



# European Money Market Reform – What You Need To Know

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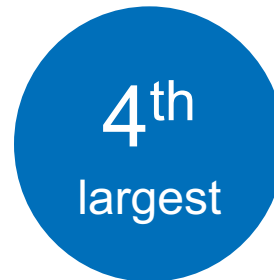
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# Offshore: BNY Mellon/Insight Investment Partnership

## One of the largest offshore MMF providers

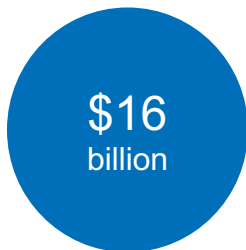


combined assets under management



offshore money market fund provider (out of 24)\*

## Multi-currency/product offering



USD assets under management

### BNY Mellon

Government \$11 billion  
Prime \$5 billion



GBP assets under management

### Insight Investment

Government £2 billion  
Prime £23 billion



EUR assets under management

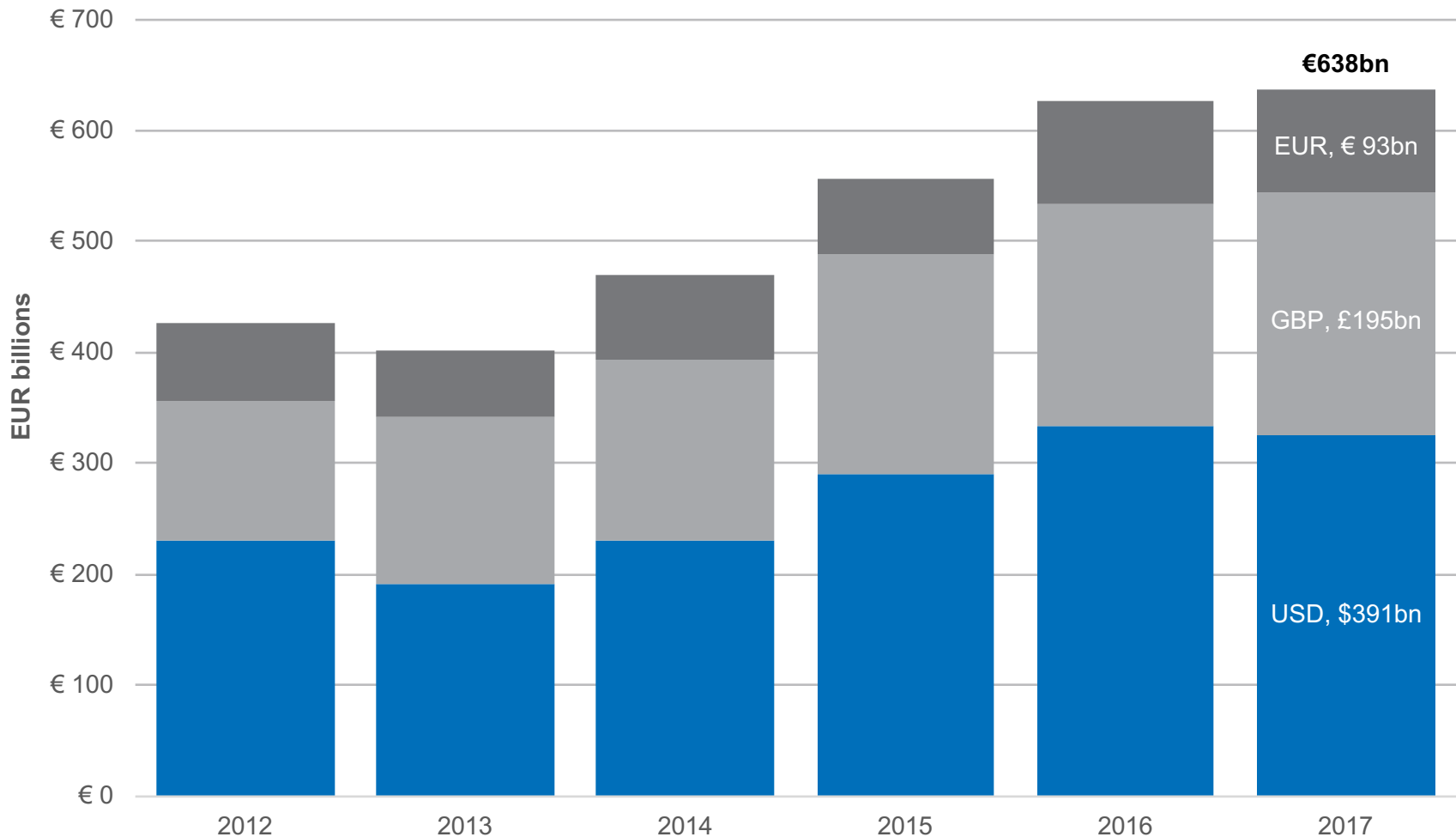
### Insight Investment

Prime €4 billion

\*Source: Ranking based on iMoneyNet IMMFA report.

Assets under management as of 5<sup>th</sup> October, 2018. Offshore MMFs are not eligible for "US Persons"

# Offshore: Constant Net Asset Value Money Fund Universe



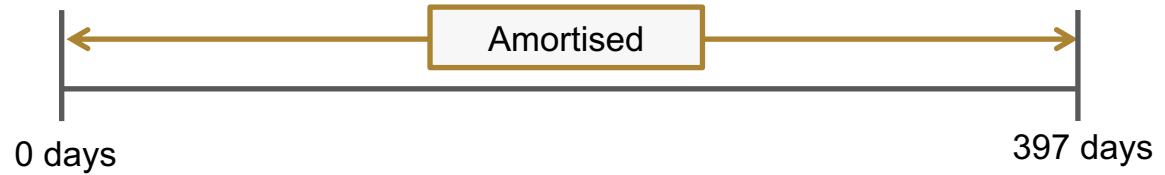
Source: IMMFA as at 31<sup>st</sup> December, 2017

# Summary: European Money Fund Reform Regulation

EU Fund Structure	Fund Type	WAM/ Final Maturity	Weekly Liquidity	Gates and Fees	Security Level Valuation
Short Term MMF	Constant NAV Public Debt	60 days/ 397 days	30%	Regulation	Amortized Cost
	Low Volatility NAV (Prime) Constant NAV per unit / share. Move to 4 decimal place VNAV when mark-to-market NAV deviates by more than 20 bps from constant NAV	60 days/ 397 days	30%	Regulation	<ul style="list-style-type: none"> <li>Mark-to-market/mark-to-model &gt; 75 days maturity</li> <li>Amortized cost for assets &lt; 75 days unless mark-to-market &gt; 10 bps</li> </ul>
	Variable NAV Prime	60 days/ 397 days	15%	UCITS (gates) and Prospectus	Mark-to-market/mark-to-model only
Standard MMF	VNAV	6 months/ 2 years	15%	UCITS (gates) and Prospectus	Mark-to-market/mark-to-model only

# Security Level Valuation Post Reform

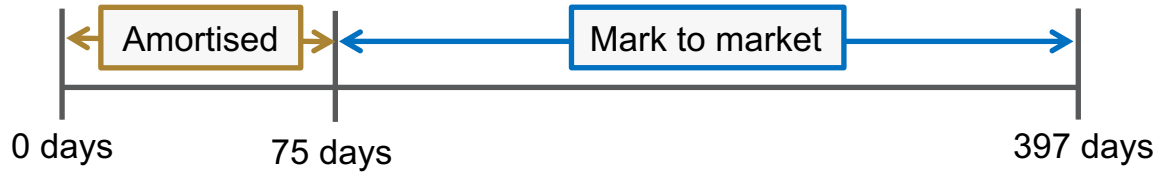
## Government CNAV



## Prime VNAV



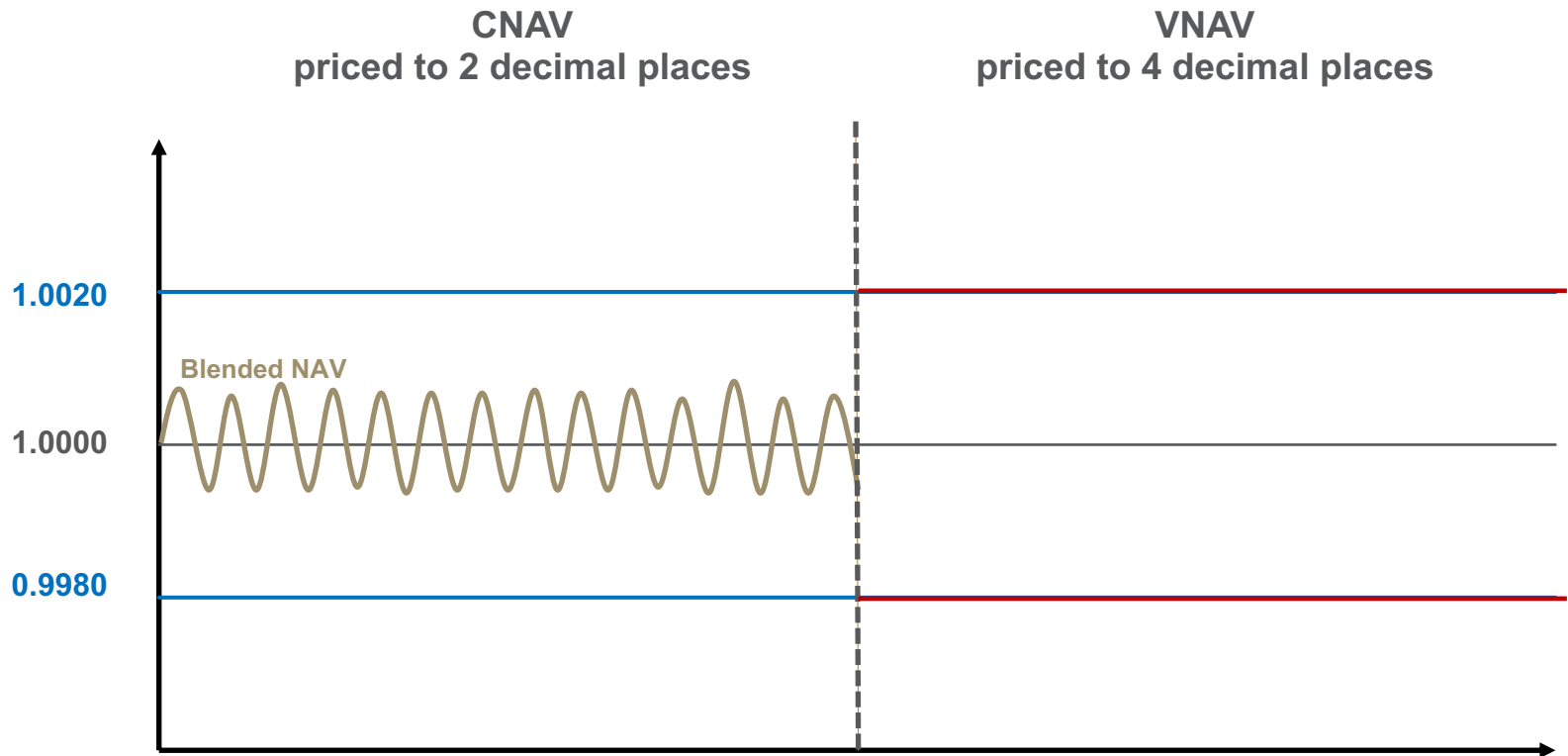
## Prime LVNAV



**LVNAV: If security NAV is greater than 10bp from the CNAV than priced using MTM**

Source: Insight Investment. October 2017

# When Does an LVNAV Fund Post CNAV or VNAV



**The difference between the CNAV and the actual NAV will have to be published daily**

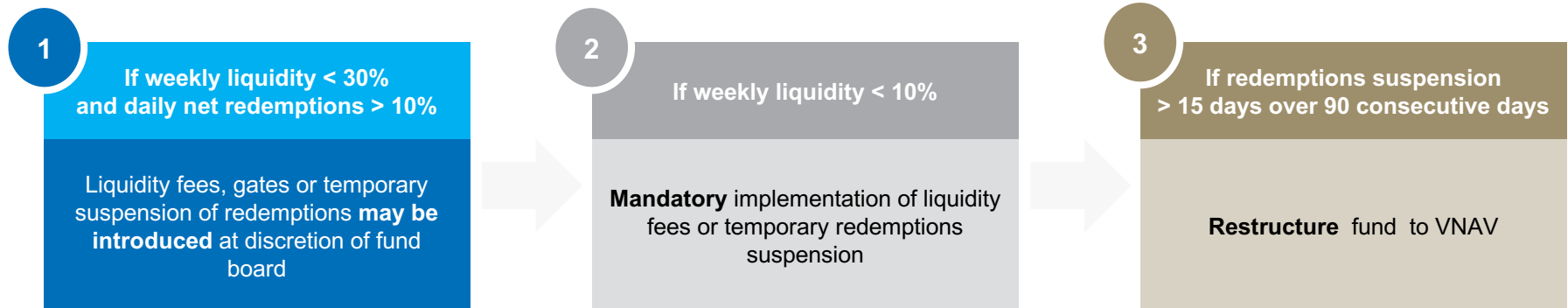
Source: Graphs for illustrative purposes

# Restrictions to Redemptions

## Liquidity fees and redemption gates

- CNAV and LVNAV short-term MMFs will be subject to liquidity fees and redemption gates
- No specific redemption constraining measures applicable to short-term VNAV MMFs and standard VNAV MMFs, other than usual available UCITS measures including:
  - Dilution levies, redemption fees and swing pricing
  - Redemption gates
  - Temporary suspension of dealing

### Liquidity fees and redemption gates – CNAV and LVNAV



Source: BNY Mellon Investment Management EMEA Limited, Council of the European Union, Fitch as of January 2017. A mechanism to prevent dilution caused by other investors in the fund.

# Summary: Insight Investment's Money Fund Lineup

Fund Structure	Insight Investment	Currency	Structure	Conversion date
Short Term MMF	Government Liquidity Fund	Sterling	CNAV Public Debt	November 2018
	Insight Sterling Liquidity Fund	Sterling	LVNAV Prime	November 2018
	Insight Euro Cash Fund	Euro	VNAV Prime	November 2018
Short Term Bond Fund	Insight Sterling Liquidity Plus	Sterling	VNAV	N/A
	Insight Euro Liquidity Plus	Euro	VNAV	N/A

The funds outlined are not available to U.S. Persons (as described in the Prospectus) and may only be offered and sold in accordance with Regulation S under the U.S. Securities Act of 1933.



# Summary: BNY Mellon Funds Money Fund Lineup

Fund Structure	BNY Mellon Liquidity Funds	Currency	Structure	Conversion date
Short Term MMF	BNY Mellon U.S. Treasury Fund	U.S. Dollar	CNAV Public Debt	January 14, 2019
	BNY Mellon U.S. Dollar Liquidity Fund	U.S. Dollar	LVNAV Prime	January 14, 2019

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# BNY Mellon Liquidity Funds Overview

## BNY Mellon U.S. Dollar Liquidity Fund

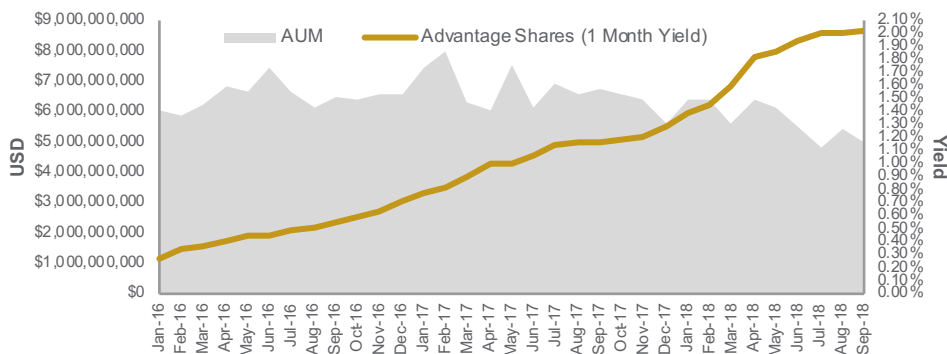
### Fund Summary<sup>1</sup>

Fund Established	November 1998
Portfolio Manager	James O'Connor
Market Value	\$4,946,119,435
Weighted Average Maturity (To Reset)	40 Days
Weighted Average Life (To Final)	48 Days
Percent Overnight Liquidity	31.60%
Percent 7-Day Liquidity (Including Treasury/Sovereigns)	40.63%

Fund	Yields for Period Ending 28/9/18			
	Expense Ratio	30-Day Simple*	Year-to-Date	One Year
BNY Mellon U.S. Dollar Liquidity Fund/Advantage	0.15%	2.02%	1.77%	1.59%
Offshore Money Fund Report™ U.S.\$ Gen Avg.		1.98%	1.71%	1.52%

Source: iMoneyNet Offshore Money Fund Report. \*30-Day Simple Yield as of 28 September 2018.

### Yield vs. Market Value<sup>1</sup>



As of September 30, 2018 <sup>1</sup>Source: BNY Mellon Fund Services (Ireland). The funds outlined are not available to U.S. Persons (as described in the Prospectus) and may only be offered and sold in accordance with Regulation S under the U.S. Securities Act of 1933. **The month-end performance data quoted represents past performance which is no guarantee of future results.** 30-day yield is based upon dividends per share from net investment income during the past 30 days, divided by the period ended maximum offering price per share and annualized.

## BNY Mellon U.S. Treasury Fund

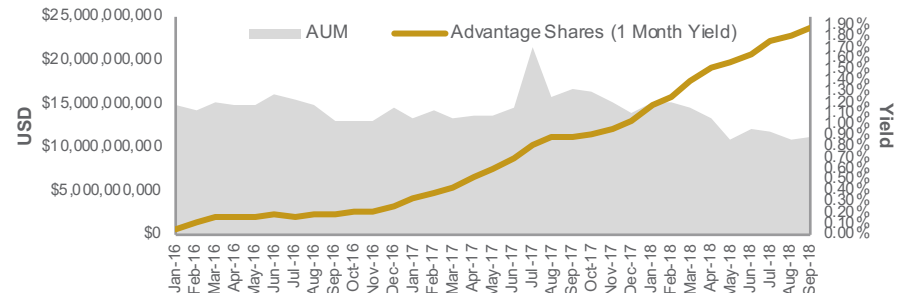
### Fund Summary<sup>1</sup>

Fund Established	November 1998
Portfolio Manager	James O'Connor
Market Value	\$11,352,442,573
Weighted Average Maturity (To Reset)	34 Days
Weighted Average Life (To Final)	49 Days
Percent Overnight Liquidity	100.00%
Percent 7-Day Liquidity (Including Treasury/Sovereigns):	100.00%

Fund	Yields for Period Ending 28/9/18			
	Expense Ratio	30-Day Simple*	Year-to-Date	One Year
BNY Mellon U.S. Treasury Fund/Advantage	0.15%	1.88%	1.53%	1.34%
Offshore Money Fund Report™ U.S.\$ Treasury Avg.		1.76%	1.42%	1.23%

Source: iMoneyNet Offshore Money Fund Report. \*30-Day Simple Yield as of 28 September 2018.

### Yield vs. Market Value<sup>1</sup>



# What You Need To Know

# Preparing for Reform: Key Operational Considerations

## Normal Market Conditions: Processing

BNY Mellon Liquidity Funds		Considerations
<b>Fund Line-Up</b>	<ul style="list-style-type: none"> <li>The BNY Mellon Liquidity Funds will continue to offer the U.S. Dollar Liquidity and the U.S. Treasury Funds and respective share classes</li> <li>On or about January 14, 2019, the funds will be categorized as:               <ul style="list-style-type: none"> <li>➤ BNY Mellon U.S. Dollar Liquidity Fund - Short-Term Low Volatility Net Asset Value (LVNAV)</li> <li>➤ BNY Mellon U.S. Treasury Fund - Short-Term Public Debt (Government) Constant Net Asset Value (CNAV)</li> </ul> </li> </ul>	<b>Business as Usual</b>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>The BNY Mellon Liquidity Fund Family will continue to support a constant NAV (CNAV) during normal market conditions</li> <li>One valuation/pricing time at 5:00 p.m. EST*</li> </ul>	<b>Business as Usual</b>
<b>Transaction Processing</b>	<ul style="list-style-type: none"> <li>Current methods of transacting in the funds will remain unchanged and continue to be supported</li> </ul>	<b>Business as Usual</b>
<b>Settlement</b>	<ul style="list-style-type: none"> <li>Continue to support intra-day liquidity in accordance with current operational processes</li> </ul>	<b>Business as Usual</b>
<b>Dividend Distribution</b>	<ul style="list-style-type: none"> <li>Continue to support current dividend process (i.e. daily accrual/monthly payout)</li> </ul>	<b>Business as Usual</b>

## Liquidity Event: Processing

<b>Collar Breach (LVNAV)</b>	<ul style="list-style-type: none"> <li>The BNY Mellon US Dollar Liquidity Fund will be required to convert from CNAV to floating NAV pricing per the regulation. Fund pricing will move from two decimal to four</li> </ul>	<ul style="list-style-type: none"> <li>Potential system development required to support pricing structure change</li> <li>Change to valuation/pricing time</li> <li>Redemption settlement after strike price</li> </ul>
<b>Liquidity Fees</b>	<ul style="list-style-type: none"> <li>Fees will be determined and assessed by the Fund at the close of trading</li> </ul>	<ul style="list-style-type: none"> <li>Transactions and settlement will pend until close of business &amp; fee calculation</li> <li>Intra-day liquidity will be suspended &amp; moved to end-of-day</li> <li>Potential requirement for omnibus clients to separate purchase and redemption activity to allow fund to assess fee</li> </ul>
<b>Redemption Gates / Suspension</b>	<ul style="list-style-type: none"> <li>Fund board may implement partial gates or fund suspension upon redemption and/or liquidity triggers</li> </ul>	<ul style="list-style-type: none"> <li>Transactions and settlement will pend until close of business and gate calculation</li> <li>Redemption amounts will not be available until after close of business</li> </ul>

\*Pending regulator approval

# Important Information

**The funds outlined are not available to U.S. Persons (as described in the Prospectus) and may only be offered and sold in accordance with Regulation S under the U.S. Securities Act of 1933.** BNY Mellon Liquidity Funds plc is an open-ended investment company with variable capital and segregated liability between sub-funds, incorporated with limited liability under the laws of Ireland. It qualifies and is authorized in Ireland by the Central Bank of Ireland as an undertaking for collective investments in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities — “UCITS”) Regulations, 2011 (S.I. No. 352 of 2011), as amended. The Manager of BNY Mellon Liquidity Funds plc is BNY Mellon Global Management Limited, 33 Sir John Rogerson’s Quay, Dublin 2, Ireland. The Manager is approved as a management company and regulated by the Central Bank of Ireland under the European Communities (UCITS) Regulations, 2011 (S.I. No. 352 of 2011), as amended. **This is a financial promotion and is not intended as investment advice.** BNY Mellon Investment Management and its affiliates are not responsible for any subsequent investment advice given by non-affiliates based on the information contained herein. This document may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorized. Any offer of securities may be made only by means of the Prospectus and/or Key Investor Information Document (KIID). **Past performance is not a guide to future performance.** The value of investments and the income therefrom is not guaranteed and can fall as well as rise due to a variety of factors, including interest rate, stock market and currency movements. No investment strategy or risk management technique, including the ones used by the fund described herein, can guarantee return or eliminate risk. When you sell your investment you may get back less than you originally invested. No warranty is given as to the accuracy or completeness of the information contained herein and no liability is accepted for errors or omissions in such information. The information in this material is only as current as the date indicated, and may be superseded, at any time and without notice, by subsequent market events or for other reasons. BNY Mellon Investment Management and its affiliates do not undertake to revise or update this information in any way. An investment in the funds described herein involves certain risks. Prospective investors should ensure that they: (i) independently investigate the investment strategy and manager; (ii) understand the nature of the investment and the extent of their exposure to risk; (iii) have sufficient knowledge and experience to make their own legal, tax, accounting, and financial evaluation of the merits and risks of participating in an investment in the products described herein; (iv) consult with qualified investment, legal, and tax professionals before making any investment; and (v) consider the suitability of investing in the products described herein in light of their own circumstances and financial condition. **Neither the BNY Mellon Liquidity Funds plc nor any of its sub-funds has, or will be, registered in the U.S. under the Investment Company Act of 1940, and the shares in the sub-funds are not registered under the U.S. Securities Act of 1933.** Therefore, investors will not be entitled to the benefits of such registration(s).

Investors must carefully consider the risks associated with the investments described herein, some of which include: i) investing in the sub-funds is not comparable to investing in a deposit account; ii) investments are subject to uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments are made or in which the BNY Mellon Liquidity Funds plc is incorporated; iii) the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection of information to investors as would generally apply in major securities markets; iv) a sub-fund may use futures or options which can increase volatility and the risk of loss; v) the value of a sub-fund will fluctuate in accordance with the changes in the foreign exchange rate between the euro, the dollar, the sterling and the currencies in which the sub-fund’s investments are denominated, therefore creating an exposure to currency risk; vi) value of a sub-fund may be affected by changes in interest rates and the creditworthiness of issuers of the sub-fund’s investments; and vii) certain sub-funds may invest in lower-rated fixed income securities, and such securities carry a higher degree of default risk which may affect the value of an investment. The foregoing list of certain risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the fund described herein. In addition, as the investment markets and investment products develop and change over time, an investment may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred. **Investors should read the Prospectus and/or KIID before deciding to invest.** These documents can be obtained from BNY Mellon Global Management Limited or from MBSC Securities Corporation. This document is distributed to intermediaries or other financial professionals in the United States by MBSC Securities Corporation located at 200 Park Avenue, New York, NY 10166, U.S.A. MBSC Securities Corporation, a sub-distributor of the BNY Mellon Liquidity Funds plc, is a registered broker-dealer. BNY Mellon Cash Investment Strategies is a division of The Dreyfus Corporation. BNY Mellon Investment Management is one of the world’s leading investment management organizations and one of the top U.S. wealth managers, encompassing BNY Mellon’s affiliated investment management firms and global distribution companies, which include MBSC Securities Corporation, Insight, BNY Mellon Global Management Limited, and The Dreyfus Corporation. The information contained herein may not be reproduced or redistributed in whole or in part without the written consent of MBSC Securities Corporation. BNY Mellon is the corporate brand for The Bank of New York Mellon Corporation.

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