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#### COVER NOTE

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From:	Ms Verena ROSS, The Chair, European Securities and Markets Authority (ESMA)
date of receipt:	11 February 2022
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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Subject:	ESMA's final report on the review of the Money Market Fund Regulation
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Delegations will find attached a letter regarding ESMA's report on the subject mentioned above.

The full report can be viewed and downloaded from ESMA's website:

[https://www.esma.europa.eu/sites/default/files/library/esma34-49-437\\_finalreportmmfreview.pdf](https://www.esma.europa.eu/sites/default/files/library/esma34-49-437_finalreportmmfreview.pdf)

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Encl.



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ESMA REGULAR USE

The Chair  
11 February 2022  
ESMA34-49-445

**John Berrigan**  
**Director General**  
**Directorate General for Financial**  
**Stability, Financial Services and**  
**Capital Markets Union (FISMA)**  
**European Commission**  
**Rue de la Loi / Wetstraat 200**  
**1049 Brussels**  
**Belgium**

**Ref: ESMA's final report on the review of the Money Market Fund Regulation**

Dear Mr. Berrigan, *Dear Sean,*

I am writing to you regarding the input ESMA is due to provide in relation to the review of the Money Market Fund (MMF) Regulation<sup>1</sup>.

In line with this requirement, I am pleased to submit to you the ESMA Final report on the review of the MMF Regulation, which contains the ESMA proposals on the review of this Regulation. The report also provides quantitative input for the purpose of this review<sup>2</sup>, using the data reported under the MMF Regulation<sup>3</sup>.

The COVID-19 crisis has been challenging for MMFs. A number of EU MMFs faced significant liquidity issues during the period of acute stress in March 2020 with large redemptions from investors on the liability side, and a severe deterioration of liquidity of money market instruments on the asset side.

At international level, at the FSB and IOSCO, several workstreams have assessed the situation faced by MMFs during this crisis. The work focused on which policy options should be considered in order to address the issues which have been observed, and to potentially enhance further the reforms on MMFs adopted following the 2008 financial crisis.

In the EU context, taking into account the ESRB recommendation on reform of money market funds published in January 2022, the ESMA final report on the review of the MMF Regulation includes an ESMA Opinion which takes the form of an assessment of the functioning and

<sup>1</sup> Under Article 46 of the MMF Regulation

<sup>2</sup> As referred to in Articles 43(4) and 46(2) of the MMF Regulation.

<sup>3</sup> Under Article 37 of the MMF Regulation



potential need for amendment of the regulatory framework applicable to MMFs in the EU, which is the MMF Regulation and its implementing measures.

While developing the Final report and Opinion on the review of the MMF Regulation, ESMA has conducted an open public consultation. In this context, ESMA received the advice of the Securities and Markets Stakeholder Group (SMSG), which is also included in the Final report.

For any further information on the Final report on the review of the MMF Regulation, please contact me or Evert van Walsum, Head of the Investors and Issuers Department at ESMA.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Verena Ross".

Verena Ross

cc.: Irene Tinagli MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament

Claudia Lindemann, Head of the Secretariat of the Committee on Economic and Monetary Affairs, European Parliament

Tuomas Saarenheimo, Chair of the Economic and Financial Committee, Council of the European Union

Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union

Ugo Bassi, Director, Directorate C - Financial Markets, DG FISMA, European Commission