



MFQS MONEY MARKET FUNDS

Frequently Asked Questions (As of March 10, 2016)

What is the SEC Money Market Reform Act?

The Securities and Exchange Commission (SEC) set forth amended rules that govern money market mutual funds in 2010 and 2014. For more information, visit the SEC website at <http://www.sec.gov/spotlight/money-market.shtml>.

How do the MFQS money market message formats align to the SEC Money Market Reform?

Nasdaq is committed to servicing the fund industry's price reporting needs.

In the [Money Market Fund Reform Act of 2010](#), the SEC outlined new data elements, such as weighted average life and seven day gross yield, to improve money market fund transparency. As part of the initial 0050 message format release, Nasdaq added these new data elements as well as net asset value (NAV) to the MFQS system for voluntary reporting purposes.

In the [Money Market Fund Reform Act of 2014](#), the SEC took further action to require a floating NAV for prime institutional money market funds and provide non-government money market fund boards with new tools — liquidity fees and redemption gates — to address runs. While Nasdaq had functionality in place to support a floating NAV, it took immediate action to add new footnote codes for liquidity fees and redemption gate situations. Nasdaq also engaged in discussions with MFQS pricing agents and major market data vendors about their implementation plans.

Based on implementation discussions, Nasdaq determined that it should add a Calculation Time field to the inbound and outbound money market fund message format. The new MFQS Valuation Report – Money Market Funds with Calculation Time message format will be released on or about **Monday, July 11, 2016**.

What is the difference between the inbound MFQS 0050 message formats for money market funds?

As of **July 11, 2016**, Nasdaq will support two inbound MFQS message formats:

Message Name	0050 Message Format for Web / FTP Users	0050 Message Format for MFQS CTCI
Valuation Report – Money Market Funds	MMF	\$\$
Valuation Report – Money Market Funds with Calculation Time	MMC	\$M

The Calculation Time field is the only difference between the two inbound message formats.

While MFQS pricing agents may report intraday, floating NAVs via both 0050 inbound message formats, they will need to use the new MMC / \$M message format if they wish to specify a calculation / display time for a given record.

How should pricing agents populate the Reporting Type field in the 0050 money market fund message?

The Reporting Type field is tied to the expected pricing frequency for a MFQS money market fund. The allowable values are:

Pricing Frequency	Reporting Type Code	Notes
Daily / Weekly	R	If Reporting Type = R, Nasdaq and market data vendors should only show the most recent update record for the given date.
Intraday	I	If Reporting Type = I, Nasdaq and market data vendors should show all update records for a given entry date / calculation time. If not calculation time is provided on the inbound record, Nasdaq and market data vendors will display records based on MFQS dissemination time.

Please note that firms should use the same Reporting Type code on all inbound messages for a given MFQS instrument for a given day.

What is the purpose of Calculation Time?

In the [SEC Money Market Reform Act of 2014](#), the Commission indicates that fund families / fund accountants should calculate floating NAVs periodically during the day (e.g., 11 a.m. and 4 p.m.).

Because the valuation process varies from firm to firm, Nasdaq is adding a Calculation Time field so MFQS pricing agents may report a specific time for intraday money market fund updates.

How should pricing agents populate the Calculation Time field in the MFQS money market fund message?

The Calculation Time field format is HHMMSS. Clients are expected to report the value in military time format for the U.S. Eastern Time (ET) zone.

Examples:

- 11:00 a.m., ET = 110000
- 10:00 a.m., Central Time (CT) = 11:00 a.m., ET = 110000
- 4:00 p.m., ET = 160000

As outlined in the [MFQS specification documents](#), Nasdaq will only perform basic field validations on the Calculation Time field.

What is the expected Net Asset Value (NAV) reporting granularity for money market funds?

In the [SEC Money Market Reform Act of 2014](#), it states that floating NAVs for money market funds be calculated to four decimal digits.

Note: MFQS message formats were designed to support up to six decimal digits for all asset classes. It is the MFQS pricing agent's responsibility to handle rounding to the required decimal precision on its end prior to Nasdaq submission.

Does MFQS handle liquidity fees and redemption gate situations?

Yes. As outlined in [MFQS News #2015-1](#), Nasdaq introduced "Footnote" codes for liquidity fee and redemption gate situations last year.

Besides the NAV field, what other valuation fields am I required to report in the MFQS money market fund message formats?

As outlined in the [MFQS inbound specifications](#), Nasdaq requires that pricing agent firms populate Average Maturity, Average Life, NAV, Gross 7 Day Yield, and Subsidized 7 Day Yield fields in the 0050 money market fund message format. If a MFQS pricing agent does not calculate any data point, it must enter "NA" in the inbound MFQS message format for the given field.

How should pricing agents populate the yield fields in intraday messages if it only calculates the data point on a daily basis?

To ensure that data is consistently displayed across market data vendors, Nasdaq recommends that MFQS pricing agents populate all displayable data fields on each and every inbound MFQS record.

If a MFQS pricing agent does not feel comfortable reporting yields intraday, however, it may populate yield values as "NA" (not available) as needed.

At a minimum, however, MFQS pricing agent firms should plan to populate the yield fields on the last intraday update prior to the MFDS spin process so that market data vendors have a common reference point to use for historical data displays.

How does MFQS identify institutional money market funds?

As part of the July 11, 2016 release, Nasdaq will add an Investor Type field to the MFQS Directory, MFQS Daily List and other web based reports.

Prior to the release, Nasdaq will reach out to fund families and fund administrators to try to classify existing money market instruments. Nasdaq will also add the field to the MFQS instrument applications for new or modified instruments.

During the transition period, how will Nasdaq identify when a money market fund has made the transition from daily to intraday reporting?

Nasdaq supports a Pricing Frequency field on MFQS instrument applications. If Nasdaq is notified by the fund family or fund administrator of its planned transition date in advance, it can update the Pricing Frequency field on the MFDS and MFQS web-based reports accordingly. If Nasdaq does not receive advance notification, however, MFQS has no plans to update the Pricing Frequency field until the transition period is over.

How will the MFDS summary spin process work with intraday NAV reporting?

For end-of-day market data vendors, Nasdaq restates the most recently reported NAV for each MFQS instruments in the MFQS system at the following pre-defined time intervals:

- 6:05 p.m., ET
- 6:25 p.m., ET
- 6:45 p.m., ET
- 8:00 p.m., ET

For its spin process, Nasdaq uses both intraday and regular NAV updates. The spin logic is based on MFQS inbound message receipt time only. Please note that Nasdaq has no plans to modify the MFDS spin logic at this time.

How can pricing agent firms test the new MFQS money market fund message formats?

As outlined in the [MFQS FAQs / policy document](#), Nasdaq offers the following testing options for MFQS firms:

Testing Option	Interface Options	Description	Testing Dates for Money Market Fund release
Nasdaq Test Facility (NTF)	CTCI, MFDS	Dedicated test facility for Nasdaq Trading Service clients. Only MFQS CTCI and MFDS supported. Special connectivity / fees apply. For details, please refer to Nasdaq Test Facility page on the Nasdaq Trader website.	The new Valuation Report - Money Market Fund with Calculation Time message formats will be released in the NTF on or about May 23, 2016.
Evening Data Format Testing	MFDS	Each weekday evening, Nasdaq will disseminate sample MFDS content in the new outbound message formats for market data vendor testing use. The MFDS evening test data is disseminated between 9:00 p.m. and 10:00 p.m., ET, via production IP channels.	Nasdaq will offer weekday evening format testing for the MFDS release from Monday, May 23, 2016 and Friday, July 8, 2016.
Saturday User Acceptance Tests (UATs)	All	One Saturday each month, Nasdaq opens its systems for client testing from 9:00 a.m. to 12:00 noon, Eastern Time (ET). Advance registration required. Production circuits / instruments used. For details, please see Saturday Test Policy page on the Nasdaq Trader website.	Nasdaq will support the new Valuation Report - Money Market Fund with Calculation Time message formats on: <ul style="list-style-type: none"> • June 4, 2016 • July 9, 2016 • August 6, 2016 • September 10, 2016 • October 8, 2016
MFQS Test Symbols	All	Nasdaq now supports test symbols on all MFQS interfaces for intraday testing. To prevent symbol proliferation, Nasdaq limits firms to two test symbols per Instrument Type / Tier and Instrument Code combination. For details, please refer to MFQS News #2014-5 .	This option will only be available for the new Valuation Report - Money Market Fund with Calculation Time message formats <u>after</u> July 11, 2016.

Is Nasdaq discontinuing the MFQS 0040 data formats?

Yes, Nasdaq will cease to support the MFQS 0040 money market fund message format as of close of business on **Friday, July 8, 2016**.