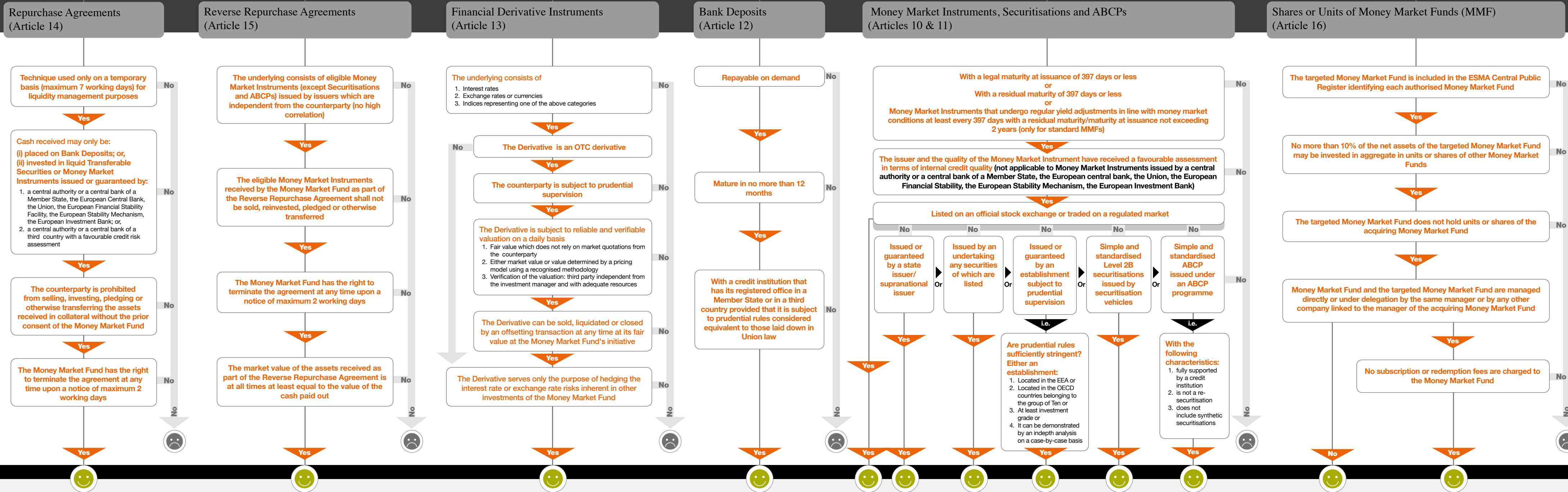


Eligible Assets for Money Market UCITS/AIFs



Eligible Assets for Money Market UCITS/AIFs



INVESTMENT RULES

Diversification

- Cash received as part of Repurchase Agreements may not exceed 10% of the net assets (Article 14 (d)).
- Exposure of maximum 15% of the net assets to a given issuer (Article 15 4.).
- By way of derogation, a Money Market Fund may invest up to 100% of its net assets with a least 6 issues of an issuer and maximum 30% per issue when the issuer is a central bank/central authority of a Member State/third country or other supranational institutions (Articles 15 6. & 17 7.).
- Cash paid out to a given counterparty may not in aggregate exceed 15% of the net assets (Article 17 5.).
- Aggregate exposure of maximum 5% of the net assets with the same counterparty (Article 17 4.).
- Maximum 10% of the net assets in Bank Deposits with the same credit institution (Article 17 1. (b)).
- By way of derogation, a Money Market Fund may derogate to this limit of 10% up to 15% in markets where the number of credit institutions is insufficient (Article 17 1. (b)) (this derogation is not applicable for Luxembourg MMFs as there are sufficient viable credit institutions in Luxembourg).
- Maximum 5% of the net assets in Money Market Instruments, Securitisations and ABCPs issued by the same body (Article 17 1. (a)). For VNAV MMF, by way of derogation, this limit of 5% is raised up to 10% of its net assets provided that the total value of such instruments in each issuing body in which it invests more than 5% does not exceed 40% of its net assets (Article 17 2.).
- By way of derogation, a Money Market Fund may invest up to 100% of its net assets with a least 6 issues of an issuer and maximum 90% per issue when the issuer is a central bank/central authority of a Member State/third country or other supranational institutions (Article 17 7.).
- Total exposure to all Securitisations/ABCPs shall not exceed 15% (20%*) of the net assets (Article 17 3.).
- *as from the application date of the delegated act relating to the Regulation on STS securitisations.
- Maximum 5% of the net assets in units/shares of a single Money Market Fund (limit not applicable to AIF MMFs or UCITS MMFs under certain conditions) (Article 16.2).
- Total exposure to all Money Market Funds shall not exceed 17.5% of the net assets (limit not applicable to AIF MMFs or UCITS MMFs under certain conditions) (Article 16.3).

Concentration

- Maximum 10% of the Money Market Instruments issued by a single body (i.e. single issuer basis) (Article 18).
- Maximum 10% of the Money Market Instruments, Securitisations and ABCPs issued by a single body (i.e. single issuer basis) (Article 18).

A Money Market Fund shall not combine investments in Money Market Instruments (including ABCPs and Securitisations) issued by a body, deposits made with that body and OTC derivative instruments giving exposure to that body in excess of 15% of its net assets. This limit of 15% is raised up to 20% for markets where the number of viable financial institutions is insufficient (Article 17 6.).

Companies which are included in the same group for the purposes of consolidated accounts, as regulated by Directive 2013/34/EU or in accordance with recognised international accounting rules, shall be regarded as a single body (Article 17 10.).

- Eligible investment
- Non-eligible investment
- Other non-eligible investments/techniques: short selling, direct or indirect exposure to equities or commodities, entering into securities lending or borrowing agreements, borrowing and cash lending (Article 9 2.)
- Covered bonds issued by a single EU credit institution are eligible up to 10% of the net assets provided that the total value of such instruments in each issuing body in which a MMF invests more than 5% does not exceed 40% of the net assets. This limit of 10% is raised up to 20% for High Quality Liquid Assets (HQLA) covered bonds level 1 and level 2a provided that the total value of such instruments together with the other covered bonds in each issuing body in which a MMF invests more than 5% does not exceed 60% of the net assets.
- A public debt CNAV MMF must invest at least 99.5% of its net assets in instruments referred to in article 17 7., Reverse Repurchase Agreements secured with government debts referred to in article 17 7. and cash.

Your contacts for investment restrictions and eligibility issues

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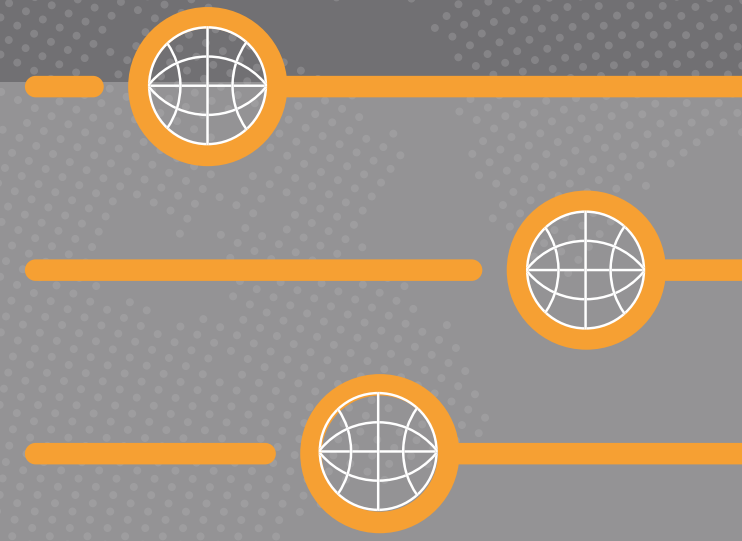


The Money Market Fund Regulation

The Money Market Fund Regulation (the "MMF Regulation" that applies from July 2018 (January 2019 for existing funds) imposes many changes to all UCITS/AIFs Money Market Funds (regardless of whether they operate as constant/stable NAV or Variable NAV MMF).

Such changes include for instance:

 <p>More stringent rules on eligibility of investments and investment restrictions</p>	 <p>New liquidity requirements</p>	 <p>New processes to implement (stress testing, internal credit quality assessment, specific KYC process...)</p>
 <p>New pricing and NAV calculation requirements</p>	 <p>New reporting to investors and regulator</p>	 <p>Update of the prospectus and articles</p>



The scope of the regulation is broader than the previous CCSR guidelines on MMF.

Indeed, any UCITS or AIF (including sub-funds thereof) that invest in short term assets (residual maturity not exceeding 2 years) and have as distinct or cumulative objective to offer return in line with money market rates or preserving the value of investment might fall under the scope of the regulation. This regulation does not only apply to funds sold as money market funds - your short-term funds (or sub-funds) might fall under the scope of the regulation.



How we can help

We can provide real support to you on this matter. Indeed, we have already been assisting asset managers and service providers to implement this regulation. We have been closely following all the phases of the finalisation and implementation of this regulation.



Contacts

If you need assistance in the assessment on the MMF potential application on your funds' range, do not hesitate to contact us.

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Asset & Wealth Management Compliance Services

The EU and Luxembourg investment management regulatory frameworks not only provide market players with opportunities but also present compliance challenges. Managing compliance risks while catering various investors' expectations is your key challenge.

How we can help

1

We provide online access to our AWM Compliance Workbench database

AWM Compliance Workbench is a user-friendly web-based database designed to provide our clients with access to a library of investment compliance related documents.

It includes:

- Product, index and stock exchange analysis;
- Technical notes;
- Applicable directives, laws, regulations and circulars.



2

We organise training sessions and bespoke workshops

Our training sessions and workshops are tailored to your company's needs.



3

We assist you in the form of ad hoc advice and analysis

For Product Developers and/or Investment Managers

- We do eligibility reviews of sophisticated financial products and complex derivative instruments;
- We support your company in the implementation of innovative investment strategies;
- We perform comparative analyses to identify the most suitable regulatory environment for your new fund.

For Legal Departments

- We do prospectus reviews to make sure that (i) all existing risks in terms of wording, format and presentation are identified, remediated and covered, (ii) consistency of the document is increased and the document landscape (e.g. KIID, Sales & Marketing material, homepage information) can be easily aligned, and (iii) we assist in the implementation of new regulatory and market requirements.

For Board Members or Conducting Persons

- We perform on-going eligibility reviews of specific assets, stock exchanges or regulated markets for you;
- We analyse potential compliance issues;
- We perform periodic reviews of fund portfolios given the investment restrictions and the eligibility criteria imposed by the law.

For Risk Managers

- We perform reviews of risk management processes for complex UCITS funds;
- We review operational risk management frameworks;
- We support you in the selection and implementation of risk management systems.

For Compliance Officers

- We interpret regulations applicable to your product and business;
- We review your compliance control framework;
- We assist you in the selection and the review on investment guidelines monitoring set up.



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