



Brussels, 15.6.2021
C(2021) 4143 final

COMMISSION DELEGATED REGULATION (EU) .../...

of 15.6.2021

**amending Delegated Regulation (EU) 2018/990 with regard to requirements for assets
received by money market funds as part of reverse repurchase agreements**

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

Regulation (EU) 2017/1131 on money market funds¹ lays down rules on authorisation of money market funds that cover, among other things, eligible assets and their quality. In Article 15(7), it empowers the Commission to specify supplementary quantitative and qualitative liquidity requirements applicable to assets received as part of reverse repurchase agreements.

Accordingly, in order to ensure the high quality of collateral provided under such agreements, Commission Delegated Regulation (EU) 2018/990² requires money market fund managers to apply additional requirements where the counterparty is not regulated under Union law or not covered by an equivalence decision (Article 2).

Delegated Regulation (EU) 2018/990 refers to equivalence decisions in general terms, without cross-reference to specific provisions under sectoral legislation. The European Securities and Markets Authority (ESMA) has asked the Commission, by means of the ‘questions and answers’ (Q&A) arrangements, to clarify the respective legal bases for the equivalence decisions in question.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

ESMA has been consulted within the Q&A arrangements and also other Commission services.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

This act amends Delegated Regulation (EU) 2018/990 pursuant to Article 15(7) of Regulation (EU) 2017/1131.

¹ Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (OJ L 169, 30.6.2017, p. 8).

² Commission Delegated Regulation (EU) 2018/990 of 10 April 2018 amending and supplementing Regulation (EU) 2017/1131 of the European Parliament and of the Council with regard to simple, transparent and standardised (STS) securitisations and asset-backed commercial papers (ABCPs), requirements for assets received as part of reverse repurchase agreements and credit quality assessment methodologies C/2018/2080 (OJ L 177, 13.7.2018, p. 1).

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds³, and in particular Article 15(7) thereof,

Whereas:

- (1) In accordance with Article 2 of Commission Delegated Regulation (EU) 2018/990⁴ eligible investments in reverse repurchase agreements by managers of money market funds are subject to supplementary qualitative and quantitative requirements, including a specific adjustment to the value of an asset (a haircut). However, those requirements do not apply to transactions entered into with credit institutions, investment firms and insurance undertakings that are established in the Union or that are covered by an equivalence decision. Article 2(6), points (a), (b) and (c) of Delegated Regulation (EU) 2018/990 specifies the respective regulatory frameworks for each of those financial institutions.
- (2) To ensure that those exemptions only apply where equivalence decisions have been adopted in respect of the third countries concerned and to ensure legal certainty as to the applicable equivalence procedure, it is necessary to specify the relevant provisions based on which equivalence decisions are to be adopted for those exemptions to be applied. It is therefore necessary to specify the relevant procedures for determining the equivalence of the third country in which those entities are established.
- (3) Delegated Regulation (EU) 2018/990 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

1. In Article 2(6) of Delegated Regulation (EU) 2018/990, points (a), (b) and (c) are replaced by the following:

³ OJ L 169, 30.6.2017, p. 8.

⁴ Commission Delegated Regulation (EU) 2018/990 of 10 April 2018 amending and supplementing Regulation (EU) 2017/1131 of the European Parliament and of the Council with regard to simple, transparent and standardised (STS) securitisations and asset-backed commercial papers (ABCPs), requirements for assets received as part of reverse repurchase agreements and credit quality assessment methodologies (OJ L 177, 13.7.2018, p. 1).

- (a) a credit institution supervised under Directive 2013/36/EU of the European Parliament and of the Council*, or a credit institution authorised in a third country in respect of which an equivalence decision has been adopted in accordance with Article 114(7) of Regulation (EU) No 575/2013;
- (b) an investment firm supervised under Directive 2014/65/EU of the European Parliament and of the Council**, or an investment firm authorised in a third country in respect of which an equivalence decision has been adopted in accordance with Article 47 of Regulation (EU) No 600/2014;
- (c) an insurance undertaking supervised under Directive 2009/138/EC of the European Parliament and of the Council***, or an insurance undertaking authorised in a third country in respect of which an equivalence decision has been adopted in accordance with Article 260 of that Directive;

* Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

** Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

*** Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).’

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 15.6.2021

For the Commission
The President
Ursula VON DER LEYEN