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Mr. Mohamed Ben Salem
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Calle Oquendo 12
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Brussels, 28 May 2012

Re: IOSCO Consultation Report on Money Market Fund Systemic Risk Analysis and Reform Options

Dear Mr. Ben Salem,

CFA Institute is grateful for the opportunity to comment on IOSCO's Consultation Report "Money Market Fund Systemic Risk Analysis and Reform Options".

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behaviour in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 110,000 members in 139 countries and territories, including 100,000 Chartered Financial Analyst® charterholders, and 136 member societies.

CFA Institute has a longstanding position supporting measures that provide safeguards for investors and that ensure the integrity of capital markets. We therefore support measures that would strengthen the resilience of capital markets and of money market funds (MMFs). At the same time, we are not convinced that many of the reforms proposed by IOSCO are needed to achieve these goals. Furthermore, some of the issues discussed in this Report are not specific to MMFs (for example, collateral issues arising from repos and securities lending), and should be subject to general recommendations valid for all market players.

Besides the options discussed in this Consultation Report, we consider that above all disclosures to investors (particularly retail investors) must be strengthened for all MMFs, and in particular for CNAV funds. It is true that a stable NAV and (in some jurisdictions) bank-like services such as checking facilities linked to MMFs have provided a false sense of security to many investors, and such misconception must be addressed through very clear and prominent warnings in all communications to investors, stressing the possibility of loss of principal and interest. It also is imperative that distributors should ensure that investors

(especially retail investors) understand both advantages and disadvantages of MMFs vis-a-vis bank accounts.

Question 1: Do you agree with the proposed definition of money market funds? Does this definition delimit an appropriate scope of funds to be potentially subject to the regulatory reform that the FSB could require to put in place, with an objective to avoid circumvention and regulatory arbitrage?

According to IOSCO, MMFs can be defined as an investment fund that has the objective to provide investors with preservation of capital and daily liquidity, and that seeks to achieve that objective by investing in a diversified portfolio of high-quality, low duration fixed-income instruments. We agree with the general definition.

Question 2: Do you agree with the description of money market funds' susceptibility to runs? What do you see as the main reasons for this susceptibility?

In its discussion, IOSCO describes episodes related to "enhanced" MMFs with variable NAVs that came under stress in Europe in 2007. It also noted the run on US MMFs (CNAV funds) in 2008 as a result of the Lehman bankruptcy. Reforms in Europe on the definition of MMFs and in the US imposing further restrictions on holdings have already addressed some of the issues that emerged during the crisis.

As MMFs are structured to provide daily liquidity, they are subject to quick decisions regarding liquidation in times of crisis, but runs are not unique to MMFs. All entities that provide daily liquidity, including commercial banks and regardless of the assets they invest in, can and have experienced high levels of redemptions during periods of market stress, as the financial crisis proved. MMF reforms may therefore reduce the susceptibility to runs, but it is unlikely they will entirely eliminate it.

Question 3: Do you agree with the description of the role of money market funds in short-term money markets? To what extent this role may create risks for short-term funding markets and their participants? Are there changes to be taken into account since the 2007-2008 experience? What are the interdependencies between banks and MMFs and the risks that are associated?

CFA Institute agrees with IOSCO's description of the role of money market funds in the short-term money markets. In particular, we agree with IOSCO's description that MMFs are key providers of short-term liquidity to financial institutions, corporates, and governments. We also concur with the fact that, when confronted with heavy redemptions, these funds have, on occasion, helped spread contagion throughout financial markets, and negatively affected certain financial institutions that heavily depended on short-term funding from MMFs.

Nevertheless, we believe the description fails to consider several factors about MMFs. For one thing, MMFs have been important short-term funding sources for commercial banks, as

well as governments and corporate enterprises. When MMFs chose to reduce their investments in EU-based banks in summer 2010, it was done to prevent a repeat of the liquidity problems that developed in 2008 due to concerns about toxic mortgage-backed holdings. To prevent any systemic effects to the banks, however, is incumbent upon the banks and banking regulators to reduce their reliance upon such short-term debts.

Moreover, these instruments have given investors the ability to diversify their short-term investments beyond traditional bank deposits. As an added benefit, these instruments helped increase short-term investor returns at times when rates available from banks were significantly lower.

MMFs are already highly regulated institutions, but they remain an investment and the aim of any reforms should not be their transformation into risk-free instruments but to increase the likelihood that funds operate within the promoted risk parameters that investors expect.

Question 4: What is the importance of sponsor support for MMFs? What is the respective percentage of bank versus non-bank sponsors in the MMF industry? Are there differences among MMFs depending on their sponsors? What are the potential systemic risks of support or protection against losses provided by sponsors?

CFA Institute considers that potential sponsor support is directly related to the financial strength and capabilities of the sponsor. Nevertheless, without an explicit guarantee from the plan sponsor, we are concerned that implied guarantees may convey a false sense of security to some investors, particularly to investors in CNAV MMFs who are more likely than investors in VNAVs to receive statements of sponsor support. We strongly believe that disclosure to investors should be strengthened and prominently presented in all public documents and marketing materials. Similar disclosure about guarantees provided in the Key Investor Information Document (KIID) in Europe is an example of this type of important disclosure. In those cases where a formal guarantee is made, fund sponsors should have to meet specified capital requirements to support such claims.

Question 5: Do you agree with the description of MMF benefits? Are there other benefits of MMFs for investors than those outlined in this presentation? What are the alternatives to MMFs for investors? How has investor demand for MMFs recently evolved? What would lead investors to move away from MMFs to other financial products?

We fully agree with IOSCO's description that MMFs provide a diversified and safe alternative to bank deposits and provide an important cash management tool (particularly for large institutional investors).

As has been shown in recent years, investors have alternatives to MMFs for their short-term investments. Primary among those alternatives are bank deposits, though corporate issuers have begun to market their short-term paper directly to investors in the form of unsecured corporate notes (see, for example, http://www.geinterestplus.com/en/discover.html). It is

conceivable that in the future nonbank entities such as hedge funds could market short-term investment vehicles that are similar in nature to MMFs as a service to their clientele.

With regard to recent evolution of MMFs, it is clear that MMFs have lost significant market share. In part this has come due to a loss of faith in such funds after it became clearer to investors during the 2008 financial crisis that their MMF investments were not supported by government insurance. We believe that more significant to the loss of market share in recent years is the low interest rate environment that has persisted since the crisis, thus holding yields to nearly zero percent in many cases.

IOSCO should consider that institutional investors are often subject to restrictions on the types of investments they can use for their liquidity needs, and certain reforms would force institutional investors to exit MMFs. A sizeable reduction in MMF offerings, therefore, could cause greater concentration of liquidity in bank deposits or in unregulated or less-regulated substitute products.

Question 6: Do you agree with the proposed framework comparing money market funds and bank deposits? Are there other aspects to consider?

CFA Institute does not agree with the proposed framework because MMFs are investment vehicles, not deposits. While many MMFs invest in bank deposits, such investments are only a subset of a more diversified portfolio of short-term investments that includes corporate and bank commercial paper, short-term sovereign debt instruments and repurchase agreements, among other things. As a consequence of this difference from bank deposits, we believe that investors must be made fully aware that their investments in MMFs are not guaranteed.

On the liability side, MMFs in some jurisdictions offer immediate liquidity through various debit instruments, such as credit cards, checks and wire transfers in a manner similar to bank demand deposits. Nevertheless, these redemption mechanisms do not change the fundamental differences between bank deposits, which are often insured by bank and government premiums, and MMFs which benefit solely from the support that a fund sponsor may provide.

Consequently, we do not agree with the proposed framework.

Question 7: Are there other similarities or differences between CNAV and VNAV funds which would be useful for the analysis? Is there evidence (based on representative samples) showing differences in the fluctuation of the funds' NAV depending on their model? What is the extent of the use of amortized cost accounting by VNAV funds? Has this practice evolved over time?

CFA Institute has been and remains an adamant and ardent supporter of fair-value accounting. We believe financial reports that adhere to such an accounting standard provide a much more realistic picture of the true value of an enterprise or investment fund than other standards of financial reporting.

Nevertheless, we recognize that forcing the industry to end the use of CNAV would likely cause significant disruption to investors, primarily because MMFs form a major component of many savers' and investors' investment accounts. We also recognize that the types of instruments that comprise MMFs do not benefit from active, transparent and liquid trading markets from which to derive market valuations. Some of these investments are made overnight. Most others mature in less than one year, and in many cases in six months or less. As a consequence, assigning a fair value is difficult in most cases.

Ultimately, the returns to investors from these instruments rarely amount to one cent from par value. Moreover, as a consequence of the short durations of these instruments, investors or funds do not have long to wait to redeem their investments at par.

Question 8: What is the importance of ratings in the MMF industry? What is the impact of the monitoring function of credit rating agencies for MMFs? What are the potential systemic risks associated with ratings in the MMF industry?

We encourage IOSCO to distinguish more clearly between the issues arising from the references to ratings for investments by MMFs in existing legislation, and the common practice of having MMFs rated. The former requires legislative action, while the latter is increasing due to industry practice which is common not only among MMFs, and could provide a benefit to investors.

As is the case with all fixed-income investment vehicles, we believe that credit ratings provide a useful guide for investors and investment managers. Nevertheless, we believe that such ratings should not provide the entire basis for final investment decisions, but are one factor among many. Investor due diligence should be the ultimate factor in investment decisions.

At the same time, CFA Institute continues to support the elimination of all references to requirements to refer to credit ratings that appear in statutes, codes and regulations. As highlighted by the financial crisis, overreliance on rating agencies by official agencies can provide investors with a false sense of comfort, while at the same time insulating rating agencies from any accountability for poor-quality ratings. We believe that removal of official references to credit ratings is a way to make rating agencies accountable for their recommendations and, therefore, to improve the quality of credit ratings for all investors.

References to ratings embedded in regulation are under review in jurisdictions such as the US (through Dodd–Frank) and the EU (latest Commission proposals on Credit Rating Agencies including modifications to the UCITS Directive and AIFMD). These are welcome steps, but CESR's "Guidelines on a Common definition of European money market funds" (CESR/10-049) still have mandatory references to ratings, and in some cases institutional investors in MMFs are bound by regulation imposing rating restrictions on their investments. The only way to truly eliminate overreliance on ratings and "cliff effects" is to eliminate all mandatory

references to ratings in all regulation, as fund managers are bound by mandates and fund rules, which are based on client requirements and preferences.

Question 9: Are existing rules adequately addressing risks regarding the management of collateral from money market funds? What are the risk management processes currently in place with regard to repo and securities lending transactions? Do MMFs present unique issues with regard to their use of repo markets or would general policy recommendations that the FSB may issue regarding repo markets be applicable?

Collateral issues related to repos and securities lending are common to various parts of the capital markets. We would welcome policy recommendations in this regard, but not specific to MMFs. Such recommendations should be subject to a separate, specific public consultation.

Question 10: Are the above-mentioned changes in the environment of MMFs relevant factors to take into consideration? What are some of the implications for regulatory options? Are there other aspects to consider?

We believe that IOSCO should take the changes mentioned above, (particularly the reforms in Europe and the US) into consideration. The goal of reforms in the United States, for example, was to cap the duration of MMF investments to better ensure liquidity for fund investors. So far, those reforms have proven effective in preventing liquidity or other problems when U.S. Treasury obligations were downgraded in August 2011.

Likewise, reforms in Europe reduced the Weighted Average Life and Weighted Average Maturity of MMFs, and raised the requirements for eligible money market instruments. As a result, MMF credit and credit spread risk, as well as sensitivity to interest rates, have been reduced, while the quality of investable assets has improved.

Question 11: Do you agree with the systemic risk analysis and the rationale for reform presented in this section? Are there other factors to consider?

We agree with IOSCO that:

- several areas of risk remain;
- policy options will have to be carefully weighed;
- the characteristics of CNAV funds may make them more vulnerable to systemic risk, but VNAV funds are not exempt either (particularly when they use amortized cost accounting). Some recommendations would be appropriate to both types of funds;
- various options are possible, but the most important choice is between clarifying existing MMF regulation or extending it;
- policy options could be used in isolation or combined.

Question 12: Do you agree with the benefits of imposing a mandatory move from CNAV to VNAV, which would amount to prohibiting the use of amortized cost valuation for any securities held by a MMF? Are the challenges identified in the US context valid in other jurisdictions currently authorizing CNAV funds? How could these challenges be overcome?

CFA Institute disagrees with the proposed mandatory move from CNAV to VNAV, and believes that the challenges identified in the US context are also valid elsewhere. In our opinion both types of MMFs (CNAV and VNAV) should be allowed to coexist, with appropriate disclosure to investors and measures to mitigate the susceptibility to runs (the latter focussing in particular – but not exclusively – on CNAV funds). As noted above, we also believe that CNAV fund sponsors who provide redemption guarantees should have to meet capital requirements to ensure that have sufficient resources available to meet their redemption obligations in difficult market structures.

Question 13: What would be the main effects of establishing an NAV-buffer? What would be the most practical ways to implement such buffers? Should various forms of NAV-buffers be allowed or should regulators favor a single option? What would be a realistic size of the NAV-buffer and what would be the impact in terms of costs for running MMFs? In the case of subordinated shares, could the option be seen as creating a securitization position, with associated requirements in terms of retention?

IOSCO proposes four different options to create NAV buffers (fund-level capital reserves): market-funded NAV buffers (using subordinated shares); shareholder-funded NAV buffers (two versions), and sponsor-funded NAV buffers. We consider that all NAV buffers would be very difficult to implement and manage on an on-going basis (for the reasons stated), and would not be fair to shareholders who contribute to the buffer but do not benefit from it. Such buffers would also easily render MMFs uneconomical (especially in view of today's low yields), both for investors and for fund sponsors, and are likely to discourage institutional investors from investing in MMFs.

We do not support the idea of subordinated shares as proposed in some jurisdictions. We accept the idea that delaying the ability of investors to obtain their funds in stressed markets may be necessary to ensure the survivability of specific funds. Nevertheless, we reject the view that the interests of investors seeking to redeem their shares should be subordinate to the interests of remaining investors. As is the case at all other times, we believe investors should share the gains and losses on a pro-rata basis.

Question 14: Do you agree with the description of the challenges associated with the establishment of a private insurance? Are there ways to address them?

CFA Institute supports the creation of a voluntary insurance fund, but not a mandatory one. We believe such a fund should step in to support a fund only as a means of resolving failed

funds, not to shore up troubled funds or to provide liquidity. Whether individual MMFs participate in such an insurance fund or not should be prominently disclosed to investors.

Contribution to the insurance fund would be made by the MMF (that is, by investors), and premiums should be set on the basis of risk rather than solely on the basis of assets under management. Such an insurance fund should combine a workable risk-based premium structure with both security and acceptable returns.

CFA Institute does not support a taxpayer-supported insurance fund for MMFs, as it would perpetuate moral-hazard issues and would contradict our belief that MMFs should be treated like other investments – and subject to the risk of losses.

Question 15: Do you agree with the description of the challenges and potential second-round effects of a conversion of MMFs into special purpose banks? Are there ways to circumvent those effects?

We strongly oppose this proposal and believe that MMFs would serve investor interests better if they were to remain collective investment schemes. It appears that the legal structure of SPBs would provide much less protection for investors. Moreover, the banking sector has seen many failures over the years.

Question 16: What are the main advantages and drawbacks of two-tier system(s)? Would it be sufficient to address the risks identified? What could be the conditions applicable to CNAV funds? What could be the potential impact on investor demand? Should certain funds be exempted from certain risk limiting conditions due to their holdings?

We believe that a two-tier system – one that accommodates both CNAV and VNAV funds – is appropriate, as it would allow investor choice between CNAV and VNAV. Furthermore, we believe it would be more stable (with appropriate additional measures) and (in some jurisdictions) it would avoid a forced transition to one type of fund that would likely include a number of unknown risks.

Question 17: Do you agree with the suggestion that reserving CNAV funds for only certain investors (i.e. retail or institutional investors) would face practical challenges and would not be sufficient to address the risks identified?

No, we disagree. CNAV funds in the US, for example, are used by both institutional and retail investors. In Europe, they are used primarily by institutional investors. Preferences are country-specific (sometimes linked to regulation of institutional investors) and forced changes could destroy confidence in MMFs in a specific jurisdiction, or run into legal obstacles. In any case, this option would not address the risk of runs.

Question 18: Regarding the different structural alternatives described in Section 1, what are the benefits and drawbacks of the different options described above? How could they be prioritized? What are the necessary conditions for their implementation?

See our answers above. We have no further comments.

Question 19: What are the main benefits and drawbacks of imposing the use of marked-to-market accounting for all the instruments held by MMFs? What is the availability of market prices for securities commonly held by money market funds? Are there situations where this general principle could not be applied?

Question 20: Should the use of amortized cost accounting be limited, and, if so, how? Are general restrictions on funds' WAM or WAL preferable? Are there practical impediments (e.g. availability of prices) to imposing stricter requirements on the use of amortized cost accounting than current existing regimes? What would be the potential effects on MMFs' investment allocation and short-term funding markets? What monitoring should be implemented? What conditions are advisable? In particular, please describe the rationale, feasibility and effects of limiting the residual maturity of instruments to [30-60-90-other] days. What materiality threshold could be proposed?

As noted in our response to Question 7, CFA Institute strongly supports fair-value accounting for financial instruments. However, in view of the widespread use of amortized cost accounting, the short-term maturity of the instruments MMFs invest in, the difficulties in valuing most MMF investment instruments on a marked-to-market basis, and because of the magnitude of the disruption that a move to VNAV would entail for investors in the MMF industry in some jurisdictions (for example the US), we consider that imposing marked-to-market accounting for all instruments held by MMFs would be disruptive and difficult, and that other alternatives are preferable.

However, MMF managers must ensure that the amortization method does not lead to material discrepancies between the fair value of the MMF instrument and the value calculated according to the amortization method. As proposed in Option 2, the establishment of limits in terms of maximum deviation between amortized cost value and "shadow NAV" (together with escalation procedures in case such limits are reached) would be helpful.

Calculation of such deviations and reporting of "shadow NAVs" on a regular, if not daily, basis would help regulatory enforcement. Reporting of "shadow NAVs" to the public could also help investors (especially if disclosure is made on a timely basis). However, we are concerned that such reporting of shadow NAVs would be controversial as it might incite runs on the funds.

Measures aimed at reducing funds' average maturity should also be considered. Nevertheless, regulators should carefully consider the related risks (as described by IOSCO) and necessary thresholds of such actions.

Question 21: What are the main benefits and drawbacks of imposing global liquidity restrictions? Should there be restrictions regarding (daily/weekly) liquid assets as well as regarding illiquid assets? Are global definitions of (daily, weekly) liquid and illiquid assets practical? Are there other conditions to consider (e.g. regarding the concentration of assets)?

CFA Institute agrees that portfolio liquidity restrictions can be effective in ensuring that sufficient liquidity is available to meet redemptions, and should therefore be considered by IOSCO. We also share the concern raised by IOSCO that limitations that are too restrictive could introduce bias into asset allocation, thus leading to a regulatory-induced bull market in certain instruments that may or may not be appropriate. Thus, we are concerned that a single global standard in this regard could have negative consequences.

Question 22: To what extent are managers able to "know their customers" and anticipate redemptions? Are there practical obstacles for managers to "know their customers" (e.g., in the case of platforms, omnibus accounts) and how could they be addressed? What are the main features of the funds' investor base to take into consideration from a liquidity risk management point of view? Should conditions, e.g., regarding the concentration of the investor base be considered? Would this requirement allow fund managers to better understand and manage the risks to which the fund is exposed?

Whether fund managers are able to "know their customers" depends on the distribution channels and on the custody structures specific to each jurisdiction. The level of knowledge therefore varies widely. In Europe, for example, there is a low level of knowledge about the circumstances of the ultimate investors in these instruments because almost all retail sales are intermediated, with fund units held in omnibus accounts.

Funds might have better visibility with institutional clients, but some of their flows might also be intermediated or retail-related (for example for unit-linked insurance products or funds-of-funds). Requirements on fund managers should be realistic and reflect the structure of distribution markets.

Question 23: Would such a liquidity fee generate a pre-emptive run? If so, when and are there ways that pre-emptive run risk could be reduced? How would shareholders react to the liquidity fee? Would it cause shareholders to transfer their MMF investments to alternative investment products? If so, which types of shareholders are most likely to make such transfers and to which products and will such a shift in investment create new systemic risks or economic, competitive, or efficiency benefits or harm? Would MMF board directors be able to impose a liquidity restriction despite potential unpopularity with

investors and competitive disadvantage imposed on the fund? At what level such a liquidity trigger should be set?

Firstly, IOSCO should clarify whether the suggested liquidity fees on redeeming shareholders should apply on a permanent basis or just in special cases (in case of run on a fund or in case of market stress). CFA Institute considers that any option should not apply on a permanent basis, and fees should be only one of the mechanisms put in place to manage redemption flows.

A distinction could also be made between proposals for CNAV and proposals for VNAV funds in this case. For CNAV funds CFA Institute supports the use of liquidity fees in distressed markets (not as a solution to fund-specific liquidity problems), whereas for VNAV funds either liquidity fees or bid price could be used. Valuation at bid price would discourage redemptions and/or ensure that redeeming investors bear the costs caused by their redemption.

Question 24: How would shareholders react to a minimum balance requirement? Would it cause shareholders to transfer their MMF investments to alternative investment products? If so, which types of shareholders are most likely to make such transfers and to which products and will such a shift in investment create new systemic risks or economic, competitive, or efficiency benefits or harm?

We do not agree with IOSCO's proposal to impose a minimum balance requirement, and believe it would cause shareowners to transfer their investments. This would be particularly true for institutional investors who would be knowledgeable about this feature. Retail investors may be unaware, but are unlikely to understand the measure in case it is put to use. The implementation of this option would also be complex and costly from an accounting point of view, a cost which would be borne by all investors in the fund instead of just redeeming investors.

Question 25: What are the benefits of using bid price for valuing the funds? Are there other options (such as anti-dilution levy) which could be explored to reduce shareholders' incentive to redeem?

Please see our reply to Question 23.

Question 26: What are the benefits and drawbacks of allowing redemptions-in-kind? Are there practical impediments to implementing this option (e.g. some portfolio securities cannot easily be divided)?

Redemptions-in-kind are not a solution for retail investors, but should be possible for redemptions by institutional investors in stressed market circumstances. However, this possibility could also discourage institutional investors from investing in MMFs, and its implementation is also likely to be complex.

Question 27: What are the benefits and drawbacks of requiring gates in some circumstances? Which situations should trigger gates to be imposed to redeeming investors? Would it be enough to permit gates in some jurisdictions? Would there be a risk of regulatory arbitrage?

CFA Institute does not consider gates to be a useful solution. We would recommend instead the possible extension of the advance notice period required from investors to redeem shares under specific circumstances, that is, when a Liquidity Event takes place. Such a Liquidity Event and related triggers would have to be clearly defined, and MMFs should report to regulators when they intend to invoke the right to make use of special liquidity control measures following such an Event.

Question 28: Do you agree with the suggestion that the establishment of a private liquidity facility faces challenges that make the option unworkable or do you see ways to circumvent these challenges?

We agree with IOSCO's analysis and do not favour such an option. We also believe that such a facility would carry moral hazard problems.

Question 29: What are the main benefits and drawbacks of the provisions included in current regimes referring to external CRA ratings? Are there alternatives to credit ratings that reasonably can be substituted?

Please see our reply to Question 8. The fund manager's assessment of the asset should clearly prevail, and credit ratings should be only one of the elements contributing to the investment decision.

Question 30: What are the benefits of MMF ratings? Should a greater differentiation between MMF ratings be encouraged? To what extent are investors restricted in their investments to 'Triple-A' rated funds? What alternatives could there be (e.g. from other third parties)? What initiatives could be proposed to educate investors about MMF ratings?

A greater differentiation between MMF ratings may be desirable, but we would not support official efforts to encourage or influence how firms rate MMFs or other instruments. Where official policy is relevant and can be effective, on the other hand, is by avoiding an overreliance on fund ratings in the same way that overreliance of ratings on individual assets should be avoided.

Question 31: In addition to the options explored in the four sections above, do you see other areas to consider which could contribute to reinforcing the robustness of MMFs?

Yes, as we stated in our general comments, clear and visible disclosure regarding the risks of investing in MMFs is essential for investor protection and could reduce the magnitude of runs. All mechanisms available to MMFs as protection against runs and to manage liquidity should be clearly listed and explained in the prospectus/fund rules, as well as in other information material for retail investors. Furthermore, we would recommend the timely disclosure to investors of breaches of regulatory thresholds of deviation in valuation (see our answer to Question 20).

Question 32: Do differences between jurisdictions require different policy approaches or would a global solution be preferable, notably to ensure a global level playing field?

Although a global solution might be preferable, it will be difficult to achieve due to the marked differences among jurisdictions in legislation, investor types, and investor preferences. Furthermore, fund regulation is very detailed around the world. There is no passport for MMFs distribution worldwide, so the details should be left to national (or regional) regulation. IOSCO should elaborate general, high-level principles enhancing the stability of MMFs while providing for a fair treatment of investors.

Please do not hesitate to contact us should you wish to discuss any of the points raised:

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