

BNP Paribas Asset Management Luxembourg Response to the CSSF Consultation on Guidance on Money Market Fund Weekly Liquid Asset Levels

This file contains the **response** from **BNP Paribas Asset Management Luxembourg** to the CSSF Consultation on Guidance on Money Market Fund Weekly Liquid Asset Levels which was obtained in the form of an e-mail.

"Please find below BNPP AM Luxembourg's feedback on the *Guidance on Money Market Fund Weekly Liquid Asset Levels – Consultation Paper*.

Our comments address the two consultation questions set out in the document.

We remain at your disposal should you require any further information or wish to discuss any aspect of our response.

Question 1: Do you agree with the proposed Guidance on liquidity risk management set out in Part 1 of the above guidance document?

Please explain your response.

BNP Paribas Asset Management welcomes the proposed Guidance and supports its objective of strengthening the resilience of MMF across the European Union.

The proposed market resilience levels are broadly consistent with current market practices. As recognised in the European Commission's 2026 MMF Report, MMF portfolio managers already maintain liquidity buffers well above the regulatory minimum limits. This is also consistent with our own experience, where portfolio managers maintain prudent liquidity buffers as part of their day-to-day liquidity risk management framework. We also support the integration of the proposed market resilience levels into liquidity stress testing and internal monitoring processes.

However, we believe it is important that the proposed market resilience levels continue to serve as supervisory "reference points", and not as new mandatory minimum liquidity ratios. It should remain possible for MMFs to operate below these market resilience levels, while remaining above the regulatory liquidity requirements set out in the MMFR, where this is justified by their overall liquidity risk profile. This is notably the case for certain money market funds with a predominantly retail

investor base, consistently low daily redemption patterns and a T+3 settlement cycle. These structural characteristics result in lower liquidity needs while remaining fully consistent with prudent liquidity risk management.

Question 2: Do you agree with the proposed Guidance on increased supervisory scrutiny and engagement set out in Part 2 of the above guidance document?

Please explain your response.

Practically, where a deviation exceeds 10 business days, the notification to the CSSF should contain sufficient qualitative and quantitative information to enable an informed supervisory assessment. Such notification could typically include:

- The current WLA level and duration of the deviation,
- The reasons for the deviation,
- An assessment of whether the deviation is temporary or structural - and, where relevant, the expected timeline for restoring the WLA level,
- The latest liquidity stress testing results,
- An assessment of investor concentration and redemption behaviour.

On the basis of the information provided, we consider that the CSSF should retain sufficient flexibility to conclude that no remediation is required where the MMF manager has demonstrated that the fund remains resilient and that the lower WLA level is consistent with its liquidity risk management framework.

In our view, maintaining such risk-based and proportionate supervisory approach is essential to ensure that the focus remains on the effective management of liquidity risk rather than on compliance with a single quantitative metric.”