



# Appendix 1

## Made rules (legal instrument)

## MONEY MARKET FUNDS REGULATION INSTRUMENT 2018

### Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
    - (a) section 137A (The FCA’s general rules);
    - (b) section 137T (General supplementary powers);
    - (c) section 139A (Power of the FCA to give guidance);
    - (d) section 214 (General);
    - (e) section 247 (Trust scheme rules);
    - (f) section 248 (Scheme particulars rules);
    - (g) section 261I (Contractual scheme rules);
    - (h) section 261J (Contractual scheme particulars rules);
    - (i) paragraph 23 (Fees) of schedule 1ZA (The Financial Conduct Authority); and
  - (2) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

### Commencement

- C. This instrument comes into force on 20 July 2018.

### Amendments to the Handbook

- D. The modules of the Financial Conduct Authority’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below.

(1)	(2)
Glossary of definitions	Annex A
Fees manual (FEES)	Annex B
Collective Investment Schemes sourcebook (COLL)	Annex C

### Citation

- E. This instrument may be cited as the Money Market Funds Regulation Instrument 2018.

By order of the Board  
28 June 2018

## Annex A

### Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

*Money Market Funds Regulation* Regulation (EU) No 2017/1131 of the European Parliament and the Council of 14 June 2017 on money market funds.

*regulated money market fund* a *UCITS scheme* that is authorised as a money market fund as envisaged in article 4, or an *AIF* that is authorised as a money market fund as envisaged in article 5, of the *Money Market Funds Regulation*.

Amend the following definition as shown.

*valuation point* (in *COLL*) a *valuation point* fixed by the *authorised fund manager* for the purpose of *COLL* 6.3.4R (Valuation points) or *COLL* 8.5.9R (Valuation, pricing and dealing) or, in the case of a *regulated money market fund*, the applicable requirements of article 29 to article 32 of the *Money Market Funds Regulation*.

Delete the following definitions. The text is not shown struck through.

*CESR's guidelines on a common definition of European money market funds* the Committee of European Securities Regulators' guidelines on a common definition of European money market funds: 19 May 2010 (CESR/10-049). These are available at [https://www.esma.europa.eu/sites/default/files/library/2015/11/10-049\\_cesr\\_guidelines\\_mmfs\\_with\\_disclaimer.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/10-049_cesr_guidelines_mmfs_with_disclaimer.pdf)

*money market fund* an *authorised fund* or, in the case of an *umbrella*, a *sub-fund* (if it were a separate fund) which satisfies the conditions in *COLL* 5.9.5R (Investment conditions: money market funds) and is not a *qualifying money market fund*.

*money market instrument activity* an activity in respect of a transaction:

- (a) which involves any of the following *investments* and is not regulated by the rules of a *recognised investment exchange*:
  - (i) a *debenture* which is issued on terms requiring repayment not later than five years from the date of issue;

- (ii) any *government and public security* which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the *United Kingdom*, five years from the date of issue; or
  - (iii) a *warrant* which entitles the holder to subscribe for an *investment* within (a)(i) or (a)(ii);
- (b) which involves any of the following *investments* and is not made on a *recognised investment exchange* or expressed to be so made:
- (i) a *certificate representing certain securities* or rights to or interests in *investments* relating, in either case, to an *investment* within (a)(i) or (a)(ii);
  - (ii) an *option* relating to:
    - (A) an instrument in (a)(i) or (a)(ii); or
    - (B) currency of the *United Kingdom* or of any other country or territory; or
    - (C) gold or silver;
  - (iii) a *future* for the sale of:
    - (A) an instrument in (a)(i) or (a)(ii); or
    - (B) currency of the *United Kingdom* or of any other country or territory; or
    - (C) gold or silver;
  - (iv) a *contract for differences* by reference to fluctuations in:
    - (A) the value or price of any instrument within any of (a)(i) to (a)(iii) or (b)(i) to (b)(iii); or
    - (B) currency of the *United Kingdom* or of any other country or territory; or
    - (C) the rate of interest on loans in any such currency or any index of such rates; or
  - (v) an *option* to acquire or dispose of an instrument within (b)(ii), (b)(iii) or (b)(iv); or
- (c) where one of the parties agrees to sell or transfer a *debenture* or *government and public security* and by the same or a collateral agreement that party agrees, or acquires an option,

to buy back or re-acquire that *investment* or an equivalent amount of a similar *investment* within twelve *months* of the sale or transfer.

For the purposes of (c) *investments* are regarded as similar if they entitle their holders to the same rights against the same *persons* as to capital and interest and the same remedies for the enforcement of those rights.

*short-term money market fund*

an *authorised fund* or, in the case of an *umbrella*, a *sub-fund* (if it were a separate fund) which satisfies the conditions in *COLL* 5.9.3R (Investment conditions: short-term money market funds) and is not a *qualifying money market fund*.

*weighted average life*

(in accordance with the definitions section in *CESR's guidelines on a common definition of European money market funds*) the weighted average of the remaining life (maturity) of each *security* held in a fund, meaning the time until the principal is repaid in full (disregarding interest and not discounting).

*weighted average maturity*

(in accordance with the definitions section in *CESR's guidelines on a common definition of European money market funds*) a measure of the average length of time to maturity of all of the underlying *securities* in a fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to the money market rate, rather than the time remaining before the principal value of the *security* must be repaid.

## Annex B

## Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

## 3 Application, Notification and Vetting Fees

...

3 Annex 2R Application and notification fees payable in relation to collective investment schemes, ELTIFs, money market funds and AIFs marketed in the UK

Legislative provision	Nature and purpose of fee	Payable by	Amount of fee (£)	Umbrella factor (note 1)
...				
Part 2 Application fees payable for firms to be subject to <i>COLL</i>				
Regulation 12 of the <i>OEIC Regulations</i> <u>This section applies to funds where an application is also made to be authorised under the <i>Money Market Funds Regulation</i>.</u>	On application for an order declaring a <i>scheme</i> to be an <i>ICVC</i> , where the <i>scheme</i> is:	An applicant		2
	<i>UCITS scheme</i>		1,200	
	<i>Non-UCITS retail scheme</i>		1,500	
	<i>Qualified investor scheme</i>		2,400	
Section 242 of the <i>Act</i> <u>This section also applies to funds where an application is also made to be authorised under the <i>Money Market Funds Regulation</i></u>	On application for an order declaring a <i>scheme</i> to be an <i>AUT</i> , where the <i>scheme</i> is:	An applicant		2
	<i>UCITS scheme</i>		1,200	
	<i>Non-UCITS retail scheme</i>		1,500	
	<i>Qualified investor scheme</i>		2,400	

Section 261C of the <i>Act</i> <u>This section also applies to funds where an application is also made to be authorised under the <i>Money Market Funds Regulation</i></u>	On application for an order declaring a <i>scheme</i> to be an ACS, whether it is established as a <i>co-ownership scheme</i> or a <i>limited partnership scheme</i> , where the <i>scheme</i> is a:	An applicant		2
	<i>UCITS scheme</i>		£1,200	
	<i>non-UCITS retail scheme</i>		£1,500	
	<i>qualified investor scheme</i>		£2.400	
Section 272 of the <i>Act</i>	...	...	...	...
	<u>Where funds of any kind set out in Part 2 exist prior to 21 July 2018, a flat fee will be payable on an application for authorisation under the <i>Money Market Funds Regulation</i></u>		<u>300</u>	
Part 2A Application fees payable for firms applying for a UK AIF to be authorised under the ELTIF regulation				
...	...	...	...	...
<u>Part 2B Application fees payable for UK or non-EEA firms applying for authorisation under article 5 of the <i>Money Market Funds Regulation</i></u>				
<u>Article 5 of the <i>Money Market</i></u>	<u>UK AIF (apart from those authorised as a</u>		<u>500</u>	

<u>Funds Regulation</u>	<u>non-UCITS retail scheme or a qualified investor scheme)</u>			
	<u>Non-EEA AIF which is marketed in the UK/EEA without a passport</u>		<u>750</u>	
	<u>Non-EEA AIF which is marketed in the UK/EEA with a passport or is not marketed in the UK/EEA</u>		<u>500</u>	
	<u>Non-EEA AIF which is not managed by an EU AIFM but is marketed in the UK/EEA with a passport</u>		<u>750</u>	
...				
Part 4 (Alternative Investment Funds: fees payable for making a notification to the FCA to market an AIF)				
Regulation 57 of the <i>AIFMD UK regulation</i>	On giving notice under regulation 57 of the AIFMD UK regulation	the <i>AIFM</i>	250 per <i>AIF</i>	N/A
Regulation 58 of the <i>AIFMD UK regulation</i>	On giving notice under regulation 58 of the AIFMD UK regulation	the <i>AIFM</i>	125 per <i>AIF</i>	N/A
Regulation 59 of the <i>AIFMD UK regulation</i>	On giving notice under regulation 59 of the AIFMD UK regulation	the <i>AIFM</i>	250 per <i>AIF</i>	N/A
	<u>The fees in this Part are payable in addition to any other authorisation</u>			



	<u>application fees.</u>			
<u>Part 5 (Administration fee for money market funds that exist prior to 21 July 2018 which need to apply for authorisation by the FCA by 21 January 2019)</u>				
<u>Article 4 of the Money Market Funds Regulation</u>	<u>On application by an existing money market fund which from 21 July 2018 seeks to be authorised under the Money Market Funds Regulation</u>	<u>21 July 2018</u>	<u>300</u>	<u>2</u>

...

...

**4 Periodic fees**

...

**4 Annex 4R Periodic fees in relation to collective investment schemes, AIFs marketed in the UK, and small registered UK AIFMs and money market funds payable for the period 1 April 2017 2018 to 31 March 2018 2019**

## Part 1 – Periodic fees payable

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fund factor	Fee (£)
<i>ICVC,</i>	410	1-2	1	410
<i>AUT,</i>		3-6	2.5	1,025
<i>ACS,</i>		7-15	5	2,050
<i>UK ELTIFs,</i>		16-50	11	4,510
<u>Money market funds with effect from 21 July 2018</u>		>50	22	9,020
Section 264 of the Act, schemes other than <i>non-EEA AIFs</i> recognised				

under section 272 of the <i>Act</i>				
...	...	...	...	...

**Annex C**

**Amendments to the Collective Investment Schemes sourcebook (COLL)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

**1 Introduction**

**1.1 Applications and purpose**

**Application**

1.1.1 G ...

(5) COLL TP 1.1(48) contains transitional provisions that apply in relation to any *scheme* that will need to become a *regulated money market fund* in accordance with the *Money Market Funds Regulation*, and which operates as a *scheme* prior to 21 July 2018.

...

**4 Investor Relations**

...

**4.2 Pre-sale notifications**

...

Table: contents of the prospectus

4.2.5 R This table belongs to *COLL* 4.2.2R (Publishing the prospectus).

...		
<b>Investment objectives and policy</b>		
<b>3</b>		
	...	
	(qa)	where the <i>authorised fund</i> is a <i>qualifying money market fund</i> , <del><i>short-term money market fund</i> or <i>money market fund</i></del> , a statement identifying it as such a fund and a statement that the <i>authorised fund's</i> investment objectives and policies will meet the conditions specified in the definition of <i>qualifying money market fund</i> , <del><i>short-term money market fund</i> or <i>money market fund</i></del> , as appropriate;
	...	

...		
-----	--	--

...

#### 4.7 Key investor information and marketing communications

...

Money market funds that are KII-compliant NURS

4.7.3B R ~~Where a KII-compliant NURS is a short-term money market fund, a money market fund or a qualifying money market fund, the authorised fund manager or ICVC must include a statement in its NURS KII document: [deleted]~~

- (1) ~~identifying it as such a fund; and~~
- (2) ~~stating that the NURS' investment objectives and policies will meet the conditions of the definition of short-term money market fund, money market fund or qualifying money market fund, as appropriate.~~

...

Synthetic risk and reward indicators and ongoing charges disclosures in the KII

...

4.7.9 G ~~Authorised fund managers of a UCITS scheme and KII-compliant NURS are further advised that CESR, and its successor body, ESMA, have has issued the following guidelines, which refer to matters that should be included in relation to several other matters concerning the key investor information for certain types of UCITS (ESMA 2012/832). These are:~~

~~CESR's guidelines on a common definition of European money market funds, which refer to matters that should be included in the key investor information for money market funds and short-term money market funds (CESR/10-049)~~

~~[https://www.esma.europa.eu/sites/default/files/library/2015/11/10-049\\_cesr\\_guidelines\\_mmfs\\_with\\_disclaimer.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/10-049_cesr_guidelines_mmfs_with_disclaimer.pdf)~~

~~that apply to all authorised funds in the UK.~~

~~For UCITS only, ESMA's guidelines Guidelines for competent authorities and UCITS management companies: Guidelines on ETFs and other UCITS issues, which refer to matters that should be included in the key investor information for certain types of UCITS (ESMA 2012/832)~~

~~[https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en\\_guidelines\\_on\\_etfs\\_and\\_other\\_ucits\\_issues.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en_guidelines_on_etfs_and_other_ucits_issues.pdf)~~

...

#### 5 Investment and borrowing powers

## 5.1 Introduction

Application

5.1.1 R ...

- (4) ~~*COLL 5.9 applies to the authorised fund manager and the depositary of an authorised fund which is a UCITS scheme or a non-UCITS retail scheme operating as a money market fund or a short term money market fund.*~~ [deleted]

...

## 5.2 General investment powers and limits for UCITS schemes

...

Table of application

5.2.2 R This table belongs to *COLL 5.2.1R*.

Rule	ICVC	ACD	Authorised fund manager of an AUT or ACS	Depositary of an ICVC, AUT or ACS	Authorised fund manager of an AUT or ACS, or ACD of an ICVC, that is a regulated money market fund
<del>5.2.3R to 5.2.9R</del>		x	x		<u>x</u>
<u>5.2.4R</u>		<u>x</u>	<u>x</u>		
<u>5.2.4AG</u>					<u>x</u>
<u>5.2.5R to 5.2.9R</u>		<u>x</u>	<u>x</u>		
...					
<del>5.2.11R to 5.2.21R</del> <u>5.2.20R</u>		x	x		
<u>5.2.20AR</u>		<u>x</u>	<u>x</u>		<u>x</u>
<u>5.2.20BG</u>		<u>x</u>	<u>x</u>		
<u>5.2.21R</u>		<u>x</u>	<u>x</u>		<u>x</u>

5.2.22R	x		x		<u>x</u>
5.2.22AG	x	x	x	x	<u>x</u>
5.2.23R(1)	x	x	x		<u>x</u>
...					
<u>5.2.29R to 5.2.33R</u>	<u>x</u>	<u>x</u>	<u>x</u>		
<u>5.2.30R</u>	<u>x</u>	<u>x</u>	<u>x</u>		<u>x</u>
<u>5.2.31R to 5.2.33R</u>	<u>x</u>	<u>x</u>	<u>x</u>		
...					

...

Investment powers: general

...

5.2.4A **G** Investment powers and limits for UCITS schemes that are regulated money market funds are set out in the Money Market Funds Regulation. Subject to complying with that Regulation, the instrument constituting the fund may further restrict:

- (1) the kind of money market instruments in which the scheme property may be invested;
- (2) the proportion of the capital property of the UCITS scheme to be invested in money market instruments of any description;
- (3) the descriptions of transactions permitted; and
- (4) the borrowing powers of the UCITS scheme.

...

Guidance on assessing liquidity and quality of money-market instruments

5.2.7I **G** ...

- (2) Where an *approved money-market instrument* forms part of the *scheme property* of a *qualifying money market fund*, ~~short-term~~

~~money market fund or money market fund~~, the authorised fund manager should adequately monitor that the instrument continues to be of high quality, taking into account both its credit risk and its final maturity.

[**Note:** CESR's UCITS eligible assets guidelines with respect to article 4(2) of the UCITS eligible assets Directive. Paragraph 11 of ~~CESR's guidelines on a common definition of European money market funds.~~]

...

Eligible markets regime: purpose

- 5.2.9A R The ability to hold up to 10% of the *scheme property* in ineligible assets under COLL 5.2.8R(4) is subject to the following limitations:
- (1) for a *qualifying money market fund*, the 10% restriction is limited to high quality money market instruments with a maturity or residual maturity of not more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of no more than 60 days;
  - (2) ~~for a short-term money market fund or a money market fund, the 10% restriction is limited to high quality approved money market instruments as determined under COLL 5.9.6R (High quality money market instruments).~~ [deleted]

...

OTC transactions in derivatives

- 5.2.23 R A transaction in an *OTC derivative* under COLL 5.2.20R(1)(b) or, for the purposes of (1) only, executed by or on behalf of a regulated money market fund, must be:
- (1) with an approved counterparty; a counterparty to a transaction in *derivatives* is approved only if the counterparty is:
    - (a) an *eligible institution* or an *approved bank*; or
    - (b) a *person* whose *permission* (including any *requirements* or *limitations*) as published in the *Financial Services Register*, or whose *Home State authorisation*, permits it to enter into the transaction as *principal off-exchange*;

...

...

## 5.4 Stock lending

## Application

- 5.4.1 R (1) ~~This~~ Subject to (2), this section applies to an *ICVC*, the *depository* of an *authorised fund* and an *authorised fund manager* in any case where the *authorised fund* is a *UCITS scheme* or a *non-UCITS retail scheme*.
- (2) This section does not apply in any case where a *UCITS scheme* or a *non-UCITS retail scheme* is a *regulated money market fund*. The *Money Market Funds Regulation* sets out restrictions in relation to *stock lending* and *repo* contracts that apply in relation to *regulated money market funds*.

...

**5.5 Cash, borrowing, lending and other provisions**

## Application

- 5.5.1 R (1) ~~This~~ Subject to (2), this section applies to an *ICVC*, an *ACD*, an *authorised fund manager* of an *AUT* or *ACS*, and a *depository* of an *ICVC*, *AUT* or *ACS*, where such *ICVC*, *AUT* or *ACS* is a *UCITS scheme* as set out in *COLL 5.5.2R* (Table of application).
- (2) Other than *COLL 5.5.3R* and *COLL 5.5.9R*, this section does not apply to an *ICVC*, an *ACD*, an *authorised fund manager* of an *AUT* or *ACS*, or a *depository* of an *ICVC*, *AUT* or *ACS*, where such *ICVC*, *AUT* or *ACS* is a *regulated money market fund*.

...

**5.6 Investment powers and borrowing limits for non-UCITS retail schemes**

## Application

- 5.6.1 R (1) ~~This~~ Subject to (3), this section applies to the *authorised fund manager* and the *depository* of a *non-UCITS retail scheme* and to an *ICVC* which is a *non-UCITS retail scheme*.
- ...
- (3) Other than *COLL 5.6.3R(1)*, *5.6.4AG*, *5.6.14R*, *5.6.15R*, *5.6.22R(2)*, *5.6.22R(3)*, *5.6.22R(9)* and *5.6.24R*, this section does not apply where the *non-UCITS retail scheme* in question is a *regulated money market fund*.

...

## Investment powers: general

...



- 5.6.4A G Investment powers and limits for *non-UCITS retail schemes* that are regulated money market funds are set out in the *Money Market Funds Regulation*. Subject to complying with that Regulation, the *instrument constituting the fund* may further restrict:
- (1) the kind of money market instruments in which the *scheme property* may be invested;
  - (2) the proportion of the *capital property* of the *non-UCITS retail scheme* to be invested in money market instruments of any description;
  - (3) the descriptions of transactions permitted; and
  - (4) the borrowing powers of the *non-UCITS retail scheme*.

...

- 5.6.5C R ~~Where a *scheme* is a *short-term money market fund* or a *money market fund*, the ability to hold up to 20% of *scheme property* in ineligible assets under COLL 5.6.5R(2) is limited to high quality *approved money-market instruments* as determined under COLL 5.9.6R (High quality money market instruments). [deleted]~~

#### Money Market funds

- 5.6.5D R ~~*Approved money-market instruments* held within a *non-UCITS retail scheme* which is a *short-term money market fund* or *money market fund* must also satisfy the criteria in COLL 5.2.7FR to COLL 5.2.7HR (*Approved money-market instruments*). [deleted]~~

...

COLL 5.9 (Investment powers and other provisions for money market funds) is deleted in its entirety. The deleted text is not shown.

## **5.9 Investment powers and other provisions for money market funds [deleted]**

Amend the following as shown.

## **6 Operating duties and responsibilities**

...

### **6.2 Dealing**

...

## Payments for units issued

- 6.2.13 R (1) The *authorised fund manager* must, by the close of business on the fourth *business day* following the *issue* of any *units*, arrange for payment to the *depository* of an *AUT* or *ACS* or the *ICVC* of:
- (a) in the case of a *single-priced authorised fund*, the *price* of the *units* and any payments required under *COLL 6.3.8R* (Dilution); ~~or~~
  - (b) in the case of a *dual-priced authorised fund*, the *issue price* of the *units*; or
  - (c) in the case of a regulated money market fund, the sum required pursuant to article 33 of the Money Market Funds Regulation.

## Payment for cancelled units

- 6.2.14 R (1) On cancelling *units* the *authorised fund manager* must, before the expiry of the fourth *business day* following the *cancellation* of the *units* or, if later, as soon as practicable after delivery to the *depository* of the *AUT* or *ACS* or the *ICVC* of such evidence of title to the *units* as it may reasonably require, require the *depository* to pay:
- (a) in the case of a *single-priced authorised fund*, the *price* of the *units* (less any deduction required under *COLL 6.3.8R*); ~~or~~
  - (b) in the case of a *dual-priced authorised fund*, the *cancellation price* of the *units*; or
  - (c) in the case of a regulated money market fund, the sum required pursuant to article 33 of the Money Market Funds Regulation;

to the *authorised fund manager* or, where relevant, the *unitholder* or, for a *relevant pension scheme*, in accordance with the relevant provisions of the *trust deed* or *contractual scheme deed*.

...

...

## Sale and redemption: guidance

- 6.2.17 G

...

- (4) ~~*CESR's guidelines on a common definition of European money market funds* recommend that, for a *UCITS scheme* which is a *short-term money market fund* or a *money market fund*, the settlement period in *COLL 6.2.16R(5)* should expire at the close of business on~~

~~the third business day.~~ [deleted]

~~[Note: paragraph 14 of CESR's guidelines on a common definition of European money market funds]~~

...

#### Deferred redemption

- 6.2.21 R (1) Subject to (1A), ~~and (3), and (4)~~, the *instrument constituting the fund* and the *prospectus* of an *authorised fund* which has at least one *valuation point* on each *business day*, may permit deferral of *redemptions* at a *valuation point* to the next *valuation point* where the requested *redemptions* exceed 10%, or some other reasonable proportion disclosed in the *prospectus*, of the *authorised fund's* value.

...

- (4) Any deferral under (1) in relation to an *authorised fund* that is a *regulated money market fund* must be consistent with the *Money Market Funds Regulation*, where relevant.

...

#### Deferred redemption: guidance

- 6.2.22 G (1) In times of high levels of *redemption*, deferred *redemption* will enable the *authorised fund manager* to protect the interests of continuing *unitholders* by allowing it to match the sale of *scheme property* to the level of *redemptions*. This should reduce the impact of *dilution* on the *scheme*.
- (2) Article 34 of the *Money Market Funds Regulation* provides for deferred *redemption* in relation to certain kinds of *regulated money market funds* in particular circumstances.

...

### 6.3 Valuation and pricing

#### Application

- 6.3.1 R (1) ~~This~~ Subject to (3) and (4), this section applies to an *authorised fund manager*, a *depository*, an *ICVC* and any other *director* of an *ICVC*.

...

- (3) The following *rules* and *guidance* do not apply to an *authorised fund manager*, a *depository*, an *ICVC*, or any other *director* of an *ICVC* where the *authorised fund* is a *regulated money market fund*:

- (a) *COLL 6.3.3R*;

- (b) COLL 6.3.3DR;
- (c) COLL 6.3.4R(1) and (3) to (6D);
- (d) COLL 6.3.5R; and
- (e) COLL 6.3.5AR to COLL 6.3.5CG.

(4) Where an authorised fund is a regulated money market fund, COLL 6.3.6G applies to the authorised fund manager and depositary of that authorised fund to the extent it is consistent with the requirements of the Money Market Funds Regulation.

...

Valuation points

6.3.4 R ...

- (6B) ~~UCITS schemes operating as short term money market funds must have at least one valuation point every business day at which the valuation is carried out on an amortised cost or mark to market basis. [deleted]~~
- (6C) ~~Non UCITS retail schemes operating as short term money market funds must have at least one valuation point every business day or, where the scheme is marketed solely through employee savings schemes or to a specific category of investors that is subject to redemption restrictions, at least one every week at which the valuation is carried out on an amortised cost or mark to market basis. [deleted]~~
- (6D) ~~Money market funds must value with the appropriate frequency as required in (6B) or (6C) on a mark to market basis. [deleted]~~

...

...

Valuation and pricing guidance

6.3.6 G Table: this table belongs to COLL 6.3.2G(2)(a) and COLL 6.3.3R (Valuation).

Valuation and pricing	
<b>1</b>	<b>The valuation of scheme property</b>
	...
	(2B) <del>Short-term money market funds may value approved money market</del>

		<del>instruments on an amortised cost basis. [deleted]</del>
	[ <del>Note: paragraph 21 of CESR's guidelines on a common definition of European money market funds</del> ]	
	...	
...		

...

## Dilution

- 6.3.8 R (1) ~~When~~ Subject to (1A), when arranging to *sell*, redeem, *issue* or cancel *units*, or when *units* are *issued* or cancelled under COLL 6.2.7R(1) (Issues and cancellations through an authorised fund manager), an *authorised fund manager* is permitted to:
- (a) require the payment of a *dilution levy*; or
  - (b) make a *dilution adjustment*; or
  - (c) neither require a *dilution levy* nor make a *dilution adjustment*;
- in accordance with its statements in the *prospectus* required by COLL 4.2.5R(18) (Table: contents of the prospectus).
- (1A) When arranging to *sell*, redeem, *issue* or cancel *units*, or when *units* are *issued* or cancelled under COLL 6.2.7R(1) (Issues and cancellations through an authorised fund manager), an *authorised fund manager* of a *regulated money market fund* may only require payment of a *dilution levy* or make a *dilution adjustment* to the extent it is permissible under the *Money Market Funds Regulation*.

...

## Forward pricing

- 6.3.9 R (1) ~~For~~ Subject to (7), for the *sale* and *redemption* of *units*, all *deals* must be at a *forward price*.
- ...
- (7) *Deals* for the *sale* and *redemption* of *units* in a *regulated money market fund* need not be at a *forward price* where the circumstances in article 34(2) of the *Money Market Funds Regulation* apply.

...

Maintaining the value of a qualifying money market fund ~~or a short-term money market fund~~

- 6.3.13 R The *authorised fund manager* of a *qualifying money market fund* ~~or a short-term money market fund~~ valuing *scheme property* on an amortised cost basis must:
- (1) carry out a valuation of the *scheme property* on a mark to market basis at least once every week and at the same *valuation point* used to value the *scheme property* on an amortised cost basis; and
  - (2) ensure that the value of the *scheme property* when valued on a mark to market basis does not differ by more than 0.5% from the value of the *scheme property* when valued on an amortised cost basis.
- 6.3.14 G The *authorised fund manager* should advise the *depository* when the mark to market value of a *qualifying money market fund* ~~or a short-term money market fund~~ valuing *scheme property* on an amortised cost basis varies from its amortised cost value by 0.1%, 0.2% and 0.3% respectively. The *authorised fund manager* of a *qualifying money market fund* ~~or short-term money market fund~~ should agree procedures with the *depository* designed to stabilise the value of the *scheme* in these events.

## 6.6 Powers and duties of the scheme, the authorised fund manager, and the depository

### Application

- 6.6.1 R (1) ~~This~~ Subject to (2), this section applies in accordance with COLL 6.6.2R (Table of application).
- (2) Where a *scheme* is a *regulated money market fund*, COLL 6.6.3R and COLL 6.6.14R apply to the *authorised fund manager* and *depository* of that *scheme* to the extent the provisions are consistent with the requirements of the *Money Market Funds Regulation*.

...

### Functions of the authorised fund manager

- 6.6.3 R (1) The *authorised fund manager* must manage the *scheme* in accordance with:
- (a) the *instrument constituting the fund*;
  - (b) the applicable rules;
  - (c) the most recently published *prospectus*; ~~and~~
  - (d) for an *ICVC*, the *OEIC Regulations*; and
  - (e) where applicable, the *Money Market Funds Regulation*.

...

## General duties of the depositary

- 6.6.4 R (1) The *depositary* of an *authorised fund* must take reasonable care to ensure that the *scheme* is managed by the *authorised fund manager* in accordance with:
- (a) *COLL 5* (Investment and borrowing powers);
  - (b) *COLL 6.2* (Dealing);
  - (c) *COLL 6.3* (Valuation and pricing);
  - (d) *COLL 6.8* (Income: accounting, allocation and distribution);  
~~and~~
  - (e) any provision of the *instrument constituting the fund* or *prospectus* that relates to the provisions referred to in (a) to (d);  
and
  - (f) where applicable, the provisions of the *Money Market Funds Regulation* relating to investment and borrowing powers, dealing, valuation and pricing, and income.
- (2) The *depositary* must, in so far as not required under (1)(c), take reasonable care to ensure on a continuing basis that:
- (a) the *authorised fund manager* is adopting appropriate procedures to ensure that the *price* of a *unit* is calculated for each *valuation point* in accordance with *COLL 6.3* or, where applicable, the *Money Market Funds Regulation*; and
  - (b) the *authorised fund manager* has maintained sufficient records to show compliance with *COLL 6.3*.

...

## Duties of the authorised fund manager and the depositary under the general law

- 6.6.5 R (1) The duties and powers of the *authorised fund manager*, the *directors* of an *ICVC* and the *depositary* under the *rules* in this sourcebook and under the *instrument constituting the fund* are in addition to the powers and duties under the general law.
- (2) Paragraph (1) applies only in so far as the relevant general law is not qualified by the *rules* in this sourcebook, ~~or the *instrument constituting the fund*~~, ~~or the *OEIC Regulations*~~, or the *Money Market Funds Regulation*.

...

Duties of the depositary and the authorised fund manager: investment and borrowing powers

- 6.6.14 R (1) The *authorised fund manager* must avoid the *scheme property* being used or invested contrary to *COLL 5*, or any provision in the *instrument constituting the fund* or the *prospectus* as referred to in *COLL 5.2.4R* (Investment powers: general), ~~and~~ *COLL 5.6.4R* (Investment powers: general) and, where the scheme is a *regulated money market fund*, the *Money Market Funds Regulation*, except to the extent permitted by (3)(b).

...

## 6.7 Payments

...

Charges on buying and selling units: guidance

- 6.7.8 G ...
- (6) In relation to a *regulated money market fund*, any charges for the *sale or redemption of units*, and any change to such charges, should reflect the restrictions of the *Money Market Funds Regulation*.

...

## 6.9 Independence, names and UCITS business restrictions

...

~~Restrictions on the use of the term ‘money market fund’~~

- 6.9.8A R ~~An *authorised fund* or a *sub fund* may only be named or marketed as a ‘money market fund’ if it is:~~

- (1) ~~a *qualifying money market fund*; or~~
- (2) ~~a *short term money market fund*; or~~
- (3) ~~a *money market fund*. [deleted]~~

~~[Note: Box 1, paragraph 2 of *CESR’s guidelines on a common definition of European money market funds*]~~

...

## 7 Suspension of dealings and termination of authorised funds

...



## 7.2. Suspension and restart of dealings

Requirement

- 7.2.1 R (1) The *authorised fund manager* may, with the prior agreement of the *depository*, and must without delay, if the *depository* so requires, temporarily suspend the *issue, cancellation, sale and redemption of units* in an *authorised fund* (referred to in this chapter as “*dealings in units*”), where due to exceptional circumstances it is in the interest of all the *unitholders* in the *authorised fund*. Where an *authorised fund* is a *regulated money market fund*, the *authorised fund manager* must ensure that any such suspensions are consistent with the *Money Market Funds Regulation*.

...

...

## 8 Qualified investor schemes

...

### 8.2 Constitution

...

Names of schemes, sub-funds, and classes of units

- 8.2.3 R ...
- (2) ~~An *authorised fund* or a *sub fund* may only be named or marketed as a ‘*money market fund*’ if it is:~~
- (a) ~~a *short-term money market fund*; or~~
- (b) ~~a *money market fund* [deleted]~~

~~[Note: Box 1, paragraph 2 of *CESR’s guidelines on a common definition of European money market funds*]~~

...

### 8.3 Investor relations

...

Table: contents of qualified investor scheme prospectus

- 8.3.4 R This table belongs to *COLL* 8.3.2R.

...	
<b>3</b>	<b>Investment objectives and policy</b>
...	
(6)	<del>Where the <i>scheme</i> is a <i>money market fund</i> or a <i>short term money market fund</i>, a statement identifying it as such a fund and a statement that the <i>scheme's</i> investment objectives and policies will meet the conditions in the definition of <i>money market fund</i> or <i>short term money market fund</i>, as appropriate.</del>
...	

...

## 8.4 Investment and borrowing powers

### Application

- 8.4.1 R (1) ~~This~~ Subject to (1A), this section applies to an *ICVC* which is a *qualified investor scheme* and an *authorised fund manager* and a *depository* of a *qualified investor scheme*.
- (1A) ~~Other than~~ *COLL 8.4.2R*, *COLL 8.4.4CG*, *COLL 8.4.7R*, *COLL 8.4.8R* and *COLL 8.4.9AG* this section does not apply where the *qualified investor scheme* in question is a *regulated money market fund*.

...

### Money market funds

- 8.4.4A R ~~The *authorised fund manager* of a *qualified investor scheme* which operates as a *money market fund* or *short term money market fund* must satisfy the conditions in *COLL 5.9.3R* (Investment conditions: short term money market funds) and *COLL 5.9.5R* (Investment conditions: money market funds) respectively. [deleted]~~
- ~~[Note: box 2 and box 3 of *CESR's guidelines on a common definition of European money market funds*]~~
- 8.4.4B R ~~*Approved money market instruments* held within a *qualified investor scheme* which is a *short term money market fund* or *money market fund* must also satisfy the criteria in *COLL 5.2.7FR* to *COLL 5.2.7HR* (*Approved money market instruments*). [deleted]~~
- 8.4.4C G Investment powers and limits for *qualified investor schemes* that are *regulated money market funds* are set out in the *Money Market Funds Regulation*. Subject to complying with that Regulation, the *instrument constituting the fund* may further restrict:

- (1) the kinds of assets in which the *scheme property* may be invested;
- (2) the types of transactions permitted and any relevant limits; and
- (3) the borrowing powers of the *scheme*.

...

Permitted stock lending

...

8.4.9A **G** The *Money Market Funds Regulation* sets out restrictions in relation to *stock lending* and *repo* contracts that apply in respect of *regulated money market funds*.

...

## **8.5 Powers and responsibilities**

Application

- 8.5.1 **R** (1) ~~This~~ Subject to (2) and (3), this section applies to an *ICVC* which is a *qualified investor scheme* and the *authorised fund manager*, any other *directors* of an *ICVC* and the *depository* of a *qualified investor scheme*.
- (2) *COLL 8.5.9R*(1) to (8) and (10) do not apply where the *qualified investor scheme* is a *regulated money market fund*.
- (3) Where a *qualified investor scheme* is a *regulated money market fund*, *COLL 8.5.2R* and *COLL 8.5.3R* apply to the *authorised fund manager* and *depository* of that scheme to the extent the provisions are consistent with the requirements of the *Money Market Funds Regulation*.
- 8.5.2 **R** (1) The *authorised fund manager* must manage the *scheme* in accordance with:
- (a) the *instrument constituting the fund*;
  - (b) ~~The~~ the applicable rules;
  - (c) the most recently published *prospectus*; ~~and~~
  - (d) for an *ICVC*, the *OEIC Regulations*; and
  - (e) where applicable, the *Money Market Funds Regulation*.

...

...

## Duties of the depositary

- 8.5.4 R (1) The *depositary* is responsible for the safekeeping of all the *scheme property*.
- (2) The *depositary* must:
- ...
- (g) take reasonable care to ensure that the *scheme* is managed by the *authorised fund manager* in accordance with:
- (i) *COLL* 8.4 (Investment and borrowing powers);
- (ii) *COLL* 8.5.9R (Valuation, pricing, and dealing); ~~and~~
- (iii) *COLL* 8.5.15R (income); and
- (iv) where applicable, the provisions of the *Money Market Funds Regulation* relating to investment and borrowing powers, valuation, pricing, and dealing, and income.
- ...
- ...

## Valuation, pricing and dealing

- 8.5.9 R ...
- (4A) ~~Where a *scheme* operates as a *short term money market fund*, the value of the *scheme property* must be determined either on an amortised cost or mark to market basis. [deleted]~~
- (4B) ~~Where a *scheme* operates as a *money market fund*, the value of the *scheme property* must be determined on a mark to market basis. [deleted]~~
- (5) ~~Subject to (5A), the~~ The *scheme* must have a *valuation point* on each dealing day.
- (5A) ~~Where a *scheme* operates as a *money market fund* or a *short term money market fund* which is marketed solely through employee savings schemes or to a specific category of investors that are subject to *redemption* restrictions, the *scheme* may have at least one *valuation point* every week. [deleted]~~
- ...

~~Maintaining the value of a short term money market fund~~

- 8.5.9A R ~~The *authorised fund manager* of a *short term money market fund* which~~

~~values *scheme property* on an amortised cost basis must: [deleted]~~

- ~~(1) carry out a valuation of the *scheme property* on a mark to market basis at least once a week and at the same *valuation point* used to value the *scheme property* on an amortised cost basis; and~~
- ~~(2) ensure that the value of the *scheme property* when valued on a mark to market basis, does not differ by more than 0.5% from the value of the *scheme property* when valued on an amortised cost basis.~~

~~[Note: paragraph 21 of *CESR's guidelines on a common definition of European money market funds*]~~

- 8.5.9B G ~~The *authorised fund manager* should advise the *depository* when the mark to market value of a *short term money market fund* valuing *scheme property* on an amortised cost basis varies from its amortised cost value by 0.1%, 0.2% and 0.3% respectively. The *authorised fund manager* of a *short term money market fund* should agree procedures with the *depository* designed to stabilise the value of the *scheme* in these events. [deleted]~~

Issues and cancellations of units

- 8.5.10 R ...

- (3) The *authorised fund manager* must arrange for the *issue* and *cancellation* of *units* and pay money or assets to or from the *depository* for the account of the *scheme* as required by the *prospectus*, and, where applicable, in accordance with the *Money Market Funds Regulation*.

...

...

## TP 1 Transitional Provisions

### TP 1.1

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provision: coming into force
...					
	<b><u>Amendments to COLL made by the Money Market Funds Regulation Instrument 2018</u></b>				
<u>48</u>	<u>Each and every rule in <i>COLL</i></u>	<u>R</u>	<u>A <i>scheme</i> which satisfies the</u>	<u>From 21 July 2018 to 21</u>	<u>21 July 2018</u>

	<p><u>amended or deleted by the Money Market Funds Regulation Instrument 2018</u></p>	<p><u>conditions in either <i>COLL</i> 5.9.3R or <i>COLL</i> 5.9.5R immediately before 21 July 2018, and in respect of which an application for authorisation as a <i>regulated money market fund</i> needs to be submitted by 21 January 2019 in accordance with article 44 of the <i>Money Market Funds Regulation</i>, shall continue to comply with the provisions of the <i>COLL</i> sourcebook that apply to it, or in relation to it, as at 20 July 2018 until such time as it is a <i>regulated money market fund</i>.</u></p>	<p><u>March 2019</u></p>	
--	---	--	--------------------------	--