

VALDIS DOMBROVSKIS

Vice-President of the European Commission

Mr Steven MAIJOOR
Chairman
European Securities and Markets Authority (ESMA)
103 Rue de Grenelle
F-75007 Paris

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Brussels,
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Subject: Implementation of the Money Market Funds Regulation – your letter dated 20 July 2018

Dear Mr Maijoor,

I am writing to you in reply to your letter dated 20 July 2018 on the implementation of the Money Market Funds (MMF) Regulation. I would like to thank you for all the work that your team has done on this file, especially with respect to the draft implementing technical standards and the draft delegated act.

I welcome that the reverse distribution mechanism, often referred to as ‘share cancellation’, was discussed recently at the Board of Supervisors and that all relevant competent authorities are therefore aware of the opinion of the Legal Service of the Commission that the reverse distribution mechanism is incompatible with the legal framework established by the MMF Regulation. This opinion has already been sent to many market participants who requested to have access to it. I confirm that the Commission stands ready to share the opinion with any citizen and any natural or legal person upon request.

As the MMF Regulation has been applicable to new funds (i.e. funds authorised after 20 July 2017) as from 21 July 2018, it is very important to ensure the consistent application of the MMF Regulation and to prevent divergent supervisory practices.

Yours sincerely,



Valdis DOMBROVSKIS