the issuer of the instrument, such as financial ratios, balance sheet dynamics, profitability guidelines, which are evaluated and compared to those of industry peers and groups; qualitative measures on the issuer of the instrument, such as management effectiveness, corporate strategy, which are analysed with a view to determining that the issuer's overall strategy does not impede on its future credit quality. The highest internal ***assessments*** should reflect the fact that the creditworthiness of the issuer of the instruments is maintained at all times at the highest possible levels.

Or. en

Amendment 67
Syed Kamall

Proposal for a regulation
Recital 31

Text proposed by the Commission	*Amendment*
(31) In order to develop a transparent and coherent internal rating system, the manager should document the procedures used for the internal assessment. This should ensure that the procedure follows a clear set of rules that can be monitored and that the methodologies employed are communicated upon request to the interested stakeholders.	***deleted***

Or. en

Amendment 68
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 31

Text proposed by the Commission	*Amendment*
(31) In order to develop a transparent and coherent internal rating system, the manager should document the procedures used for the internal assessment. This should ensure that the procedure follows a clear set of rules that can be monitored and that the methodologies employed are communicated upon request to the interested stakeholders.	(31) In order to develop a transparent and coherent internal rating system, the manager should document the procedures used for the internal assessment. This should ensure that the procedure follows a clear set of rules that can be monitored and that the methodologies employed are ***transmitted to the competent authority, ESMA and*** communicated upon request to the interested stakeholders.

Or. en

Amendment 69
Sharon Bowles

Proposal for a regulation
Recital 31

Text proposed by the Commission	*Amendment*
(31) In order to develop a transparent and coherent internal ***rating*** system, the manager should document the procedures used for the internal assessment. This should ensure that the procedure follows a clear set of rules that can be monitored and that the methodologies employed are communicated upon request to the interested stakeholders.	(31) In order to develop a transparent and coherent internal ***assessment*** system, the manager should document the procedures used for the internal assessment. This should ensure that the procedure follows a clear set of rules that can be monitored and that the methodologies employed are communicated upon request to the interested stakeholders.

Or. en

Amendment 70
Jean-Paul Gauzès

Proposal for a regulation
Recital 35

Text proposed by the Commission	*Amendment*
(35) In order to strengthen MMFs' ability to face redemptions and prevent MMFs assets from being liquidated at heavily discounted prices, MMFs should hold on an on-going basis a minimum amount of liquid assets that mature daily or weekly. To calculate the proportion of daily and weekly maturing assets, the legal redemption date of the asset should be used. The possibility for the manager to terminate a contract on a short term basis can be taken into consideration. For instance, if a reverse repurchase agreement can be terminated with a one day prior notice, it should count as a daily maturing asset. If the manager has the possibility to withdraw money from a deposit account with a one day prior notice, it can count as a daily maturing asset.	(35) In order to strengthen MMFs' ability to face redemptions and prevent MMFs assets from being liquidated at heavily discounted prices, MMFs should hold on an on-going basis a minimum amount of liquid assets that mature daily or weekly. ***A temporary deviation below these minimum amounts should be possible following a redemption of units or shares, provided that such deviation is remedied within a reasonable timeframe, in the best interests of unit-holders.*** To calculate the proportion of daily and weekly maturing assets, the legal redemption date of the asset should be used. The possibility for the manager to terminate a contract on a short term basis can be taken into consideration. For instance, if a reverse repurchase agreement can be terminated with a one day prior notice, it should count as a daily maturing asset. If the manager has the possibility to withdraw money from a deposit account with a one day prior notice, it can count as a daily maturing asset.

Or. en

Amendment 71
Sharon Bowles

Proposal for a regulation
Recital 35

Text proposed by the Commission	*Amendment*
(35) In order to strengthen MMFs' ability to face redemptions and prevent MMFs assets from being liquidated at heavily discounted prices, MMFs should hold ***on an on-going basis*** a minimum amount of liquid assets that mature daily or weekly. To calculate the proportion of daily and	(35) In order to strengthen MMFs' ability to face redemptions and prevent MMFs assets from being liquidated at heavily discounted prices, MMFs should hold a minimum amount of liquid assets that mature daily or weekly. To calculate the proportion of daily and weekly maturing

weekly maturing assets, the legal redemption date of the asset should be used. The possibility for the manager to terminate a contract on a short term basis can be taken into consideration. For instance, if a reverse repurchase agreement can be terminated with a one day prior notice, it should count as a daily maturing asset. If the manager has the possibility to withdraw money from a deposit account with a one day prior notice, it can count as a daily maturing asset.	assets, the legal redemption date of the asset should be used. The possibility for the manager to terminate a contract on a short term basis can be taken into consideration. For instance, if a reverse repurchase agreement can be terminated with a one day prior notice, it should count as a daily maturing asset. If the manager has the possibility to withdraw money from a deposit account with a one day prior notice, it can count as a daily maturing asset. ***High quality sovereign debt securities that can be readily sold should count for the daily and weekly liquidity ratios.***

Or. en

Amendment 72
Sharon Bowles

Proposal for a regulation
Recital 35 a (new)

Text proposed by the Commission	*Amendment*
	(35a) If redemptions cause the daily and weekly liquidity ratios to fall below the required minimums, new investments should only be made in liquid assets maturing on a daily or weekly basis, as applicable.

Or. en

Amendment 73
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 38 a (new)

Text proposed by the Commission	Amendment
	(38a) In exceptional circumstances justified by systemic implications or adverse market conditions, competent authorities should have the power to impose the temporary suspension of redemption of units or shares of a MMF. Furthermore, given their higher susceptibility to runs, CNAV MMFs should be required to establish liquidity fees and partial gates in certain circumstances. Such tools could ease redemption pressures and thus prevent a run or other herding behaviour among investors.

Or. en

Amendment 74
Sharon Bowles

Proposal for a regulation
Recital 38 a (new)

Text proposed by the Commission	Amendment
	(38a) Fees on redemptions combined with the temporary suspension of redemptions, or 'gating', stops runs and minimises contagion by allowing the MMF to reposition its investments, reopen, or to proceed with an orderly liquidation. If weekly maturing assets of a CNAV MMF fall below 50% of the required weekly liquidity ratio, both redemption fees and suspensions should be automatically triggered, unless the board of directors of the MMF, upon consultation with the competent authority, determines it to be in the best interest of the investors not to impose one or both of these conditions. At any time, it should remain at the discretion of the board of directors of the CNAV MMF, upon consultation of the

	competent authority, to impose a suspension of up to ten business days if it is determined to be necessary to assure fair treatment of investors.

Or. en

Amendment 75
Syed Kamall

Proposal for a regulation
Recital 39

Text proposed by the Commission	*Amendment*
(39) ***It is important that the risk management of MMFs not be biased by short-term decisions influenced by the possible rating of the MMF. Therefore, it is necessary to prohibit a MMF or its manager from requesting that the MMF is rated by a credit rating agency in order to avoid that this external rating is used for marketing purposes. The MMF or its manager should also refrain from using alternative methods for obtaining a rating of the MMF. Should the MMF be awarded an external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating.*** For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion	(39) For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.

of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.

Or. en

Amendment 76
Sharon Bowles

Proposal for a regulation
Recital 39

Text proposed by the Commission	*Amendment*
(39) ***It is important that*** the risk management of MMFs ***not be*** biased by short-term decisions influenced by the possible rating of the MMF***. Therefore, it is necessary to prohibit a MMF or its manager from requesting that the MMF is rated by a*** credit rating ***agency in order to avoid that this*** external rating ***is used for marketing purposes. The MMF or its manager should also refrain from using alternative methods for obtaining a rating*** of the ***MMF.*** Should the MMF be awarded an external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating. ***For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help***	(39) ***To avoid*** the risk management of MMFs ***being*** biased by short-term decisions influenced by the possible rating of the MMF***, controls shall be put in place to ensure the fairness and transparency of any external*** credit rating ***of the MMF. Where a MMF seeks an*** external rating***, this will be subject to and carried out in accordance with the requirements of the national competent authority*** of the ***credit rating agency.*** Should the MMF be awarded an ***unsolicited*** external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and ***which*** does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating.

understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.	

Or. en

Justification

Sole reliance on external credit ratings is not to be encouraged, but they do serve as a useful barometer to be used in conjunction with due diligence.

Amendment 77
Wolf Klinz

Proposal for a regulation
Recital 39

Text proposed by the Commission	*Amendment*
(39) It is important that the risk management of MMFs not be biased by short-term decisions influenced by the possible rating of the MMF. ***Therefore, it is necessary to prohibit a MMF or its manager from requesting that the MMF is rated by a credit rating agency in order to avoid that this external rating is used for marketing purposes. The MMF or its manager should also refrain from using alternative methods for obtaining a rating of the MMF.*** Should the MMF be awarded an external rating, either on the own	(39) It is important that the risk management of MMFs not be biased by short-term decisions influenced by the possible rating of the MMF. Should the MMF be awarded an external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating. For ensuring appropriate liquidity management

initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating. For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.	it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.

Or. en

Amendment 78
Jean-Paul Gauzès

Proposal for a regulation
Recital 39

Text proposed by the Commission	*Amendment*
(39) It is important that the risk management of MMFs not be biased by short-term decisions influenced by the possible rating of the MMF. Therefore, it is necessary to prohibit a MMF or its manager from requesting that the MMF is rated by a credit rating agency in order to	(39) It is important that the risk management of MMFs not be biased by short-term decisions influenced by the possible rating of the MMF. Therefore, it is necessary to prohibit a MMF or its manager from requesting that the MMF is rated by a credit rating agency in order to

avoid that this external rating is used for marketing purposes. The MMF or its manager should also refrain from using alternative methods for obtaining a rating of the MMF. Should the MMF be awarded an external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating. For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. ***In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor.*** The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.	avoid that this external rating is used for marketing purposes. The MMF or its manager should also refrain from using alternative methods for obtaining a rating of the MMF. Should the MMF be awarded an external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating. For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.

Or. en

Amendment 79
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 39

Text proposed by the Commission	*Amendment*
(39) It is important that the risk management of MMFs not be biased by short-term decisions influenced by the possible rating of the MMF. Therefore, it is necessary to prohibit a MMF or its manager from requesting that the MMF is rated by a credit rating agency in order to avoid that this external rating is used for marketing purposes. The MMF or its manager should also refrain from using alternative methods for obtaining a rating of the MMF. Should the MMF be awarded an external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating. For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.	(39) It is important that the risk management of MMFs not be biased by short-term decisions influenced by the possible rating of the MMF. Therefore, it is necessary to prohibit a MMF or its manager from requesting that the MMF is rated by a credit rating agency in order to avoid that this external rating is used for marketing purposes. The MMF or ***the manager of the MMF should also not rely on external rating for establishing or updating its internal assessment procedure. The MMF or*** its manager should also refrain from using alternative methods for obtaining a rating of the MMF. Should the MMF be awarded an external rating, either on the own initiative of the credit rating agency or following request by a third party that is independent of the MMF or the manager and does not act on behalf of any of them, the MMF manager should refrain from relying on criteria that would be attached to that external rating. For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.

Or. en

Amendment 80
Sharon Bowles

Proposal for a regulation
Recital 39 a (new)

Text proposed by the Commission	*Amendment*
	(39a) For ensuring appropriate liquidity management it is necessary that the MMFs establish sound policies and procedures to know their investors. The policies that the manager has to put in place should help understanding the MMF's investor base, to the extent that large redemptions could be anticipated. In order to avoid that the MMF faces sudden massive redemptions, particular attention should be paid to large investors representing a substantial portion of the MMF's assets, as with one investor representing more than the proportion of daily maturing assets. In this case the MMF should increase its proportion of daily maturing assets to the proportion of that investor. The manager should whenever possible look at the identity of the investors, even if they are represented by nominee accounts, portals or any other indirect buyer.

Or. en

Justification

Text from recital 39 moved to a new recital.

Amendment 81
Jean-Paul Gauzès

Proposal for a regulation
Recital 40

Text proposed by the Commission	Amendment
(40) As part of a prudent risk management, MMFs should periodically conduct stress testing. The managers of MMFs are expected to act in order to strengthen the MMF's robustness whenever the results of stress testing point to vulnerabilities.	(40) As part of a prudent risk management, MMFs should periodically conduct stress testing. ***Stress tests should be of particular relevance for CNAV funds in order to assess the resilience of their capital buffer.*** The managers of MMFs are expected to act in order to strengthen the MMF's robustness whenever the results of stress testing point to vulnerabilities.

Or. en

Amendment 82
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 40

Text proposed by the Commission	Amendment
(40) As part of a prudent risk management, MMFs should periodically conduct stress testing. The managers of MMFs are expected to act in order to strengthen the MMF's robustness whenever the results of stress testing point to vulnerabilities.	(40) As part of a prudent risk management, MMFs should periodically ***and at least on a yearly basis*** conduct stress testing ***and develop action plans for different possible scenarios including a recovery plan***. The managers of MMFs are expected to act in order to strengthen the MMF's robustness whenever the results of stress testing point to vulnerabilities.

Or. en

Amendment 83
Syed Kamall

Proposal for a regulation
Recital 41

Text proposed by the Commission	*Amendment*
(41) In order to reflect the actual value of assets, the use of marking to market should be the preferred method for valuing the assets of MMFs. A manager should not be allowed to use the marking to model valuation method when marking to market provides a reliable value of the asset, as the mark to model method is prone to provide less accurate valuation. Assets such as treasury and local authority bills, medium- or short-term notes are generally the ones that are expected to have a reliable marking to market. For valuing commercial papers or certificates of deposit, the manager should check if accurate pricing is provided by a secondary market. The buy-back price offered by the issuer should also be considered to represent a good estimate of the value of the commercial paper. In all other cases the manager should estimate the value, for example using market data such as yields on comparable issues and comparable issuers.	(41) In order to reflect the actual value of assets, the use of marking to market should be the preferred method for valuing the assets of MMFs. A manager should not be allowed to use the marking to model valuation method when marking to market provides a reliable value of the asset, as the mark to model method is prone to provide less accurate valuation. Assets such as treasury and local authority bills, medium- or short-term notes are generally the ones that are expected to have a reliable marking to market. For valuing commercial papers or certificates of deposit, the manager should check if accurate pricing is provided by a secondary market. The buy-back price offered by the issuer should also be considered to represent a good estimate of the value of the commercial paper. In all other cases the manager should estimate the value, for example using market data such as yields on comparable issues and comparable issuers. ***Any model used in 'mark-to-model' pricing should be reviewed and approved by the appropriate competent authority and pricing data should be provided by recognised independent pricing vendors.***

Or. en

Justification

Mark-to-model accounting should at the very least be based on independent pricing sources to ensure full transparency for investors and where this pricing information is not available, the relevant competent authority must be made aware of the modelling used by the MMF.

Amendment 84
Syed Kamall

Proposal for a regulation
Recital 41 a (new)

Text proposed by the Commission	Amendment
	(41a) During the financial crisis, both CNAV and VNAV funds experienced dramatic and serious outflows due to investors' fears about their exposure to the financial sector, rather than concerns about the MMF vehicle itself. Although it is true that many CNAV funds in the US were subject to extreme pressures, in the EU, many VNAV funds faced similar problems. There is no evidence to suggest that CNAVs are more systemically risky than VNAV funds, a point born out by the European Commission's Economic Paper 472, published in 2012, "Non-bank financial institutions: Assessment of their impact on the stability of the financial system".

Or. en

Amendment 85
Jean-Paul Gauzès

Proposal for a regulation
Recital 43

Text proposed by the Commission	Amendment
(43) To allow for the specificities of CNAV MMFs it is necessary that CNAV MMFs be permitted to use also the amortised cost accounting method for the purpose of determining the constant net asset value (NAV) per unit or share. This notwithstanding, for the purpose of ensuring at all times the monitoring of the difference between the constant NAV per unit or share and the NAV per unit or share, a CNAV MMF should also calculate the value of its assets on the basis of the marking to market or marking to model methods.	(43) To allow for the specificities of CNAV MMFs it is necessary that CNAV MMFs be permitted to use also the amortised cost accounting method for the purpose of determining the constant net asset value (NAV) per unit or share. This notwithstanding, for the purpose of ensuring at all times the monitoring of the difference between the constant NAV per unit or share and the NAV per unit or share, a CNAV MMF should also calculate the value of its assets on the basis of the marking to market or marking to model methods ***and make it available to the public on a daily basis***.

Or. en

Amendment 86
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 43

Text proposed by the Commission	*Amendment*
(43) To allow for the specificities of CNAV MMFs it is necessary that CNAV MMFs be permitted to use also the amortised cost accounting method for the purpose of determining the constant net asset value (NAV) per unit or share. This notwithstanding, for the purpose of ensuring at all times the monitoring of the difference between the constant NAV per unit or share and the NAV per unit or share, a CNAV MMF should also calculate the value of its assets on the basis of the marking to market or marking to model methods.	(43) To allow for the specificities of CNAV MMFs it is necessary that CNAV MMFs be permitted to use also the amortised cost accounting method for the purpose of determining the constant net asset value (NAV) per unit or share. ***Amortised cost accounting should be applied only where it is deemed to allow for an appropriate approximation of the price of the instrument. The use of amortisation should be restricted to instruments with low residual maturity that do not present significant vulnerability to market risks such as credit or interest rate risks. A residual maturity of 60 days should be considered as the maximum. Materiality thresholds of 10 basis points and escalation procedures should be in place to ensure that corrective actions are promptly taken when the amortised cost no longer provides a reliable approximation of the price of the instruments.*** This notwithstanding, for the purpose of ensuring at all times the monitoring of the difference between the constant NAV per unit or share and the NAV per unit or share ***as well as its disclosure on the MMF website on a daily basis***, a CNAV MMF should also calculate the value of its assets on the basis of the marking to market or marking to model methods.

Or. en

Amendment 87
Burkhard Balz

Proposal for a regulation
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to be able to absorb day-to-day fluctuations in the value of a CNAV MMF's assets and allow it to offer a constant NAV per unit or share, the CNAV MMF should have at all times a NAV buffer amounting to at least 3% of its assets. The NAV buffer should serve as an absorbing mechanism for maintaining the constant NAV. All differences between the constant NAV per unit or share and the NAV per unit or share should be neutralized by using the NAV buffer. During stressed market situations, when the differences can rapidly increase, a procedure should ensure that the whole chain of management is involved. This escalation procedure should permit the senior management to take rapid remedy actions.	***deleted***

Or. en

Amendment 88
Wolf Klinz, Sharon Bowles, Olle Schmidt

Proposal for a regulation
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to be able to absorb day-to-day fluctuations in the value of a CNAV MMF's assets and allow it to offer a constant NAV per unit or share, the CNAV MMF should have at all times a NAV buffer amounting to at least 3% of	***deleted***

its assets. The NAV buffer should serve as an absorbing mechanism for maintaining the constant NAV. All differences between the constant NAV per unit or share and the NAV per unit or share should be neutralized by using the NAV buffer. During stressed market situations, when the differences can rapidly increase, a procedure should ensure that the whole chain of management is involved. This escalation procedure should permit the senior management to take rapid remedy actions.

Or. en

Amendment 89
Astrid Lulling

Proposal for a regulation
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to be able to absorb day-to-day fluctuations in the value of a CNAV MMF's assets and allow it to offer a constant NAV per unit or share, the CNAV MMF should have at all times a NAV buffer amounting to at least 3% of its assets. The NAV buffer should serve as an absorbing mechanism for maintaining the constant NAV. All differences between the constant NAV per unit or share and the NAV per unit or share should be neutralized by using the NAV buffer. During stressed market situations, when the differences can rapidly increase, a procedure should ensure that the whole chain of management is involved. This escalation procedure should permit the senior management to take rapid remedy actions.	***deleted***

Or. en

Amendment 90
Syed Kamall

Proposal for a regulation
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to be able to ***absorb day-to-day fluctuations in the value of a CNAV MMF's assets and allow it to offer a constant NAV per unit or share, the CNAV MMF should have at all times a NAV buffer amounting to at least 3% of its assets. The NAV buffer should serve as an absorbing mechanism for maintaining the constant NAV. All differences between the constant NAV per unit or share and the NAV per unit or share should be neutralized by using the NAV buffer.*** During ***stressed*** market ***situations, when the differences can rapidly increase, a procedure should ensure that the whole chain of management is involved. This escalation procedure should permit the senior management to take rapid remedy actions***.	(45) In order to be able to ***mitigate potential client redemptions in times of severe market stress, all CNAV MMFs must have in place, and use when appropriate, a redemption gate and/or fee provisions to enable MMF managers to respond to periods of extreme market stress, and which prevent and/or disincentivise 'early redemptions' from leaving other investors unfairly exposed to market stress. The liquidity fee shall be equivalent to the actual cost of liquidating assets to meet the client redemption*** during ***periods of*** market ***stress and not a penal charge over and above what would offset losses imposed on other investors by the redemption***.

Or. en

Justification

Liquidity fees would charge the redeeming investor the market cost of raising the liquidity they require. The imposition of liquidity fees can be said to effectively convert a fund from CNAV to VNAV during times of stress. If a redeeming investor is charged the difference between the constant share price and the cost of providing the liquidity to meet the redemption, they are effectively receiving a similar treatment as they would if the fund were VNAV.

Amendment 91
Gay Mitchell

Proposal for a regulation
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to be able to ***absorb day-to-day fluctuations in the value of a CNAV MMF's assets and allow it to offer a constant NAV per unit or share, the*** CNAV MMF ***should have at all times a NAV buffer amounting to at least 3% of its assets. The NAV buffer should serve as an absorbing mechanism for maintaining the constant NAV. All differences between the constant NAV per unit or share and the NAV per unit or share should be neutralized by using the NAV buffer. During stressed market situations, when the differences can rapidly increase, a procedure should ensure that the whole chain of management is involved. This escalation procedure should permit the senior management to take rapid remedy actions***.	(45) In order to be able to ***mitigate client redemptions in times of severe market stress, whereby investors are given the choice in investing in either VNAV or CNAV MMFs whilst ensuring*** CNAV MMF ***managers perform their fiduciary duty of treating all shareholders equally, the CNAV MMF shall have in place redemption gate and / or fee provisions to ensure "early redeemers" do not redeem in periods of extreme market conditions, leaving other investors unfairly exposed to the then prevailing market conditions***.

Or. en

Justification

The use of redemption gates and liquidity fees, as opposed to a 3% capital buffer, is a more fair, pragmatic and business friendly way of improving systemic stability. This would enable the MMF manager to control the level of redemptions and provide liquidity to investors needing it, whilst ensuring that there is no advantage to a "first mover" redeemer.

Amendment 92
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 45

Text proposed by the Commission	*Amendment*
(45) In order to be able to absorb day-to-day fluctuations in the value of a CNAV	(45) In order to be able to absorb day-to-day fluctuations in the value of a CNAV

MMF's assets and allow it to offer a constant NAV per unit or share, the CNAV MMF should have at all times a NAV buffer amounting to at least 3% of its assets. The NAV buffer should serve as an absorbing mechanism for maintaining the constant NAV. All differences between the constant NAV per unit or share and the NAV per unit or share should be neutralized by using the NAV buffer. During stressed market situations, when the differences can rapidly increase, a procedure should ensure that the whole chain of management is involved. This escalation procedure should permit the senior management to take rapid remedy actions.	MMF's assets and allow it to offer a constant NAV per unit or share, the CNAV MMF should have at all times a NAV buffer amounting to at least 3% of its assets. The NAV buffer should serve as an absorbing mechanism for maintaining the constant NAV. All ***negative*** differences between the constant NAV per unit or share and the NAV per unit or share should be neutralized by using the NAV buffer. During stressed market situations, when the differences can rapidly increase, a procedure should ensure that the whole chain of management is involved. This escalation procedure should permit the senior management to take rapid remedy actions. ***Each CNAV MMF should also establish an additional countercyclical buffer to be filled whenever there are positive differences between the constant NAV per unit or share and the NAV per unit or share. Four years after the entry into force of this regulation, all CNAV MMF established, managed, or marketed in the Union should be converted into VNAV MMF.***

Or. en

Amendment 93
Burkhard Balz

Proposal for a regulation
Recital 46

Text proposed by the Commission	*Amendment*
(46) As a CNAV MMF that does not maintain the NAV buffer at the required level is not capable of sustaining a constant NAV per unit or share, it should be required to fluctuate the NAV and cease to be a CNAV MMF. Therefore, where despite the use of the escalation procedure the amount of the NAV buffer remains for one month below the required	***deleted***

3% by 10 basis points, the CNAV MMF should automatically convert into a MMF that is not allowed to use amortised cost accounting or rounding to the nearest percentage point. If before the end of the one month allowed for the replenishment a competent authority has justifiable reasons demonstrating the incapacity of the CNAV MMF to replenish the buffer, it should have the power to convert the CNAV MMF into a MMF other than a CNAV MMF. The NAV buffer is the only vehicle through which external support to a CNAV MMF can be provided.

Or. en

Amendment 94
Wolf Klinz, Olle Schmidt, Sharon Bowles

Proposal for a regulation
Recital 46

Text proposed by the Commission	*Amendment*
(46) As a CNAV MMF that does not maintain the NAV buffer at the required level is not capable of sustaining a constant NAV per unit or share, it should be required to fluctuate the NAV and cease to be a CNAV MMF. Therefore, where despite the use of the escalation procedure the amount of the NAV buffer remains for one month below the required 3% by 10 basis points, the CNAV MMF should automatically convert into a MMF that is not allowed to use amortised cost accounting or rounding to the nearest percentage point. If before the end of the one month allowed for the replenishment a competent authority has justifiable reasons demonstrating the incapacity of the CNAV MMF to replenish the buffer, it should have the power to convert the CNAV MMF into a MMF other than a CNAV MMF. The NAV buffer is the only	***deleted***

vehicle through which external support to a CNAV MMF can be provided.

Or. en

Amendment 95
Astrid Lulling

Proposal for a regulation
Recital 46

Text proposed by the Commission	*Amendment*
(46) As a CNAV MMF that does not maintain the NAV buffer at the required level is not capable of sustaining a constant NAV per unit or share, it should be required to fluctuate the NAV and cease to be a CNAV MMF. Therefore, where despite the use of the escalation procedure the amount of the NAV buffer remains for one month below the required 3% by 10 basis points, the CNAV MMF should automatically convert into a MMF that is not allowed to use amortised cost accounting or rounding to the nearest percentage point. If before the end of the one month allowed for the replenishment a competent authority has justifiable reasons demonstrating the incapacity of the CNAV MMF to replenish the buffer, it should have the power to convert the CNAV MMF into a MMF other than a CNAV MMF. The NAV buffer is the only vehicle through which external support to a CNAV MMF can be provided.	***deleted***

Or. en

Amendment 96
Syed Kamall

Proposal for a regulation
Recital 46

Text proposed by the Commission	Amendment
(46) ***As*** a CNAV MMF ***that does not maintain the NAV buffer at the required level is not capable of sustaining a constant NAV per unit or share, it should be required to fluctuate the NAV and*** cease to be a CNAV MMF***. Therefore, where despite the use of the escalation procedure the amount of the NAV buffer remains for one month below the required 3% by 10 basis points, the CNAV MMF should automatically convert into a MMF that is not allowed to use amortised cost accounting or rounding to the nearest percentage point. If before the end of the one month allowed for the replenishment a competent authority has justifiable reasons demonstrating the incapacity of the CNAV MMF to replenish the buffer, it should have the power to convert*** the CNAV MMF ***into a MMF other than a CNAV MMF. The NAV buffer is the only vehicle through which external support to a CNAV MMF can be provided***.	(46) A CNAV MMF ***shall*** cease to be a CNAV MMF ***where, having used the redemption gates and/or fees, the MMF has not been repaired within 30 days. In that case,*** the CNAV MMF ***should automatically convert to a VNAV fund or be liquidated***.

Or. en

Amendment 97
Gay Mitchell

Proposal for a regulation
Recital 46

Text proposed by the Commission	Amendment
(46) ***As a*** CNAV MMF ***that does not maintain the NAV buffer at the required level is not capable of sustaining a constant NAV per unit or share, it should be required to fluctuate the NAV and*** cease to be a CNAV MMF. Therefore, where despite the use of the ***escalation procedure the amount of the NAV buffer remains for one month below the required***	(46) ***A*** CNAV MMF ***which cannot meet the minimum amount of weekly liquidity requirements shall*** cease to be a CNAV MMF. Therefore, where despite the use of the ***redemption gate, the CNAV MMF has not been repaired within 7 business days***, the CNAV MMF should automatically convert into a ***variable NAV MMF or be liquidated. If a liquidity fee is***

3% by 10 basis points, the CNAV MMF should automatically convert into a ***MMF that is not allowed to use amortised cost accounting or rounding to the nearest percentage point. If before the end of the one month allowed for the replenishment*** a competent authority has justifiable reasons demonstrating the ***incapacity*** of the CNAV MMF to ***replenish the buffer***, it should have the power to convert the CNAV MMF into a MMF other than a CNAV MMF***. The NAV buffer is the only vehicle through which external support to a*** CNAV MMF ***can be provided***.

implemented it may remain in place at least until the MMF meets the minimum weekly liquidity requirements. If a competent authority has justifiable reasons demonstrating the ***inability*** of the CNAV MMF to ***meet certain conditions, such conditions to be determined by the competent authorities***, it should have the power to ***request the MMF manager to either*** convert the CNAV MMF into a MMF other than a CNAV MMF ***or to liquidate the*** CNAV MMF.

Or. en

Justification

A redemption gate allows the MMF to impose restrictions on the right of shareholders or unitholders to redeem their shares or units in an MMF on any dealing day. A liquidity fee acts as contingent capital against a stress in the fund as determined by the trigger.

Amendment 98
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 47

Text proposed by the Commission	*Amendment*
(47) External support provided to a MMF other than a CNAV MMF with the intention of ensuring either liquidity or stability of the MMF or de facto having such effects increases the contagion risk between the MMF sector and the rest of the financial sector. Third parties providing such support have an interest in doing so, either because they have an economic interest in the management company managing the MMF or because they want to avoid any reputational damage should their name be associated with the failure of	(47) External support provided to a MMF other than a CNAV MMF with the intention of ensuring either liquidity or stability of the MMF or de facto having such effects increases the contagion risk between the MMF sector and the rest of the financial sector. Third parties providing such support have an interest in doing so, either because they have an economic interest in the management company managing the MMF or because they want to avoid any reputational damage should their name be associated with the failure of

a MMF. Because these third parties do not commit explicitly to providing or guaranteeing the support, there is uncertainty whether such support will be granted when the MMF needs it. In these circumstances, the discretionary nature of sponsor support contributes to uncertainty among market participants about who will bear losses of the MMF when they do occur. This uncertainty likely makes MMFs even more vulnerable to runs during periods of financial instability, when broader financial risks are most pronounced and when concerns arise about the health of the sponsors and their ability to provide support to affiliated MMFs. For these reasons, MMFs should not rely on external support in order to maintain their liquidity and the stability of their NAV per unit or share unless the competent authority of the MMF has specifically allowed the external support in order to maintain stability of financial markets.	a MMF. Because these third parties do not commit explicitly to providing or guaranteeing the support, there is uncertainty whether such support will be granted when the MMF needs it. In these circumstances, the discretionary nature of sponsor support contributes to uncertainty among market participants about who will bear losses of the MMF when they do occur. This uncertainty likely makes MMFs even more vulnerable to runs during periods of financial instability, when broader financial risks are most pronounced and when concerns arise about the health of the sponsors and their ability to provide support to affiliated MMFs. For these reasons, MMFs should not rely on external support in order to maintain their liquidity and the stability of their NAV per unit or share unless the competent authority of the MMF has specifically allowed the external support in order to maintain stability of financial markets. ***In order to avoid putting at risk taxpayers' money, Member States should ensure that external support is not given by any sovereign, regional or local public authority. Against this background, ESMA should elaborate detailed guidelines by 31 July 2015 on the maximum amount that sponsors may grant and the applicable conditions; the characteristics of the financial sponsorship provided in accordance with this Regulation and the maximum duration of the sponsorship;***

Or. en

Amendment 99
Sharon Bowles

Proposal for a regulation
Recital 47

Text proposed by the Commission	*Amendment*
(47) External support provided to a MMF ***other than a CNAV MMF*** with the intention of ensuring either liquidity or stability of the MMF or de facto having such effects increases the contagion risk between the MMF sector and the rest of the financial sector. Third parties providing such support have an interest in doing so, either because they have an economic interest in the management company managing the MMF or because they want to avoid any reputational damage should their name be associated with the failure of a MMF. Because these third parties do not commit explicitly to providing or guaranteeing the support, there is uncertainty whether such support will be granted when the MMF needs it. In these circumstances, the discretionary nature of sponsor support contributes to uncertainty among market participants about who will bear losses of the MMF when they do occur. This uncertainty likely makes MMFs even more vulnerable to runs during periods of financial instability, when broader financial risks are most pronounced and when concerns arise about the health of the sponsors and their ability to provide support to affiliated MMFs. For these reasons, MMFs should not rely on external support in order to maintain their liquidity and the stability of their NAV per unit or share unless the competent authority of the MMF has specifically allowed the external support in order to maintain stability of financial markets.	(47) External support provided to a MMF with the intention of ensuring either liquidity or stability of the MMF or de facto having such effects increases the contagion risk between the MMF sector and the rest of the financial sector. Third parties providing such support have an interest in doing so, either because they have an economic interest in the management company managing the MMF or because they want to avoid any reputational damage should their name be associated with the failure of a MMF. Because these third parties do not commit explicitly to providing or guaranteeing the support, there is uncertainty whether such support will be granted when the MMF needs it. In these circumstances, the discretionary nature of sponsor support contributes to uncertainty among market participants about who will bear losses of the MMF when they do occur. This uncertainty likely makes MMFs even more vulnerable to runs during periods of financial instability, when broader financial risks are most pronounced and when concerns arise about the health of the sponsors and their ability to provide support to affiliated MMFs. For these reasons, MMFs should not rely on external support in order to maintain their liquidity and the stability of their NAV per unit or share unless the competent authority of the MMF has specifically allowed the external support in order to maintain stability of financial markets.

Or. en

Amendment 100
Wolf Klinz

Proposal for a regulation
Recital 48

Text proposed by the Commission	Amendment
(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. CNAV MMFs should clearly explain to investors the ***buffer mechanism*** they are applying to maintain ***the constant NAV per unit or share***.	(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. CNAV MMFs should clearly explain to investors the ***safeguard mechanisms*** they are applying to maintain ***and reinforce their resilience to losses and their ability to satisfy significant redemption requests***.

Or. en

Amendment 101
Syed Kamall

Proposal for a regulation
Recital 48

Text proposed by the Commission	Amendment
(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. ***CNAV MMFs should clearly explain to investors the buffer mechanism they are applying to maintain the constant NAV per unit or share.***	(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle.

Or. en

Amendment 102
Sharon Bowles

Proposal for a regulation
Recital 48

Text proposed by the Commission	*Amendment*
(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. ***CNAV MMFs should clearly explain to investors the buffer mechanism they are applying to maintain the constant NAV per unit or share***.	(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. ***Investors shall also be informed of where they can access information on the portfolio of investment and the fund's levels of liquidity***.

Or. en

Amendment 103
Burkhard Balz

Proposal for a regulation
Recital 48

Text proposed by the Commission	*Amendment*
(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. CNAV MMFs should clearly explain to investors the ***buffer mechanism*** they are applying to ***maintain the constant NAV per unit or share***.	(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. CNAV ***and VNAV*** MMFs should clearly explain to investors the ***safeguards and additional requirements*** they are applying to ***ensure resilience during stressed market conditions and adequate redemption policies taking due account of the interest***

	of all unit holders.

Or. en

Amendment 104
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 48

Text proposed by the Commission	*Amendment*
(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. CNAV MMFs should clearly explain to investors the ***buffer*** mechanism they are applying to maintain the constant NAV per unit or share.	(48) Investors should be clearly informed, before they invest in a MMF, if the MMF is of a short-term nature or of a standard nature and if the MMF is of a CNAV type or not. In order to avoid misplaced expectations from the investor it must also be clearly stated in any marketing document that MMFs are not a guaranteed investment vehicle. CNAV MMFs should clearly explain to investors the ***buffers*** mechanism they are applying to maintain the constant NAV per unit or share.

Or. en

Amendment 105
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 49

Text proposed by the Commission	*Amendment*
(49) To ensure that competent authorities are able to detect, monitor and respond to risks in the MMF market, MMFs should report to their competent authorities a detailed list of information, in addition to reporting already required under Directives 2009/65/EC or 2011/61/EU. Competent	(49) To ensure that competent authorities are able to detect, monitor and respond to risks in the MMF market, MMFs should report to their competent authorities a detailed list of information, in addition to reporting already required under Directives 2009/65/EC or 2011/61/EU. Competent

authorities should collect these data in a consistent way throughout the Union in order to obtain a substantive knowledge of the main evolutions of the MMF market. To facilitate a collective analysis of potential impacts of the MMF market in the Union, such data should be transmitted to the European Securities and Markets Authority (ESMA) who should create a central database for MMFs.	authorities should collect these data in a consistent way throughout the Union in order to obtain a substantive knowledge of the main evolutions of the MMF market. To facilitate a collective analysis of potential impacts of the MMF market in the Union, such data should be transmitted to the European Securities and Markets Authority (ESMA) who should create a central database for MMFs ***and publish annually a report identifying the main developments of MMFs in the Union***.

Or. en

Amendment 106
Syed Kamall

Proposal for a regulation
Recital 54

Text proposed by the Commission	*Amendment*
(54) ***It is essential to carry out a review of this Regulation in order to assess the appropriateness of exempting certain CNAV MMFs that concentrate their investment portfolios on debt issued by the Member States from the requirement to establish a capital buffer that amounts to at least 3 % of the total value of the CNAV MMF's assets. Therefore, during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs.*** The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States	(54) The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.

and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.

Or. en

Amendment 107
Sharon Bowles

Proposal for a regulation
Recital 54

Text proposed by the Commission	*Amendment*
(54) ***It is essential to carry out a review of this Regulation in order to assess the appropriateness of exempting certain CNAV MMFs that concentrate their investment portfolios on debt issued by the Member States from the requirement to establish a capital buffer that amounts to at least 3 % of the total value of the CNAV MMF's assets. Therefore,*** during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.	(54) During the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.

Or. en

Amendment 108
Gay Mitchell

Proposal for a regulation
Recital 54

Text proposed by the Commission	*Amendment*
(54) It is essential to carry out a review of this Regulation in order to assess the appropriateness of ***exempting certain CNAV MMFs that concentrate their investment portfolios on debt issued by the Member States from the requirement to establish a capital buffer that amounts to at least 3 % of the total value of the CNAV MMF's assets***. Therefore, during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.	(54) It is essential to carry out a review of this Regulation in order to assess the appropriateness of ***the proposals***. Therefore, during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.

Or. en

Justification

As an imposition of a 3% capital buffer will result in the conversion of many CNAV MMFs to VNAV MMFs, a review on the effectiveness of that provision would be unnecessary. However, a review of other aspects of the proposal would be beneficial.

Amendment 109
Wolf Klinz

Proposal for a regulation
Recital 54

Text proposed by the Commission	*Amendment*
(54) It is essential to carry out a review of this Regulation in order to assess the appropriateness of ***exempting certain CNAV MMFs that concentrate their investment portfolios on debt issued by the Member States from the requirement to establish a capital buffer that amounts to at least 3 % of the total value of the CNAV MMF's assets***. Therefore, during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.	(54) It is essential to carry out a review of this Regulation in order to assess the appropriateness of ***the additional safeguards introduced to reinforce the CNAVs resilience to face significant redemptions***. Therefore, during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.

Or. en

Amendment 110
Burkhard Balz

Proposal for a regulation
Recital 54

Text proposed by the Commission	*Amendment*
(54) It is essential to carry out a review of this Regulation in order to assess the appropriateness ***of exempting certain***	(54) It is essential to carry out a review of this Regulation in order to assess the appropriateness ***and effectiveness of the***

CNAV MMFs that concentrate their investment portfolios on debt issued by the Member States from the requirement to establish a capital buffer that amounts to at least 3 % of the total value of the CNAV MMF's assets. Therefore, during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.	***valuation methodologies in conjunction with the safeguards and additional requirements to address the robustness and crisis resilience of MMFs, as well as to assess the impact on the financing and cash reserves management of European companies***. Therefore, during the three years after the entry into force of this Regulation, the Commission should analyse the experience acquired in applying this Regulation and the impacts on the different economic aspects attached to the MMFs. The debt issued or guaranteed by the Member States represents a distinct category of investment displaying specific credit and liquidity traits. In addition, sovereign debt plays a vital role in financing the Member States. The Commission should evaluate the evolution of the market for sovereign debt issued or guaranteed by the Member States and the possibility to create a special framework for MMF that concentrate their investment policy on that type of debt.

Or. en

Amendment 111
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 1 – paragraph 2

Text proposed by the Commission	*Amendment*
2. Member States shall not add any additional requirements in the field covered by this Regulation.	***deleted***

Or. en

Amendment 112
Philippe Lamberts

on behalf of the Greens/EFA Group

Proposal for a regulation
Article 2 – point 2

Text proposed by the Commission	*Amendment*
(2) ‘money market instruments’ means ***money market*** instruments ***as defined*** in Article 2(1)(o) of Directive 2009/65/EC;	(2) ‘money market instruments’ means ***transferable*** instruments ***referred to*** in Article 2(1)(o) of Directive 2009/65/EC ***normally dealt in on the money market, such as treasury and local authority bills, certificates of deposits, commercial papers, bankers' acceptances or medium- or short-term notes***;

Or. en

Amendment 113
Jean-Paul Gauzès

Proposal for a regulation
Article 2 – point 2

Text proposed by the Commission	*Amendment*
(2) ‘money market instruments’ means money market instruments as defined in Article 2(1)(o) of Directive 2009/65/***EC***;	(2) ‘money market instruments’ means money market instruments as defined in Article 2(1)(o) of Directive 2009/65/***EC and Article 3 of Directive 2007/16/CE***;

Or. en

Amendment 114
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 2 – point 4

Text proposed by the Commission	*Amendment*
(4) ‘repurchase agreement’ means any agreement in which one party ***transfers***	(4) ‘repurchase agreement’ means any agreement in which one party ***purchase***

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;	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;

Or. en

Amendment 115
Jean-Paul Gauzès

Proposal for a regulation
Article 2 – point 8

Text proposed by the Commission	*Amendment*
(8) ***'corporate debt'*** means debt instruments issued by ***an*** undertakings ***which is*** effectively engaged in producing ***or*** trading ***in*** goods ***or*** non-financial services***;***	(8) ***"eligible debt"*** means debt instruments issued by ***entities or*** undertakings effectively engaged in producing ***and/or financing the manufacturing,*** trading ***or providing*** goods ***and*** non-financial services ***to the market. For the purpose of this definition, it should be understood, that entities such as captive finance subsidiaries are consistent with this definition and that debt instruments such as trade receivables, auto loans and leases, equipment loans and leases, SME loans and consumer loans of such undertakings are eligible provided they otherwise comply with the conditions set out in this Regulation.***

Or. en

Amendment 116
Jean-Paul Gauzès

Proposal for a regulation
Article 2 – point 13

Text proposed by the Commission	*Amendment*
(13) 'Short-term MMF' means a money market fund that invests in eligible money	(13) 'Short-term MMF' ***(or ST MMF)*** means a money market fund that invests in

market instruments referred to in Article 9(1);	eligible money market instruments referred to in Article 9(1);

Or. en

Amendment 117
Jean-Paul Gauzès

Proposal for a regulation
Article 2 – point 14

Text proposed by the Commission	*Amendment*
(14) ‘Standard MMF’ means a money market fund that invests in eligible money market instruments referred to in Article 9(1) and (2);	(14) ‘Standard MMF’ ***(or STD MMF)*** means a money market fund that invests in eligible money market instruments referred to in Article 9(1) and (2);

Or. en

Amendment 118
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 2 – point 17 a (new)

Text proposed by the Commission	*Amendment*
	(17a) "MMF Host Member State" means the Member States where a significant proportion of MMF unit of shares are marketed;

Or. en

Amendment 119
Gay Mitchell

Proposal for a regulation
Article 2 – point 22 a (new)

Text proposed by the Commission	*Amendment*
	(22a) "gates" or "gating" means the ability of an MMF to impose restrictions on the right of shareholders or unitholders to redeem their shares or units in an MMF on any dealing day;

Or. en

Amendment 120
Gay Mitchell

Proposal for a regulation
Article 2 – point 22 b (new)

Text proposed by the Commission	*Amendment*
	(22b) "a liquidity fee" means a fee imposed by an MMF on shareholders or unitholders redeeming their shares or units in the MMF which is intended to ensure that costs associated with such redemptions are borne by the redeeming shareholders or unitholders;

Or. en

Amendment 121
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 2 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	ESMA shall develop draft regulatory technical standards specifying the definitions of paragraph 1. ***ESMA shall submit those draft implementing technical standards to the***

	Commission by 31 December 2014.
	Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

Or. en

Amendment 122
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 3 – paragraph 1 – subparagraph 1

Text proposed by the Commission	*Amendment*
No collective investment undertaking shall be established, marketed or managed in the Union as MMF unless it has been authorised in accordance with this Regulation.	No collective investment undertaking shall be established, marketed or managed in the Union as MMF unless it has been authorised in accordance with this Regulation.
	An MMF or an MMF manager may be established in a third country or jurisdiction provided that that third country or jurisdiction is not a country or jurisdiction:
	- where there are no or nominal taxes,
	- where there is a lack of effective exchange of information with foreign tax authorities,
	- where there is a lack of transparency in legislative, judicial or administrative provisions,
	- where there is no requirement for a substantive local presence, or
	- which acts as an offshore financial centre.

Or. en

Amendment 123
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission	*Amendment*
2. A collective investment undertaking that requires authorisation as a UCITS under Directive 2009/65/EC shall be authorised as a MMF as part of the authorisation procedure pursuant to Directive 2009/65/EC.	2. A collective investment undertaking that requires authorisation as a UCITS under Directive 2009/65/EC shall be authorised as a MMF as part of the authorisation procedure pursuant to Directive 2009/65/EC***, provided that it performs MMF activities pursuant to this Regulation within 12 months after its authorisation***.

Or. en

Amendment 124
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 3 – paragraph 5 – point f

Text proposed by the Commission	*Amendment*
(f) any other information or document requested by the competent authority of the MMF to verify compliance with the requirements of this Regulation.	(f) any other information or document requested by the competent authority of the ***home or host*** MMF to verify compliance with the requirements of this Regulation.

Or. en

Amendment 125
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 3 – paragraph 7 a (new)

Text proposed by the Commission	Amendment
	7a. In order to ensure uniform conditions of application of this article, ESMA shall develop draft implementing technical standards defining the format of information to be provided in accordance with paragraphs 5, 6 and 7.
	ESMA shall submit those draft implementing technical standards to the Commission by 31 December 2014.
	Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

Or. en

Amendment 126
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission	Amendment
1. An AIF shall be authorised as a MMF only if its competent authority has approved the application of an AIFM authorised under Directive 2011/61/EU to manage the AIF, the fund rules and the choice of the depositary.	1. An AIF shall be authorised as a MMF only if its competent authority has approved the application of an AIFM authorised under Directive 2011/61/EU to manage the AIF, the fund rules and the choice of the depositary ***provided that it performs MMF activities pursuant to this Regulation within 12 months after its authorisation.***
	An AIF MMF or an AIFM of a MMF may be established in a third country or jurisdiction provided that the third country or jurisdiciton is not a country:
	- where there are no or nominal taxes,

	- where there is a lack of effective exchange of information with foreign tax authorities,
	- where there is a lack of transparency in legislative, judicial or administrative provisions,
	- where there is no requirement for a substantive local presence,
	- which acts as an offshore financial centre.

Or. en

Amendment 127
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 4 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. In order to ensure uniform conditions of application of paragraph 2, ESMA shall develop draft implementing technical standards defining the format of information to be provided in accordance with paragraphs 2.
	ESMA shall submit those draft implementing technical standards to the Commission by 31 December 2014.
	Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010.
	The competent authority of the MMF may ask the competent authority of the AIFM for clarification and information as regards the documentation referred to in the previous 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 the request by the MMF competent authority.

Or. en

Amendment 128
Sharon Bowles

Proposal for a regulation
Article 5 – paragraph 1 – subparagraph 2

Text proposed by the Commission	*Amendment*
A UCITS or AIF shall use a designation that suggests a money market fund ***or use terms such as 'cash', 'liquid', 'money', 'ready assets', 'deposit-like' or similar words*** only where they have been authorised in accordance with this Regulation.	A UCITS or AIF shall use a designation that suggests a money market fund only where they have been authorised in accordance with this Regulation.

Or. en

Amendment 129
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 5 – paragraph 1 – subparagraph 2 a (new)

Text proposed by the Commission	*Amendment*
	A UCITS or AIF which uses the designations referred to in paragraph 1 without being authorised in accordance with this Regulation shall be subject to the sanctions referred to in in Directive [MIFID]

Or. en

Amendment 130
Sharon Bowles

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The use of the designation 'money market fund', 'MMF' ***or of a designation that suggests a MMF or the use of terms referred to in paragraph 1*** shall comprise its use in any external or internal documents, 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.	2. The use of the designation 'money market fund', 'MMF' shall comprise its use in any external or internal documents, 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.

Or. en

Amendment 131
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 6 – paragraph 5

Text proposed by the Commission	*Amendment*
5. This Regulation shall not prevent MMFs from applying investment limits that are stricter than those required by this Regulation.	5. This Regulation shall not prevent MMFs from applying investment limits that are stricter than those required by this Regulation ***in such case the MMF shall inform the competent authority of the stricter investments limits applied***.

Or. en

Amendment 132
Olle Schmidt

Proposal for a regulation
Article 8 – paragraph 1 – point d

Text proposed by the Commission	*Amendment*
(d) reverse repurchase agreements;	(d) reverse repurchase agreements ***or repurchase agreements provided that the cash received is not reinvested and the exposure to repurchase agreements does not exceed 10% of the assets of a MMF***;

Or. en

Justification

Repurchase agreements would provide an additional source of liquidity for money market funds and aid them in their ability to manage redemptions. They should be permitted on a short term, restricted basis only.

Amendment 133
Jean-Paul Gauzès

Proposal for a regulation
Article 8 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) repurchase agreements.

Or. en

Amendment 134
Syed Kamall

Proposal for a regulation
Article 8 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) debt securities

Or. en

Justification

Debt securities, so long as they comply with maturity limits, should be allowed as eligible investments for MMFs as referenced in Recital 22.

Amendment 135
Wolf Klinz

Proposal for a regulation
Article 8 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) units or shares of other MMFs.

Or. en

Amendment 136
Jean-Paul Gauzès

Proposal for a regulation
Article 8 – paragraph 1 – point d b (new)

Text proposed by the Commission	*Amendment*
	(db) units or shares of other MMFs;

Or. en

Amendment 137
Sharon Bowles

Proposal for a regulation
Article 8 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) shares of other MMFs, provided that:
	(i) no more than 5% of the MMF's assets are invested in shares of an individual MMF, and

	(ii) no more than 10% of the MMF's assets are invested in aggregate in shares of MMFs.

Or. en

Amendment 138
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 8 – paragraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) taking direct or indirect exposure to equity or commodities, including via derivatives, certificates representing them, indices based on them or any other mean or instrument that would give an exposure to them;	(c) taking direct or indirect exposure to equity***, bonds, ETFs*** or commodities, including via derivatives, certificates representing them, indices based on them or any other mean or instrument that would give an exposure to them;

Or. en

Amendment 139
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 8 – paragraph 2 – point e

Text proposed by the Commission	*Amendment*
(e) borrowing and lending cash.	***deleted***

Or. en

Amendment 140
Diogo Feio

Proposal for a regulation
Article 9 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) ***the issuer of*** the money market instrument has been awarded one of the two highest internal rating grades according to the rules laid down in Articles 16 to 19 of this Regulation.	(c) the money market instrument has been awarded one of the two highest internal rating grades according to the rules laid down in Articles 16 to 19 of this Regulation.

Or. en

Amendment 141
Elisa Ferreira

Proposal for a regulation
Article 9 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) ***the issuer of*** the money market instrument has been awarded one of the two highest internal rating grades according to the rules laid down in Articles 16 to 19 of this Regulation.	(c) the money market instrument has been awarded one of the two highest internal rating grades according to the rules laid down in Articles 16 to 19 of this Regulation.

Or. en

Amendment 142
Sharon Bowles

Proposal for a regulation
Article 9 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) the issuer of the money market instrument has ***been awarded one of the two highest*** internal ***rating grades*** according to the rules laid down in Articles 16 to 19 of this Regulation.	(c) the issuer of the money market instrument has ***passed the*** internal ***credit assessment*** according to the rules laid down in Articles 16 to 19 of this Regulation.

Or. en

Amendment 143
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the underlying exposure or pool of exposures consists exclusively of corporate debt;	***deleted***

Or. en

Amendment 144
Jean-Paul Gauzès

Proposal for a regulation
Article 10 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the underlying exposure or pool of exposures consists exclusively of ***corporate*** debt;	(a) the underlying exposure or pool of exposures consists exclusively of ***eligible*** debt;

Or. en

Amendment 145
Jean-Paul Gauzès

Proposal for a regulation
Article 10 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) the ***underlying*** corporate debt is of high credit quality and liquid;	(b) the ***eligible*** corporate debt is of high credit quality and liquid;

Or. en

Amendment 146
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 10 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) the underlying corporate debt is of high credit quality and liquid;	(b) the underlying corporate debt is of high credit quality and liquid ***and the pool of exposure is sufficiently diversified according to the principle of risk spreading and as demonstrated by a low average default correlation***;

Or. en

Amendment 147
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) the underlying ***corporate debt*** is of high credit quality and liquid;	(b) the underlying ***securitisation*** is of high credit quality***, not overly tranched,*** and liquid;

Or. en

Amendment 148
Jean-Paul Gauzès

Proposal for a regulation
Article 10 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) the underlying ***corporate debt has a legal maturity at issuance of 397 days or less; or has a residual maturity*** of 397 days or less.	(c) the underlying ***exposure or pool of exposures has a weighted average life (WAL)*** of 397 days or less.

Or. en

Amendment 149
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) the underlying ***corporate*** debt has a legal maturity at issuance of 397 days or less; or has a residual maturity of 397 days or less.	(c) the underlying debt has a legal maturity at issuance of 397 days or less; or has a residual maturity of 397 days or less.

Or. en

Amendment 150
Jean-Paul Gauzès

Proposal for a regulation
Article 10 – paragraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) the Asset Backed Commercial Paper has a legal maturity at issuance or a residual maturity of 397 days or less.

Or. en

Amendment 151
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 10 – paragraph 2 – subparagraph 1 – introductory part

Text proposed by the Commission	*Amendment*
For the purpose of a consistent application of paragraph 1, ESMA shall develop draft	For the purpose of a consistent application of paragraph 1, ESMA ***in close***

regulatory technical standards specifying:	***cooperation with EBA*** shall develop draft regulatory technical standards specifying:

Or. en

Amendment 152
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 2 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt;	***deleted***

Or. en

Amendment 153
Jean-Paul Gauzès

Proposal for a regulation
Article 10 – paragraph 2 – subparagraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of ***corporate*** debt;	(a) the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of ***eligible*** debt;

Or. en

Amendment 154
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 10 – paragraph 2 – subparagraph 1 – point a

Text proposed by the Commission	Amendment
(a) the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt;	(a) the conditions and circumstances under which the underlying exposure or pool of exposures is considered to exclusively consist of corporate debt ***and whether it is considered to be sufficiently diversified***;

Or. en

Amendment 155
Jean-Paul Gauzès

Proposal for a regulation
Article 10 – paragraph 2 – subparagraph 1 – point b

Text proposed by the Commission	Amendment
(b) conditions and numerical thresholds determining when ***corporate*** debt is of high credit quality and liquid.	(b) conditions and numerical thresholds determining when ***eligible*** debt is of high credit quality and liquid.

Or. en

Amendment 156
Sharon Bowles

Proposal for a regulation
Article 10 – paragraph 2 – subparagraph 1 – point b

Text proposed by the Commission	Amendment
(b) conditions and numerical thresholds determining when ***corporate*** debt is of high credit quality and liquid.	(b) conditions and numerical thresholds determining when debt is of high credit quality and liquid***, and the limits for tranching***.

Or. en

Amendment 157
Philippe Lamberts

on behalf of the Greens/EFA Group

Proposal for a regulation
Article 11 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) the deposit matures in no more than 12 months;	(b) the deposit matures in no more than 12 months ***or 24 months for standard MMF***;

Or. en

Amendment 158
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 12 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
A financial derivative instrument shall be eligible for investment by a MMF if it is dealt in on a regulated market referred to in Article 50(1)(a), (b) or (c) of Directive 2009/65/EC or ***over-the-counter (OTC)*** , provided that all of the following conditions are in any case fulfilled:	A financial derivative instrument shall be eligible for investment by a MMF if it is dealt in on a regulated market referred to in Article 50(1)(a), (b) or (c) of Directive 2009/65/EC or ***on an MTF or OTF as defined in Directive [MiFID]***, provided that all of the following conditions are in any case fulfilled:

Or. en

Amendment 159
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 12 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) the counterparties to ***OTC*** derivative transactions are institutions subject to prudential regulation and supervision and	(c) the counterparties to derivative transactions are institutions subject to prudential regulation and supervision and

belonging to the categories approved by the competent authorities of the MMF's home Member State;	belonging to the categories approved by the competent authorities of the MMF's home Member State;

Or. en

Amendment 160
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 12 – paragraph 1 – point d

Text proposed by the Commission	*Amendment*
(d) the ***OTC*** derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the MMF's initiative.	(d) the derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the MMF's initiative.

Or. en

Amendment 161
Jean-Paul Gauzès

Proposal for a regulation
Article 12 – paragraph 1 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) the OTC derivatives are subject to clearing or to bilateral margin requirements.

Or. en

Amendment 162
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 12 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	For the purpose of a consistent application of this article, ESMA shall develop draft regulatory technical standards specifying the conditions and circumstances under which the derivative instrument serves the purpose of hedging the duration and exchange risks inherent to other investments of the MMF
	ESMA shall submit the draft regulatory technical standards referred to in the first subparagraph to the Commission by [...].
	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

Or. en

Amendment 163
Astrid Lulling

Proposal for a regulation
Article 13 – paragraph 4

Text proposed by the Commission	*Amendment*
4. The assets received by the MMF as part of a reverse repurchase agreement shall be included for the purpose of calculating the limits on diversification and concentration laid down in this Regulation.	4. The assets received by the MMF as part of a reverse repurchase agreement shall ***not*** be included for the purpose of calculating the limits on diversification and concentration laid down in this Regulation.

Or. en

Amendment 164
Sharon Bowles

Proposal for a regulation
Article 13 – paragraph 5 – subparagraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) they are issued or guaranteed by a central authority or central bank of a third country, provided that the third country issuer of the asset ***is awarded one of the two highest*** internal ***rating grades*** according to the rules laid down in Articles 16 to 19.	(b) they are issued or guaranteed by a central authority or central bank of a third country, provided that the third country issuer of the asset ***passes the*** internal ***credit assessment*** according to the rules laid down in Articles 16 to 19.

Or. en

Amendment 165
Astrid Lulling

Proposal for a regulation
Article 13 – paragraph 5 – subparagraph 2

Text proposed by the Commission	*Amendment*
The assets received as part of a reverse repurchase agreement according to the first subparagraph shall be disclosed to the MMF investors.	***deleted***

Or. en

Amendment 166
Thomas Mann

Proposal for a regulation
Article 13 – paragraph 5 a (new)

Text proposed by the Commission	*Amendment*
	5a. Eligible repurchase agreements and borrowings
	1. A MMF may borrow or enter into repurchase agreements, provided that all of the following conditions are met:

	(a) can only be used on a temporary basis for liquidity management purposes and to the extent that the cash received is not used for investment purposes; ***(b)The assets delivered by the MMF as part of a repurchase agreement shall not be sold, reinvested, pledged or otherwise transferred;*** ***(c) the aggregate exposure to repurchase agreements and borrowing shall not exceed 10% of the assets of a MMF.***

Or. en

Justification

A new article should be created for repurchase agreements. Both repos and borrowing allow MMFs to cope with unexpected circumstances such as larger-than-expected withdrawals. Their use as purely liquidity management tools and the 10% limit on their aggregate use should be able to limit any leverage concerns.

Amendment 167
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 13 – paragraph 6 – subparagraph 1

Text proposed by the Commission	*Amendment*
The Commission shall ***be empowered to adopt delegated acts in accordance with Article 44 specifying*** quantitative and qualitative liquidity requirements applicable to assets referred to in paragraph 5 ***and quantitative*** and qualitative credit quality requirements applicable to assets referred to in paragraph 5(a).	***ESMA in close cooperation with EBA*** shall ***develop draft regulatory technical standards specifying appropriate margining requirements for the purpose of paragraph 1(b),*** quantitative and qualitative liquidity requirements applicable to assets referred to in paragraph 5 ***and quantitative*** and qualitative credit quality requirements applicable to assets referred to in paragraph 5(a).

Or. en

Amendment 168
Sharon Bowles

Proposal for a regulation
Article 13 – paragraph 6 – subparagraph 1

Text proposed by the Commission	*Amendment*
The Commission shall be empowered to ***adopt delegated acts in accordance with Article 44*** specifying quantitative and qualitative liquidity requirements applicable to assets referred to in paragraph 5 and quantitative and qualitative credit quality requirements applicable to assets referred to in paragraph 5(a).	***ESMA*** shall be empowered to ***develop draft regulatory technical standards*** specifying quantitative and qualitative liquidity requirements applicable to assets referred to in paragraph 5 and quantitative and qualitative credit quality requirements applicable to assets referred to in paragraph 5(a).

Or. en

Amendment 169
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 13 – paragraph 6 – subparagraph 2

Text proposed by the Commission	*Amendment*
For this purpose ***the Commission*** shall take into account the report referred to in Article [509(3)] of Regulation (EU) No 575/2013.	For this purpose ***ESMA and EBA*** shall take into account the report referred to in Article [509(3)] of Regulation (EU) No 575/2013.

Or. en

Amendment 170
Sharon Bowles

Proposal for a regulation
Article 13 – paragraph 6 – subparagraph 2

Text proposed by the Commission	*Amendment*
For this purpose ***the Commission*** shall	For this purpose ***ESMA*** shall take into

take into account the report referred to in Article [509(3)] of Regulation (EU) No 575/2013.	account the report referred to in Article [509(3)] of Regulation (EU) No 575/2013.

Or. en

Amendment 171
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 13 – paragraph 6 – subparagraph 2 a (new)

Text proposed by the Commission	*Amendment*
	ESMA shall submit the draft regulatory technical standards referred to in the first subparagraph to the Commission by [...]. ***Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.***

Or. en

Amendment 172
Sharon Bowles

Proposal for a regulation
Article 13 – paragraph 6 – subparagraph 3

Text proposed by the Commission	*Amendment*
The Commission ***shall*** adopt the ***delegated act*** referred to in the first subparagraph ***no later than 31 December 2014***.	***ESMA shall submit those draft regulatory standards to*** the Commission ***no later than 31 December 2014.*** ***Power is conferred on the Commission to*** adopt the ***regulatory technical standards*** referred to in the first subparagraph ***in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council***.

Or. en

Amendment 173
Jean-Paul Gauzès

Proposal for a regulation
Article 13 a (new)

Text proposed by the Commission	*Amendment*
	Article 13a
	Eligible MMFs
	1. A MMF may acquire the units of other MMFs provided that no more than 10 % of the assets of the MMF whose acquisition is contemplated, can, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other MMFs.
	2. A MMF may acquire the units of other MMFs, provided that no more than 10 % of its assets are invested in units of a single MMF. Member States may raise that limit to a maximum of 20 %.
	3. Member States may provide that, where a MMF has acquired units of another MMF, the assets of the acquired MMF are not required to be combined with the assets of the acquiring MMF for the purposes of the diversification limits laid down in Article 14.
	4. Where a MMF invests in the units of other MMFs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company shall not charge subscription or redemption fees on account of the MMFs' investment in the units of such other MMF.

	5. A MMF that invests a substantial proportion of its assets in other MMFs shall disclose in its prospectus the maximum level of the management fees that may be charged both to the MMF itself and to the other MMFs in which it intends to invest. It shall indicate in its annual report the maximum proportion of management fees charged both to the MMF itself and to the other MMFs in which it invests.
	6. The provisions of paragraphs 1 to 5 do not apply to feeder MMFs.
	7. Short-term MMFs may only invest in units of other short-term MMFs and Standard MMFs may invest in units of both Short-term MMFs and Standard MMFs.
	8. UCITS MMFs may only invest in units of other UCITS MMFs and non-UCITS MMFs may invest in both UCITS and non-UCITS MMFs.

Or. en

Amendment 174
Jean-Paul Gauzès

Proposal for a regulation
Article 13 b (new)

Text proposed by the Commission	*Amendment*
	Article 13b
	Eligible repurchase agreements
	A repurchase agreement shall be eligible to be entered into by a MMF provided that all the following conditions are fulfilled:
	(a) assets used as collateral shall not be sold, re-invested or pledged;
	(b) the repurchase agreement is used on a temporary basis and not for investment

	purposes;
	(c) the cash received by the MMF as part of repurchase agreements shall not exceed 10% of its assets.

Or. en

Amendment 175
Jean-Paul Gauzès

Proposal for a regulation
Article 14 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. A MMF shall invest no more than ***5%*** of its assets in any of the following:	1. A MMF shall invest no more than ***10%*** of its assets in any of the following:

Or. en

Amendment 176
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. A MMF shall invest no more than ***5%*** of its assets in any of the following:	1. A MMF shall invest no more than ***4%*** of its assets in any of the following:

Or. en

Amendment 177
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The aggregate of all exposures to securitisations shall not exceed ***10%*** of the assets of a MMF.	2. The aggregate of all exposures to securitisations shall not exceed ***5%*** of the assets of a MMF.

Or. en

Amendment 178
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 2 a (new)

Text proposed by the Commission	*Amendment*
	2a. A MMF shall invest no more than 20% of its asset in eligible assets issued in a third country currency

Or. en

Amendment 179
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The aggregate risk exposure to the same counterparty of the MMF stemming from ***OTC*** derivative transactions shall not exceed 5% of its assets.	3. The aggregate risk exposure to the same counterparty of the MMF stemming from derivative transactions shall not exceed 5% of its assets.

Or. en

Amendment 180
Philippe Lamberts

on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 4

Text proposed by the Commission	*Amendment*
4. The aggregate amount of cash provided to the same counterparty of a MMF in reverse repurchase agreements shall not exceed ***20%*** of its assets.	4. The aggregate amount of cash provided to the same counterparty of a MMF in reverse repurchase agreements shall not exceed ***15%*** of its assets.

Or. en

Amendment 181
Sharon Bowles

Proposal for a regulation
Article 14 – paragraph 4

Text proposed by the Commission	*Amendment*
4. The aggregate amount of cash provided to the same counterparty of a MMF in reverse repurchase agreements shall not exceed ***20%*** of its assets.	4. The aggregate amount of cash provided to the same counterparty of a MMF in reverse repurchase agreements shall not exceed ***10%*** of its assets.

Or. en

Amendment 182
Jean-Paul Gauzès

Proposal for a regulation
Article 14 – paragraph 5 – introductory part

Text proposed by the Commission	*Amendment*
5. Notwithstanding the individual limits laid down in paragraphs 1 and 3, a MMF shall not combine, where this would lead to investment of more than ***10%*** of its assets in a single body, any of the following:	5. Notwithstanding the individual limits laid down in paragraphs 1 and 3, a MMF shall not combine, where this would lead to investment of more than ***15%*** of its assets in a single body, any of the following:

Or. en

Amendment 183
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 5 – point c

Text proposed by the Commission	*Amendment*
(c) ***OTC*** financial derivative instruments giving counterparty risk exposure to that body.	(c) financial derivative instruments giving counterparty risk exposure to that body.

Or. en

Amendment 184
Wolf Klinz

Proposal for a regulation
Article 14 – paragraph 5 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) units or shares of other MMFs.

Or. en

Amendment 185
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 6 – subparagraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) the MMF holds money market instruments from at least ***six*** different issues by the respective issuer;	(a) the MMF holds money market instruments from at least ***ten*** different issues by the respective issuer;

Or. en

Amendment 186
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 6 – subparagraph 2 – point b

Text proposed by the Commission	*Amendment*
(b) the MMF limits the investment in money market instruments from the same issue to maximum ***30%*** of its assets;	(b) the MMF limits the investment in money market instruments from the same issue to maximum ***20%*** of its assets;

Or. en

Amendment 187
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 14 – paragraph 6 – subparagraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) the MMF makes express mention in the fund rules or instruments of incorporation of the central, regional or local authority or central bank of a Member State, the European Central Bank, the Union, the European stability mechanism or the European Investment Bank, a central authority or central bank of a third country, or the public international body to which one or more Member States belong issuing or guaranteeing money market instruments in which it intends to invest more than 5% of its assets;	***deleted***

Or. en

Amendment 188
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 15 – paragraph 1

Text proposed by the Commission	*Amendment*
1. A MMF may not hold more than ***10%*** of the money market instruments issued by a single body.	1. A MMF may not hold more than ***5%*** of the money market instruments issued by a single body.

Or. en

Amendment 189
Syed Kamall

Proposal for a regulation
Article 16

Text proposed by the Commission	*Amendment*
[...]	***deleted***

Or. en

Justification

Existing regulation already requires internal credit analysis and to not reply solely or mechanistically on credit ratings. The EC proposals are highly detailed and complex, making the system hugely burdensome to implement and manage.

Amendment 190
Sharon Bowles

Proposal for a regulation
Article 16 – paragraph 2

Text proposed by the Commission	*Amendment*
2. The internal assessment procedure shall be based on ***an internal rating system and on*** prudent, rigorous, systematic and	2. The internal assessment procedure shall be based on prudent, rigorous, systematic and continuous assignment methodologies.

continuous assignment methodologies. The assignment methodologies shall be subject to validation by the manager based on historical experience and empirical evidence, including back testing.	The assignment methodologies shall be subject to validation by the manager based on historical experience and empirical evidence, including back testing.

Or. en

Amendment 191
Sharon Bowles

Proposal for a regulation
Article 16 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) a manager of a MMF shall ensure that the information used ***when assigning an internal credit rating*** is of sufficient quality, up-to-date and from reliable sources. That manager shall implement and maintain an effective process to obtain and update relevant information on issuer characteristics;	(a) a manager of a MMF shall ensure that the information used is of sufficient quality, up-to-date and from reliable sources. That manager shall implement and maintain an effective process to obtain and update relevant information on issuer characteristics;

Or. en

Amendment 192
Jean-Paul Gauzès

Proposal for a regulation
Article 16 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) a manager of a MMF shall adopt and implement adequate measures to ensure that the assignment of its internal ratings is based on a thorough analysis of ***all*** the information that is available and pertinent, and includes ***all*** relevant driving factors that influence the creditworthiness of the issuer;	(b) a manager of a MMF shall adopt and implement adequate measures to ensure that the assignment of its internal ratings is based on a thorough analysis of the information that is available and pertinent, and includes relevant driving factors that influence the creditworthiness of the issuer;

Or. en

Amendment 193
Sharon Bowles

Proposal for a regulation
Article 16 – paragraph 3 – point b

Text proposed by the Commission	*Amendment*
(b) a manager of a MMF shall adopt and implement adequate measures to ensure that the ***assignment of its*** internal ***ratings*** is based on a thorough analysis of all the information that is available and pertinent, and includes all relevant driving factors that influence the creditworthiness of the issuer;	(b) a manager of a MMF shall adopt and implement adequate measures to ensure that the internal ***assessment procedure*** is based on a thorough analysis of all the information that is ***reasonably*** available and pertinent, and includes all relevant driving factors that influence the creditworthiness of the issuer;

Or. en

Amendment 194
Sharon Bowles

Proposal for a regulation
Article 16 – paragraph 3 – point c

Text proposed by the Commission	*Amendment*
(c) a manager of a MMF shall monitor its ***assignments of*** internal ***ratings*** on an ongoing basis and review all ***assignments of internal rating*** at least annually. That manager shall review the ***assignment*** every time there is a material change that could have an impact on ***an internal credit rating***. The manager shall establish internal arrangements to monitor the impact on its internal ***credit ratings*** of changes in macroeconomic, financial market or issuer specific conditions;	(c) a manager of a MMF shall monitor its internal ***assessment procedure*** on an ongoing basis and review all ***assessments*** at least annually. That manager shall review the ***assessment*** every time there is a material change that could have an impact on ***the aforementioned assessment***. The manager shall establish internal arrangements to monitor the impact on its internal ***assessments*** of changes in macroeconomic, financial market or issuer specific conditions;

Or. en

Amendment 195
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 16 – paragraph 3 – point c

Text proposed by the Commission	*Amendment*
(c) a manager of a MMF shall monitor its assignments of internal ratings on an ongoing basis and review all assignments of internal rating at least ***annually***. That manager shall review the assignment every time there is a material change that could have an impact on an internal credit rating. The manager shall establish internal arrangements to monitor the impact on its internal credit ratings of changes in macroeconomic, financial market or issuer specific conditions;	(c) a manager of a MMF shall monitor its assignments of internal ratings on an ongoing basis and review all assignments of internal rating at least ***quarterly***. That manager shall review the assignment every time there is a material change that could have an impact on an internal credit rating. The manager shall establish internal arrangements to monitor the impact on its internal credit ratings of changes in macroeconomic, financial market or issuer specific conditions;

Or. en

Amendment 196
Sharon Bowles

Proposal for a regulation
Article 16 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) where a credit rating agency registered with the European Securities and Market Authority (ESMA) assigns a credit rating to an issuer of money market instruments, the downgrade below the two highest short term credit ratings used by that agency shall be considered to be material change for the purposes of point (c) and require the manager to undertake a new ***assignment*** procedure;	(d) where a credit rating agency registered with the European Securities and Market Authority (ESMA) assigns a credit rating to an issuer of money market instruments, the downgrade below the two highest short term credit ratings used by that agency shall be considered to be material change for the purposes of point (c) and require the manager to undertake a new ***assessment*** procedure;

Or. en

Amendment 197
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 16 – paragraph 3 – point e

Text proposed by the Commission	*Amendment*
(e) assignment methodologies shall be reviewed at least annually to determine whether they remain appropriate for the current portfolio and external conditions;	(e) assignment methodologies shall be reviewed at least annually to determine whether they remain appropriate for the current portfolio and external conditions ***and shall be transmitted to competent authorities. The competent authority shall send the assignement mathodologies to ESMA***;

Or. en

Amendment 198
Sharon Bowles

Proposal for a regulation
Article 16 – paragraph 3 – point f

Text proposed by the Commission	*Amendment*
(f) when methodologies, models or key rating assumptions used in the internal assessment procedures are changed, the manager of a MMF shall review all affected internal ***credit ratings*** as soon as possible and no later than one month after the change;	(f) when methodologies, models or key rating assumptions used in the internal assessment procedures are changed, the manager of a MMF shall review all affected internal ***assessments*** as soon as possible and no later than one month after the change;

Or. en

Amendment 199
Sharon Bowles

Proposal for a regulation
Article 16 – paragraph 3 – point g

Text proposed by the Commission	*Amendment*
(g) assignments of internal ***ratings*** and their periodic reviews by the manager of a MMF shall not be performed by persons performing or responsible for the portfolio management of the MMF.	(g) assignments of internal ***assessments*** and their periodic reviews by the manager of a MMF shall not be performed by persons performing or responsible for the portfolio management of the MMF.

Or. en

Amendment 200
Syed Kamall

Proposal for a regulation
Article 17

Text proposed by the Commission	*Amendment*
Article 17	***deleted***
Internal rating system	
1. Each issuer of a money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure.	
2. The structure of the internal rating system shall comply with all of the following requirements:	
(a) the internal rating system shall be based on a single rating scale which exclusively reflects quantification of the credit risk of the issuer. The rating scale shall have six grades for non-defaulted issuers and one for defaulted issuers;	
(b) there shall be a clear relationship between issuer grades reflecting the credit risk of an issuer and the rating criteria used to distinguish that level of credit risk;	
(c) the internal rating system shall take	

into account the short-term nature of money market instruments.

3. The rating criteria referred to in paragraph 2(b) shall fulfil all of the following requirements:

(a) comprise at least quantitative and qualitative indicators on the issuer of the instrument, and the macro-economic and financial market situation;

(b) refer to the common numerical and qualitative reference values used to assess the quantitative and qualitative indicators;

(c) be adequate for the particular type of issuer. At least the following types of issuers shall be distinguished: sovereign, regional or local public authority, financial corporations, and non-financial corporations.

(d) In case of exposure to securitisations, take into account the credit risk of the issuer, the structure of the securitisation and the credit risk of the underlying assets.

Or. en

Justification

Regulation also requires internal credit analysis and to not reply solely or mechanistically on credit ratings. The EC proposals are highly detailed and complex, making the system hugely burdensome to implement and manage.

Amendment 201
Sharon Bowles

Proposal for a regulation
Article 17

Text proposed by the Commission	*Amendment*
Article 17	***deleted***

Internal rating system

1. Each issuer of a money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure.

2. The structure of the internal rating system shall comply with all of the following requirements:

(a) the internal rating system shall be based on a single rating scale which exclusively reflects quantification of the credit risk of the issuer. The rating scale shall have six grades for non-defaulted issuers and one for defaulted issuers;

(b) there shall be a clear relationship between issuer grades reflecting the credit risk of an issuer and the rating criteria used to distinguish that level of credit risk;

(c) the internal rating system shall take into account the short-term nature of money market instruments.

3. The rating criteria referred to in paragraph 2(b) shall fulfil all of the following requirements:

(a) comprise at least quantitative and qualitative indicators on the issuer of the instrument, and the macro-economic and financial market situation;

(b) refer to the common numerical and qualitative reference values used to assess the quantitative and qualitative indicators;

(c) be adequate for the particular type of issuer. At least the following types of issuers shall be distinguished: sovereign, regional or local public authority, financial corporations, and non-financial corporations.

(d) In case of exposure to securitisations, take into account the credit risk of the issuer, the structure of the securitisation

and the credit risk of the underlying assets.	

Or. en

Justification

An internal credit assessment, as under Article 16, is sufficient for assessing the credit quality of money market instruments.

Amendment 202
Diogo Feio

Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Each ***issuer of a*** money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure**.**	1. Each money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure

Or. en

Amendment 203
Elisa Ferreira

Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Each ***issuer of a*** money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure.	1. Each money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure.

Or. en

Amendment 204
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission	*Amendment*
1. Each issuer of a money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure.	1. Each issuer of a money market instrument in which a MMF intends to invest shall be assigned an internal rating pursuant to the internal assessment procedure ***established in conformity with the MMF internal rating system***.

Or. en

Amendment 205
Diogo Feio

Proposal for a regulation
Article 17 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) the internal rating system shall be based on a single rating scale which ***exclusively*** reflects quantification of the credit risk of the issuer. The rating scale shall have six grades for non-defaulted issuers and one for defaulted issuers;	(a) the internal rating system shall be based on a single rating scale which reflects quantification of the credit risk of the issuer. The rating scale shall have six grades for non-defaulted issuers and one for defaulted issuers;

Or. en

Amendment 206
Wolf Klinz

Proposal for a regulation
Article 17 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) the internal rating system shall be based	(a) the internal rating system shall be based

on a single rating scale which exclusively reflects quantification of the credit risk of the issuer. ***The rating scale shall have six grades for non-defaulted issuers and one for defaulted issuers;***	on a single rating scale which exclusively reflects quantification of the credit risk of the issuer.

Or. en

Amendment 207
Jean-Paul Gauzès

Proposal for a regulation
Article 17 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) the internal rating system shall be based on a single rating scale which ***exclusively*** reflects quantification of the credit risk of the issuer***. The rating scale shall have six grades for non-defaulted issuers and one for defaulted issuers***;	(a) the internal rating system shall be based on a single rating scale which reflects quantification of the credit risk of the issuer;

Or. en

Amendment 208
Olle Schmidt

Proposal for a regulation
Article 17 – paragraph 2 – point a

Text proposed by the Commission	*Amendment*
(a) the internal rating system shall be based on a single rating scale which exclusively reflects quantification of the credit risk of the issuer. ***The rating scale shall have six grades for non-defaulted issuers and one for defaulted issuers;***	(a) the internal rating system shall be based on a single rating scale which exclusively reflects quantification of the credit risk of the issuer.

Or. en

Justification

MMFs should be able to adopt a rating scale in accordance with their assessment of the credit quality of money market funds. Stipulating the number of grades is un-necessary and could lead to inaccurate representation of the credit quality of MMFs.

Amendment 209
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 17 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) comprise at least quantitative and qualitative indicators on the issuer of the instrument, and the macro-economic and financial market situation;	(a) comprise at least quantitative and qualitative indicators on the issuer of the instrument, ***including idiosyncratic characteristics of the issuer*** and the macro-economic and financial market situation;

Or. en

Amendment 210
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 17 – paragraph 3 – point c a (new)

Text proposed by the Commission	*Amendment*
	(ca) the rating system will apply more than one methodology and include a mechanism for combing their results.

Or. en

Amendment 211
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 17 – paragraph 3 – point c b (new)

Text proposed by the Commission	*Amendment*
	(cb) the sensitivity of the resulting rating values to a range of plausible changes in input values. The assumptions shall be reported with each rating and regularly reviewed

Or. en