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Commission de Surveillance
du Secteur Financier

Final Guidance on Money Market Fund (MMF) Weekly Liquid Asset Levels

including CSSF feedback statement to the public consultation

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TABLE OF CONTENTS

1. Introduction 4

2. Guidance on Money Market Fund Weekly Liquid Asset Levels 5

2.1. Guidance on liquidity risk management 6
2.2. Guidance on increased supervisory scrutiny and engagement 7

3. Appendix A – Consultation Paper Respondents 9

4. Appendix B – Feedback Statement to the Public Consultation 10

4.1. Guidance on liquidity risk management 10
4.2. Guidance on increased supervisory scrutiny and engagement 12

1. Introduction

On 8 June 2026, the CSSF issued its Consultation Paper proposing new Guidance on Money Market Fund (MMF) Weekly Liquid Asset Levels (the "proposed Guidance") in coordination with the European Commission, the French Autorité des marchés financiers (AMF) and the Central Bank of Ireland (CBI).

The proposed Guidance set out the CSSF's expectations in relation to enhanced MMF liquidity levels and risk management practices. These expectations aligned with the market resilience levels identified by the European Commission in its 2026 report on the adequacy of the Regulation (EU) 2017/1131 of the European Parliament and of the Council on money market funds (the "MMFR") from a prudential and economic point of view (the "2026 report"). This guidance is also related to the European Commission's Frequently Asked Questions (the "FAQs") on the interpretation and implementation of certain legal provisions of the MMFR, which were published in parallel to the European Commission's 2026 report and which, *inter alia*, provide guidance on MMFs' minimum liquidity levels and on how liquidity buffers may be used, particularly to meet rising redemption requests during times of market stress.

The CSSF sought the views of stakeholders on the proposed Guidance through the above-mentioned consultation which ended on 3 August 2026. The CSSF would like to thank all stakeholders who made submissions to its consultation paper. In total, there were eleven written responses (see Annex A).

Stakeholders broadly supported the proposed Guidance and in particular, the harmonised supervisory approach taken by the CSSF, the AMF and the CBI.

After considering the feedback received, the CSSF proceeds with the publication of the final Guidance with slight clarifications only[1]. The final Guidance is set out in section 2 herein.

The CSSF has foreseen a three-month implementation period.

Details on the notification process for Luxembourg-domiciled MMFs will be communicated by the CSSF on its website before the end of the implementation period.

Further details on the feedback received and the CSSF's responses are set out in Annex B below.

[1] The slight clarifications were introduced in the last two paragraphs of section 2.1 on the guidance on liquidity risk management, directly above the beginning of section 2.2.

2. Guidance on Money Market Fund Weekly Liquid Asset Levels

Background

The MMFR[2] came into application in 2018 and lays down rules for MMFs established, managed or marketed in the EU, particularly the financial instruments eligible for investment by MMFs, the portfolio and valuation of the assets of MMFs and reporting requirements. A European Commission report on MMFs, published in 2023[3] (the "2023 MMF Report"), shows that the framework has been broadly successful although certain elements needed further assessment. International reviews and inputs from the European Central Bank (ECB), European Systemic Risk Board (ESRB), European Securities and Markets Authority (ESMA) and the Financial Stability Board (FSB) also identified certain vulnerabilities in this sector.

This guidance is intended to complement the European Commission's FAQs, adopted on 11 May 2026 on the interpretation of certain provisions of the MMFR, by describing expectations on MMF managers and further information on increased supervisory scrutiny and engagement. In parallel, the European Commission has also adopted a follow-up MMF report, dated 11 May 2026[4] (the "2026 MMF Report"), which addresses the areas where further assessment was recommended in the 2023 MMF Report and which provides further detail on prevalent market resilience levels (see below).

In this regard, the 2023 MMF Report evidenced that, as part of MMFs' risk management policy, the market practice is that MMFs typically maintain daily and weekly liquidity buffers well above the regulatory requirements as set out in the MMFR. More recently, the 2026 MMF Report confirms this finding with average levels for variable net asset value (VNAV) MMFs of at least 19% daily liquid assets (DLA) and 29% weekly liquid assets (WLA) (compared with the regulatory minimum levels of 7.5% and 15% respectively) and for public debt constant net asset value (PD CNAV) MMFs and low volatility net asset value (LVNAV) MMFs at least 36% DLA and 54% WLA (compared with the regulatory minimum levels of 10% and 30% respectively)[5].

In addition, the European Commission conducted further stress testing exercises at the level of the MMF market and concluded that the WLA for VNAV MMFs of 20% and PD CNAV and LVNAV MMFs of 40% are typically capable of withstanding stressed market conditions ("**market resilience levels**"), with the regulatory level of the DLA unchanged[6].

This means that, **from a market-wide perspective**, applying these levels uniformly will enhance the resilience of European MMFs to liquidity stress scenarios calibrated for VNAV, PD CNAV, as well as LVNAV MMFs and will allow their usage in times of liquidity stress to ensure that MMFs are capable of withstanding market conditions and to mitigate against the potential transmission of shocks to the rest of the financial system and the real economy.

These market resilience levels are a benchmark to identify situations that warrant further attention/scrutiny by MMF managers, particularly within their risk management teams,

[2] Regulation - 2017/1131 - EN - EUR-Lex

[3] The European Commission's 2023 MMF Report: 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, COM(2023) 452 final

[4] The European Commission's 2026 MMF Report: 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, COM(2026) 350 final

[5] See p. 6 of the 2026 MMF Report. Analysis based on ESMA's Market Report on the EU MMF market of 2023, Crane data, and data from some NCAs.

[6] See p. 11 of the 2026 MMF Report.

and the activation of increased supervisory scrutiny and engagement by the relevant competent authorities with MMF managers.

2.1. Guidance on liquidity risk management

The MMFR provides a uniform level of investor protection through its rules on liquidity and liquidity risk management, including liquidity buffers, assets in which MMFs can invest, diversification, valuation and internal credit quality assessments.

The daily and weekly liquidity levels, as set out in the MMFR, are minimum requirements. MMF managers should ensure that they can satisfy large, but plausible, redemption requests.

As set out in the European Commission's FAQ No. 2, dated 11 May 2026, based on Article 28(4) of the MMFR, *"it can be necessary for the portfolio composition of an MMF to go above the regulatory percentages, having regard notably to the requirements of "know your customer", under Article 27, and the outcomes of the MMFs stress tests, under Article 28 of the MMF Regulation.*

In this regard, in the 2026 MMF Report, the European Commission identified resilience levels based on weekly liquid assets capable of serving as supervisory and risk management tools to ensure compliance with the MMF Regulation. Below these resilience levels, to ensure market-wide resilience ("market resilience levels"), the risk management teams of MMFs and their managers should intensify their scrutiny, and national competent authorities should increase their level of supervisory scrutiny and engagement."

The 2026 MMF Report has found that WLA levels of 20% for VNAV and of 40% for PD CNAV and LVNAV MMFs typically allow MMFs to withstand stressed market conditions, indicating that MMF managers should consider going above the minimum WLA levels of respectively 15% and 30% foreseen by the MMFR. MMF managers should account for these market resilience levels of 20% and 40% in their stress testing processes under Article 28 of the MMFR when assessing the resilience of MMFs in stressed market conditions.

If the stress tests reveal a vulnerability, the MMF or MMF manager shall immediately inform the competent authority of the MMF of any measures taken in accordance with Article 28(4) of the MMFR and submit an extensive report and related action plan to the NCA for review pursuant to Article 28(5) of the MMFR.

Under both the UCITS and AIFMD frameworks[7], UCITS management companies and AIFMs are required to ensure that the investment strategy, the liquidity profile and the redemption policy are consistent for each UCITS and AIF they manage and the UCITS management company and the AIFM should maintain an appropriate level of liquidity and closely monitor liquidity risks across their managed funds.

MMFs are expected to maintain adequate DLA and WLA levels and to ensure that their risk-management systems are calibrated to anticipate and address potential liquidity pressures.

MMF managers should maintain robust liquidity risk-management processes, including incorporating the results of their stress-testing exercises, to ensure the continuous resilience of their MMFs. These processes should include mechanisms that alert MMF managers to MMFs that operate below the internal minimum levels defined in their liquidity risk-monitoring systems and MMF managers should also integrate the findings set out in the 2023 and 2026 MMF Reports into their internal liquidity risk-management systems, in particular, within their stress testing program under Article 28 and

[7] For instance, Article 51 of the UCITS Directive, Article 40 of Directive 2010/43/EU, Article 16 of the AIFMD, and Article 47 of the AIFMR.

regarding the specified "market resilience levels" of 20% WLA for VNAV MMFs and 40% WLA for PD CNAV and LVNAV MMFs.

If WLA levels approach or fall below the identified market resilience levels on any business day (20% for VNAV MMFs and 40% for PD CNAV/LVNAV MMFs) the CSSF expects MMF managers to exercise enhanced vigilance in accordance with their liquidity risk-management systems, including timely escalation and reinforced internal decision-making processes.

The MMF manager shall notify the CSSF in accordance with section 2 below, where an MMF falls below the market resilience levels for a period exceeding 10 business days or where the MMF manager expects a prolonged and/or substantial deviation. The notification shall contain relevant explanations and justifications, including, where relevant, the measures taken under Article 28(4) and (5) of the MMFR if the stress tests reveal a vulnerability.

2.2. Guidance on increased supervisory scrutiny and engagement

Under both the UCITS and AIFMD frameworks, management companies and AIFMs should ensure that they implement an appropriate liquidity management system, taking account of the investment strategy, the liquidity profile, and the redemption policy for each UCITS and AIF they manage. They should also be able to demonstrate to their competent authorities that such systems are in place and operating effectively.

Where an MMF manager notifies the CSSF of an MMF falling below the market resilience level or where the CSSF identifies based on the MMF reporting and related supervisory work MMFs with liquidity levels below the market resilience levels for prolonged periods of time, the CSSF will initiate increased supervisory scrutiny and engagement with the relevant MMF managers.

The intensity of the supervisory engagement will depend on the duration and frequency of deviations below the market resilience level in the WLA and also on the explanations and justifications provided by the MMF manager. Where frequent, prolonged and/or substantial deviations are observed, the CSSF may initiate a dialogue with the MMF manager to determine the underlying causes and potential implications for the liquidity of the MMF.

In the event that an MMF's **WLA level falls below the market resilience level for 10 business days and this level is not justified by the MMF manager's liquidity risk management processes and systems**, the CSSF shall review the information at its disposal.

Following its supervisory engagement, the CSSF may request additional information from the MMF manager in the context of restoring the MMF's WLA above the market resilience level.

At the onset of **stressed market conditions affecting MMFs**, the CSSF shall undertake enhanced supervisory engagement with MMF managers, and in particular, also MMF managers where their managed MMFs fall below the market resilience level. In such conditions, the CSSF may also request more frequent data that could include key risk indicators, daily reporting and key data points such as:

- NAV;
- net subscriptions;
- WAM;
- WAL;
- daily liquidity buffer;
- weekly liquidity buffer;

- difference in bps between constant NAV and shadow NAV (when applicable).

Periodic engagement with MMF managers may also be undertaken, to gather more qualitative information as needed. For example, the impact of any central banks' decisions on MMF ranges, trading volumes observed and main active counterparties, measures taken/planned on liquidity, observed and potential quarter-end effects, and, when deemed necessary, request that MMF managers provide further ad-hoc data (for instance on current portfolio holdings and cash/deposits/repos).

3. Appendix A – Consultation Paper Respondents

The closing date for submissions to the consultation paper was 3 August 2026.

A total of eleven responses were received.

Respondents included seven asset management firms and four representative bodies:

- Aberdeen Investments
- Association of the Luxembourg Fund Industry (ALFI)
- Amundi Asset Management
- BNP Paribas Asset Management Luxembourg
- Cadelux S.A.
- European Fund and Asset Management Association (EFAMA)
- Institutional Money Market Funds Association (IMMFA)
- Investment Company Institute (ICI)
- J.P. Morgan Asset Management (Europe) SARL
- Schroders Investment Management (Europe) S.A.
- State Street Global Advisors Ireland Limited

All stakeholder submissions received are available on the CSSF website.

4. Appendix B – Feedback Statement to the Public Consultation

4.1. 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 proposed Guidance?

Proposal:

In line with the relevant regulatory frameworks and the recently published European Commission's 2026 report and the related FAQs, the proposed Guidance on liquidity risk management sets out the CSSF's expectations for MMF managers regarding liquidity risk management and the market resilience levels.

The CSSF expects MMFs to maintain liquidity risk frameworks and Weekly Liquid Asset (WLA) levels aligned with the market resilience levels: 20% WLA for VNAV MMFs and 40% WLA for Public Debt CNAV and LVNAV MMFs. When WLA levels approach or fall below these market resilience levels, MMF managers should exercise enhanced vigilance regarding the fund's liquidity. Where WLA levels fall below the market resilience levels for a period exceeding 10 business days or where the MMF manager expects a prolonged and/or substantial deviation, MMF managers shall notify the CSSF in accordance with the proposed Guidance.

Feedback:

The majority of respondents supported the proposed Guidance on liquidity risk management and considered the market resilience levels to be both appropriate and proportionate in enhancing overall MMF resilience to liquidity stresses.

<u>Usability of liquidity buffers</u>

Several respondents called for the final Guidance to explicitly outline that liquidity buffers - both regulatory minimum liquidity levels as set out in the MMFR and the additional market resilience levels - may be used during stress periods and unanticipated/unexpected redemptions. Specifically, respondents requested that the WLA market resilience levels (40% and 20% for Public Debt CNAV/LVNAV MMFs and VNAV MMFs respectively) be treated as supervisory reference indicators rather than de facto regulatory minimums, with temporary deviations below those levels permitted as part of managing the fund's liquidity during periods of liquidity stress.

Some respondents highlighted the risks of pro-cyclical dynamics similar to those observed in March 2020 and that a rigid application of the market resilience levels could risk recreating such dynamics. Furthermore, some respondents emphasised that the temporary deviation below the market resilience levels or the use of these buffers should not be interpreted as weakness and should not automatically give rise to adverse supervisory or market interpretation.

Some respondents requested that the final Guidance explicitly reference the European Commission FAQs regarding liquidity buffer usage and the de-linking of WLA regulatory minimum levels from liquidity management tools (LMTs) including redemption gates and fees. One respondent also requested an explicit cross-reference to support investor education and to help changing the investor perception of the benchmarks being hard lines into the usability of existing buffers.

Fund-specific liquidity assessments using quantitative and qualitative factors

Many respondents commented that the implementation of market resilience levels should be risk-based, proportionate and should consider fund-specific dynamics, whilst liquidity assessments should consider other qualitative metrics such as fund scale and portfolio structure, investor composition and concentration, redemption patterns and seasonal cash flows, stress-testing outcomes, market conditions and secondary market liquidity.

Implementation period

Some respondents requested a transitional period to align with the market resilience levels and to accommodate portfolio adjustments.

Response:

The CSSF decided to proceed with the proposed Guidance with slight adjustments only[8].

Usability of liquidity buffers

The CSSF has considered the feedback in relation to the usability of buffers, including the proposed market resilience levels. The CSSF notes that the proposed Guidance is part of a package of measures related to the European regulatory framework for MMFs and should be read in conjunction with the European Commission's 2026 report and FAQs.

The usability of liquidity buffers is a key element of the measures with specific reference in the FAQs. In particular FAQ No. 3 highlights that the relevant Articles in the MMFR "*provide for and envisage that the portfolio composition of MMFs may fall below the regulatory limits, including the minimum liquid asset requirements, due to exercising subscription or redemption rights, or for reasons beyond the control of the MMF manager. In this regard, increased redemptions in stressed market conditions are to be seen as beyond the manager's control, noting, however, that such reasons will arise very rarely.*"[9] In addition, the FAQs confirm that MMF managers may consider a range of alternative measures where liquidity levels fall below regulatory limits and delink the automatic activation of LMTs from the regulatory liquidity buffers.

The CSSF also notes that the proposed Guidance explicitly provides for the usability of market resilience levels, stating that the uniform application of these thresholds across VNAV, PD CNAV, and LVNAV MMFs will strengthen sector resilience to stress scenarios, facilitate buffer utilisation during stressed market conditions, and mitigate systemic risk transmission to other financial institutions and the real economy. In addition, it should be emphasised that the proposed Guidance does not foresee or mention any automatic link between the market resilience levels and LMTs.

Fund-specific liquidity assessments using quantitative and qualitative factors

The proposed Guidance sets out that market resilience levels function as early-warning indicators that signal to both MMF managers and supervisors when heightened internal scrutiny and regulatory engagement are warranted. Such scrutiny and engagement will be conducted against a variety of factors, including the duration and frequency of deviations below the market resilience level in the

[8] The slight clarifications were introduced in the last two paragraphs of section 2.1 on the guidance on liquidity risk management, directly above the beginning of section 2.2.

[9] See FAQ No 3: *"Does the manager of a CNAV or LVNAV MMF need to activate LMTs as soon as the level of liquid assets falls below the limits set out in Articles 24, 25 and 34 of the MMF Regulation?".*

WLA and also on the explanations and justifications provided by the MMF manager, as well as the fund's stress test results and risk management framework. In addition, the proposed Guidance notes that periodic engagement with MMF managers may be undertaken to gather additional qualitative information as needed. As such, supervisors will consider other relevant information as necessary in line with normal supervisory practices in relation to general market conditions, liquidity management measures and portfolio holdings when considering a fund's liquidity position relative to the market resilience levels.

Implementation period

The CSSF will provide for a three-month implementation period following the publication of the final Guidance to facilitate funds' orderly alignment with the market resilience levels.

4.2. 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 proposed Guidance?

Proposal:

The proposed Guidance on increased supervisory scrutiny and engagement sets out how the CSSF will engage more intensively with MMF managers when liquidity levels fall below the market resilience levels. The aim is to ensure consistent supervisory approaches across jurisdictions to the implementation of this guidance.

Enhanced supervisory engagement may be triggered by (i) the manager notification that a fund has fallen below the market resilience levels for more than 10 business days, or (ii) the CSSF's identification of liquidity levels below the market resilience levels for prolonged periods of time. The level of engagement will reflect the duration and frequency of deviations, the information provided by the manager, and whether the deviation aligns with the manager's documented liquidity risk management processes and systems.

As part of its escalation process, the CSSF can request additional information from MMF managers to help them take corrective action and restore their liquidity above the market resilience levels.

Feedback:

Notification obligation

The majority of respondents supported the proposed Guidance on enhanced supervisory engagement, considering the 10-business day timeframe to be well-calibrated, as it accommodates short-term variations in liquidity levels and mitigates against premature supervisory escalation.

Justified deviations

In respect of justified deviations, the majority of respondents sought clarification that justified deviations will not trigger supervisory escalation. They also requested consistency across NCAs on what constitutes "justified" deviations from the market resilience levels, arguing that common standards should be clearly defined and uniformly applied. One respondent recommended that the

proposed Guidance acknowledges circumstances beyond market-wide stress where temporary deviations may be appropriate.

One respondent suggested that supervisory engagement should not automatically commence at the 40% threshold and should instead be reserved for situations with clearer evidence of emerging risk. The respondent warned that automatic engagement at this level risks treating the market resilience levels as de facto regulatory minima.

Reporting requirements

Regarding data reporting, respondents requested that NCAs adopt a consistent approach to any additional data points they may request during stressed market conditions affecting MMFs. A few respondents highlighted that a duplication of reporting should be avoided. A few other respondents also highlighted that it could be further clarified that apart from a prolonged decline of the market resilience levels, enhanced reporting would only be performed in stressed market conditions and not in the context of the periodic engagement with MMF managers referred to in the guidance. One respondent emphasised that MMFs should not be disadvantaged relative to other open-ended funds and noted ESMA's ongoing work on the integrated fund reporting framework.

Response:

The CSSF decided to proceed with the proposal.

Notification obligation

To clarify, the CSSF wishes to highlight that the notification obligation is triggered following the 10-business day period, i.e. from day 11 onwards.

Justified deviations

The proposed Guidance explicitly sets out that where supervisory scrutiny and engagement with the relevant MMF manager are initiated, the level of engagement will be determined by the duration and frequency of deviations below the market resilience levels, alongside the supporting rationale and information provided by the MMF manager.

Given the fund-specific nature of liquidity management which reflects differences in investment strategy, liquidity profile, redemption policy and market conditions, the CSSF will assess whether deviations below market resilience levels are justified on a case-by-case basis.

Reporting requirements

The CSSF would like to highlight that there are no additional reporting requirements besides the notification requirement. The CSSF may, however, request additional information if needed in the context of its supervisory approach and engagements with MMF managers.