

31 July 2026

Commission de Surveillance du Secteur Financier (CSSF)
283, route d'Arlon
L-1150 Luxembourg

Submitted via email to: opc_prud_risk@cssf.lu

Re: CSSF Consultation Paper – Guidance on Money Market Fund Weekly Liquid Asset Levels

Dear Sir, Madam –

J.P. Morgan Asset Management (JPMAM) welcomes the opportunity to comment on the CSSF's consultation paper (CP) on updated guidance on money market fund (MMF) weekly liquid asset (WLA) levels. JPMAM is one of the largest MMF managers in the world, with approximately \$1.4 trillion in assets under management¹ across our MMFs globally. In Europe, we provide both Short-Term and Standard MMFs across all three types, namely Low-Volatility Net Asset Value (LVNAV), Public Debt Constant NAV (PDCNAV) and Variable NAV (VNAV) MMFs. Our European MMFs are domiciled in Luxembourg and are denominated in Euros, US Dollars and Sterling, amongst others.

The proposed guidance published by the CSSF, alongside the Central Bank of Ireland and the Autorité des Marchés Financiers, and which reflects the report² published by the European Commission (EC), represents the culmination of a multi-year effort. JPMAM would like to thank policymakers and national competent authorities (NCAs) on the extensive engagement and collaborative approach taken throughout this process.

The topic of MMF regulatory reform has often been a highly-charged debate, both internationally and within Europe, particularly since the pandemic-related market volatility. While JPMAM acknowledges there are areas for improvement, we have consistently advocated for a proportionate approach that achieves an appropriate balance between reinforcing resilience, while allowing MMFs to continue performing their important function for investors and within short-term funding markets more broadly. We welcome the recognition by the EC that the EU MMF Regulation (MMFR) has largely functioned well, and that the “the MMF sector overall has managed liquidity risks in a responsible manner, both on an ongoing basis and in times of stressed market conditions”³. We also support the pragmatic approach adopted by the EC and NCAs to enact reforms through guidance rather than a formal reopening of the EU MMFR Level 1 text, given the potential challenges associated with that route.

Considering the substance of the EC report in more detail, we welcome the identification of the new market resilience levels and, in particular, the conclusion that this should be at 40% WLA for LVNAV and PDCNAV MMFs. JPMAM has previously commented publicly that should policymakers be minded to increase WLA in Europe, 40% would deliver an effective balance between meaningfully enhancing fund liquidity and maintaining investor utility. Perhaps more important than the WLA level itself are the clear references, both within the report and the accompanying frequently asked questions (FAQ)

¹ As of 30 June 2026.

² “Report from the Commission to the European Parliament and the Council on the adequacy of Regulation (EU) 2017/1131 of the European Parliament and of the Council on money market funds from a prudential and economic point of view”, 11 May 2026 – available at: https://ec.europa.eu/finance/docs/law/260511-money-market-funds-report_en.pdf

³ Ibid, p.12.

notice⁴, to the usability of a MMF's liquidity buffer and the clarification that liquidity management tools (LMTs) do not need to be activated immediately or automatically in the event a fund dips below the regulatory minimums (i.e. 'de-linking'). As has been widely acknowledged, during the March 2020 market stress, funds held significant liquidity that was effectively unusable, due to investor concerns regarding the potential application of LMTs. We believe these two elements will most directly address the challenges observed during that episode.

We now turn to the two questions asked by the CSSF in their proposed guidance.

Guidance on Liquidity Risk Management

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.

As noted above, we agree with the establishment of the market resilience levels of 40% WLA for LVNAV and PDCNAV MMFs. We also continue to believe that VNAV MMFs, whether Short-Term or Standard, warrant differentiated liquidity requirements relative to the other MMF types, primarily due to how they are utilised by investors. In that context, we agree with establishing the new market resilience level for VNAVs at 20% WLA.

Similarly, we are strongly supportive of the language in the CSSF's proposed guidance that clearly indicates that these buffers are meant to be used. JPMAM will continue to manage liquidity across its MMF range prudently, taking into account applicable regulatory requirements and the interests of investors. The precise level of liquidity, which in instances may be well in excess of 40%, will be determined by several factors, including investor composition, prevailing market liquidity conditions and expected outflows. However, we would not envisage holding a significant amount of liquidity beyond the new resilience levels solely due to regulatory or supervisory expectations (i.e. a 'buffer on top of the buffer'). We believe this will be sub-optimal and is not the intention of policymakers.

Regarding the proposal that where a fund has fallen below the new liquidity levels for a period exceeding 10 business days, it should notify the CSSF, we believe this to be more relevant in the context of the guidance on increased supervisory scrutiny and engagement. Its presence in this section of the guidance effectively implies that a MMF has 10 business days to restore its WLA to or above the proposed market resilience level. Our preference for when a fund falls below the 40% level, due to reasons beyond its control or unforeseen circumstances, would be a more qualitative approach based upon the principle established under Article 24.2 of the MMFR⁵, whereby the MMF manager should, as a priority, seek to correct the situation, taking into account the interests of investors. Reasonable corrective measures that a manager may adopt include active decisions, such as selling fund holdings prior to maturity to raise WLA, or passive decisions, such as allowing the natural roll down of positions into the WLA buffer or restoring to the resilience level with the benefit of inflows into the fund. In practice, and in normal market / liquidity conditions, we expect this would typically occur in less than 10 business days.

Finally, for the avoidance of doubt, we would welcome inclusion of language in the guidance that implements in practice Question 3 of the EC's FAQ document. More specifically, we believe it would

⁴ "Commission Notice on the Interpretation and Implementation of Certain Legal Provisions of the Money Market Funds Regulation", 11 May 2026 – available at: https://ec.europa.eu/finance/docs/law/260511-money-market-funds-faqs_en.pdf

⁵ Article 24.2 of the EU Money Market Funds Regulation states: "If the limits referred to in this Article are exceeded for reasons beyond the control of an MMF, or as a result of the exercise of subscription or redemption rights, that MMF shall adopt as a priority objective the correction of that situation, taking due account of the interests of its unit holders or shareholders."

be helpful and also future-proof the guidance, if there was language that explicitly states that falling below either the new market resilience levels or the existing regulatory thresholds established in the MMFR (given these provisions have not been disapplied) should not automatically require a fund manager or the Board to activate an LMT.

Guidance on Increased Supervisory Scrutiny and Engagement

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.

We broadly agree with the proposed guidance on increased supervisory scrutiny and engagement. However, we would emphasise the importance of a proportionate approach and would not expect the CSSF to initiate supervisory engagement in every instance the fund dips below the new resilience level. This will of course be determined by the magnitude and duration of any deviation, which in our view are more important metrics than the frequency of deviations. We note that information outlining a fund's liquidity position is made public on a daily basis and there are already well-established practices in terms of notifying the CSSF in the event of persistent breaches in relation to existing thresholds. For ad-hoc information requests or requests for qualitative information, in line with our support for a proportionate approach, we expect these to be exceptional and issued in limited, clearly defined circumstances.

Regarding the 10-business day timeframe, as noted above, we believe this provides sufficient time for a MMF to restore its liquidity position following a breach of the new market resilience levels. We agree that in instances where this has not been addressed and liquidity not restored beyond 10 business days, then it would be appropriate for the MMF manager to proactively engage with the CSSF and a reasonable expectation that there be sufficient explanation or justification provided. Similarly, if such a prolonged deviation is anticipated by the manager, we believe it is appropriate that this should be communicated to the CSSF ex-ante.

Timeline

We would welcome clarity from the CSSF on the proposed timeframe for the application of the new market resilience levels. While we accept that many managers of LVNAVs and PDCNAVs are already maintaining WLA levels in excess of 40%, establishing this as a supervisory benchmark changes its nature. We would encourage the CSSF and the other NCAs to allow the industry sufficient implementation time to formally operationalise the market resilience levels and ensure they are met on a consistent basis and in an orderly manner. We believe a 3-month implementation period would be appropriate in this regard.

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We hope our comments on the proposed guidance are helpful and informative. Please do not hesitate to contact us should you require any further information or have additional questions in relation to any aspect of our response.

Yours sincerely,

//s// PHILIPPE RINGARD

Philippe Ringard

Chief Executive Officer – J.P. Morgan Asset Management Luxembourg