July 2026

Response to CBI Consultation Paper 168 on Guidance on Money Market Fund Weekly Liquid Asset levels.

As the leading European asset manager and world leading manager of euro-denominated money market funds (MMFs), Amundi welcomes the recent initiative taken by the European Commission to enrich the European Money Market Funds Regulation (MMFR) with *notice relating, notably, to the liquidity of MMFs and the strengthening of supervision and exchanges.*

This initiative concludes a sequence triggered by the Covid19 pandemic during which MMFs domiciled in the US, UK and EU had to cope with large and sudden outflows in the context of deterioration of short-term funding market (STFM) liquidity. Global economies came to a virtual standstill in March 2020, leading a significant number of economic players to build up liquidity reserves to meet commitments that their activities could no longer finance.

As a result, central banks and government authorities in many countries had to intervene to support economic and financial markets, which were suffering the full force of this exceptionally severe exogenous shock.

During this period of high tension, MMFs kept out functioning without any major incidents and could meet redemption requests recorded in March 2020. Proof that these outflows were in no way linked to investors' mistrust of MMFs, the latter massively returned to MMFs to invest their reconstituted liquidity due to a more favourable economic situation.

Since then, capital markets have experienced several crises without any significant impact on the functioning of MMF:

- Default of the Archegos family office, (March 2021)
- “Mini-budget crisis” in the UK (September 2022) causing a surge in sovereign rates.
- Inflationary shock caused by the invasion of Ukraine (February 2022), leading the ECB to raise its key rates by 450 basis points in only 18 months
- Credit Suisse collapse (November 2022)
- Bankruptcy of Silicon Valley Bank (March 2023) and contagion to many US regional banks overexposed to interest rate risk.
- War in the Middle East (February 2026)

These unsettled events, during which MMFs have demonstrated their autonomy and resilience, have led us to support the findings and conclusions of the report published by the European Commission in July 2023. In particular, the positive role that MMFR had played in strengthening financial stability was highlighted. As a result, the Commission considered that the regulation did not require a reopening, but only **non-legislative adjustments.**

Between 2021 and 2024, Amundi responded to four consultations (attached to this message), including the one that preceded the publication of the Commission's report in 2023:

ESMA: March - June 2021,

FSB: June - August 2021,

European Commission: April - May 2022,

FCA: December 2023 – March 2024.

In each of our responses, we supported the following points:

- MMFR has enabled MMFs to deal with the various crises that have occurred since its entry into force in 2017/2018.

- In March 2020, MMFs revealed, not triggered, the liquidity crisis that affected, among other things, STFM.

- MMFR is the outcome of a **long legislative process** that began at the end of the Great Financial Crisis of 2007-2008, followed by the sovereign debt crisis in 2010-2011 and represents a **balanced compromise between the various stakeholders**.

- A reopening of MMFRs would be likely to upset this balance and would weaken the proper functioning of MMFs, whose **major role in financing European economies** is constantly and unanimously underlined by regulators, investors and public or private issuers.

- The provisions of MMFRs on MMFs' liquidity, and "know your customer" could be specified through **non-legislative measures** such as guidelines, or questions and answers.

- In addition, we have consistently highlighted the usefulness of the review of the liquidity provisions in the AIFM and UCITS Directives (2021-2024), including **the requirement for MMFs to have at least one liquidity management tool**.

- Finally, we strongly advocated maintaining **differentiated liquidity rules** between, on the one hand, MMFs with a constant net asset value (LVNAV and PDCNAV), and MMFs with a variable net asset value (VNAV), on the other.

As a result, Amundi supports the two sets of recommendations made in the consultation launched by the CBI and would like to make the following comments.

We welcome the introduction *of market resilience levels based on weekly liquid assets*.

In our view, setting these levels at **20% for MMFs with variable NAV and 40% for MMFs with constant or** "low volatility" NAV is appropriate. This interpretive aid on how to comply with existing regulatory ratios is an example of an **effective compromise between the imperative of financial stability and the preservation of the proper functioning of MMFs.**

We also support the requirement for MMF managers to have rigorous liquidity risk management processes in place.

However, while we consider that monitoring MMFs' liquidity management is key, our understanding is that these newly-defined levels of market resilience **are not intended to replace existing regulatory ratios**, but to provide managers with a buffer to significantly reduce the likelihood of a MMF's weekly liquid assets falling below these ratios.

As a result, monitoring of these new levels by risk teams and authorities should differ from that of regulatory ratios and should essentially be based on exchanges with MMF managers in the event of non-compliance with these levels for a given period. With that respect, applyind 10 business days seems appropriate to us.

This is precisely what we believe emerges from CBI's recommendations, and we welcome it.

Finally, we would like to raise **two points of attention**:

1- The monitoring and compliance of market resilience levels should not be like the way in which existing regulatory ratios are framed. **Flexibility and dialogue** should govern the way in which these levels are monitored and supervised to avoid overly complex implementation processes. The diversity of fund liabilities and investor behaviour, particularly the **very stable diversity of investors in employee savings funds**, should determine the implementation of proportionate approaches.

2- The operational implementation of the Commission new guidance **should not vary from one Member State to another**, particularly among the three main EU countries hosting MMFs (France, Luxembourg, Ireland). The concomitance and similarity of the consultations launched by the AMF, the CSSF and the Central Bank of Ireland are welcome and represent **emblematic examples of the search for unity and simplification** in line with the objectives of the Savings and Investment Union. Applying divergent operational implementations across different key jurisdictions would then be regrettable.