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.

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary of definitions</td>
<td>Annex A</td>
</tr>
<tr>
<td>Fees manual (FEES)</td>
<td>Annex B</td>
</tr>
<tr>
<td>Collective Investment Schemes sourcebook (COLL)</td>
<td>Annex C</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Definition</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>regulated money market fund</td>
<td>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.</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Definition</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>money market fund</td>
<td>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.</td>
</tr>
<tr>
<td>money market instrument activity</td>
<td>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;</td>
</tr>
</tbody>
</table>
(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

<table>
<thead>
<tr>
<th>Legislative provision</th>
<th>Nature and purpose of fee</th>
<th>Payable by</th>
<th>Amount of fee (£)</th>
<th>Umbrella factor (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part 2 Application fees payable for firms to be subject to COLL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On application for an order declaring a scheme to be an ICVC, where the scheme is:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>UCITS scheme</em></td>
<td>An applicant</td>
<td></td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td><em>Non-UCITS retail scheme</em></td>
<td></td>
<td></td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td><em>Qualified investor scheme</em></td>
<td></td>
<td></td>
<td>2,400</td>
<td></td>
</tr>
<tr>
<td>On application for an order declaring a scheme to be an AUT, where the scheme is:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>UCITS scheme</em></td>
<td>An applicant</td>
<td></td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td><em>Non-UCITS retail scheme</em></td>
<td></td>
<td></td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td><em>Qualified investor scheme</em></td>
<td></td>
<td></td>
<td>2,400</td>
<td></td>
</tr>
</tbody>
</table>
### Section 261C of the Act
This section also applies to funds where an application is also made to be authorised under the *Money Market Funds Regulation*.

On application for an order declaring a scheme to be an ACS, whether it is established as a co-ownership scheme or a limited partnership scheme, where the scheme is a:

<table>
<thead>
<tr>
<th>Scheme Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCITS scheme</td>
<td>£1,200</td>
</tr>
<tr>
<td>non-UCITS retail scheme</td>
<td>£1,500</td>
</tr>
<tr>
<td>qualified investor scheme</td>
<td>£2,400</td>
</tr>
</tbody>
</table>

### Section 272 of the Act

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 *Money Market Funds Regulation*.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>300</td>
</tr>
</tbody>
</table>

### Part 2A Application fees payable for firms applying for a UK AIF to be authorised under the ELTIF regulation

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part 2B Application fees payable for UK or non-EEA firms applying for authorisation under article 5 of the Money Market Funds Regulation

<table>
<thead>
<tr>
<th>Article 5 of the Money Market</th>
<th>UK AIF (apart from those authorised as a)</th>
<th>500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funds Regulation</strong></td>
<td><strong>non-UCITS retail scheme or a qualified investor scheme</strong></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>Non-EEA AIF which is marketed in the UK/EEA without a passport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-EEA AIF which is marketed in the UK/EEA with a passport or is not marketed in the UK/EEA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-EEA AIF which is not managed by an EU AIFM but is marketed in the UK/EEA with a passport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>750</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

...  

**Part 4 (Alternative Investment Funds: fees payable for making a notification to the FCA to market an AIF)**

<table>
<thead>
<tr>
<th><strong>Regulation 57 of the AIFMD UK regulation</strong></th>
<th><strong>On giving notice under regulation 57 of the AIFMD UK regulation</strong></th>
<th><strong>the AIFM</strong></th>
<th><strong>250 per AIF</strong></th>
<th><strong>N/A</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Regulation 58 of the AIFMD UK regulation</strong></th>
<th><strong>On giving notice under regulation 58 of the AIFMD UK regulation</strong></th>
<th><strong>the AIFM</strong></th>
<th><strong>125 per AIF</strong></th>
<th><strong>N/A</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Regulation 59 of the AIFMD UK regulation</strong></th>
<th><strong>On giving notice under regulation 59 of the AIFMD UK regulation</strong></th>
<th><strong>the AIFM</strong></th>
<th><strong>250 per AIF</strong></th>
<th><strong>N/A</strong></th>
</tr>
</thead>
</table>

The fees in this Part are payable in addition to any other authorisation
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)

| Article 4 of the Money Market Funds Regulation | On application by an existing money market fund which from 21 July 2018 seeks to be authorised under the Money Market Funds Regulation | 21 July 2018 | 300 | 2 |

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 to 31 March 2018

Part 1 – Periodic fees payable

<table>
<thead>
<tr>
<th>Scheme type</th>
<th>Basic fee (£)</th>
<th>Total funds/sub-funds aggregate</th>
<th>Fund factor</th>
<th>Fee (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICVC, AUT, ACS, UK ELTIFs, Money market funds with effect from 21 July 2018</td>
<td>410</td>
<td>1-2</td>
<td>1</td>
<td>410</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3-6</td>
<td>2.5</td>
<td>1,025</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7-15</td>
<td>5</td>
<td>2,050</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16-50</td>
<td>11</td>
<td>4,510</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;50</td>
<td>22</td>
<td>9,020</td>
</tr>
<tr>
<td>under section 272 of the Act</td>
<td></td>
<td></td>
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<tr>
<td>-----------------------------</td>
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<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>
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).

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


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)


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.

<table>
<thead>
<tr>
<th>Rule</th>
<th>ICVC</th>
<th>ACD</th>
<th>Authorised fund manager of an AUT or ACS</th>
<th>Depositary of an ICVC, AUT or ACS</th>
<th>Authorised fund manager of an AUT or ACS, or ACD of an ICVC, that is a regulated money market fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.2.3R to 5.2.9R</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>5.2.4R</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2.4AG</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>5.2.5R to 5.2.9R</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
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<tr>
<td>...</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>5.2.11R to 5.2.21R 5.2.20R</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2.20AR</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>5.2.20BG</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2.21R</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>
Investment powers: general

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

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;

Stock lending
Application

5.4.1 R (1) This Subject to (2), this section applies to an ICVC, the depositary 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 depositary 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 depositary 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 depositary 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 depositary 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 depositary of the AUT or ACS or the ICVC of such evidence of title to the units as it may reasonably require, require the depositary 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.

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 depositary, an ICVC and any other director of an ICVC.

(3) The following rules and guidance do not apply to an authorised fund manager, a depositary, 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).

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<th>Valuation and pricing</th>
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<td>(2B) Short-term money market funds may value approved money-market</td>
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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 depositary 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 depositary 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 depositary

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 depositary 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);
(e) any provision of the instrument constituting the fund or prospectus that relates to the provisions referred to in (a) to (d);
(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]
7.2. Suspension and restart of dealings

Requirement

7.2.1 R (1) The authorised fund manager may, with the prior agreement of the depositary, and must without delay, if the depositary 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.
3 Investment objectives and policy

(6) Where the scheme is a money market fund or a short-term money market fund, a statement identifying it as such a fund and a statement that the scheme’s investment objectives and policies will meet the conditions in the definition of money market fund or short-term money market fund, as appropriate.

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 depositary 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 depositary 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 depositary 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 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 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 depositary 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 depositary 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 depositary 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

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Amendments to COLL made by the Money Market Funds Regulation Instrument 2018

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amended or deleted by the Money Market Funds Regulation Instrument 2018

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

March 2019