



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Feedback Statement Consultation Paper 168

Consultation on Guidance on Money
Market Fund Weekly Liquid Asset levels

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Introduction

On 8 June 2026, the Central Bank issued Consultation Paper 168¹ (CP168) proposing Guidance on Money Market Fund (MMF) Weekly Liquid Asset levels (the “**Guidance**”) in coordination with the French Autorité des marchés financiers (AMF) and Luxembourg Commission de Surveillance du Secteur Financier (CSSF).

The Guidance sets out the Central Bank’s expectations in relation to enhanced MMF liquidity levels and risk management practices. These expectations are 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 from a prudential and economic point of view (the “**2026 report**”)².

The Central Bank sought the views of stakeholders on the proposed Guidance and the consultation process closed on 3 August 2026.

This Feedback Statement provides an overview of the written submissions received.

Summary

The Central Bank would like to thank all stakeholders who made submissions to CP168. 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 Central Bank, the AMF and the CSSF.

After considering the submissions received, the Central Bank intends to proceed with the publication of the Guidance with a three-month implementation period. Stakeholders should note the Central Bank’s amendments to Part 1 of the Guidance on liquidity risk management that clarifies that MMF managers must exercise enhanced vigilance where WLA levels approach or fall below identified market resilience levels on any business day.

Further detail on the feedback received and the Central Bank’s responses are set out below.

¹ https://www.centralbank.ie/docs/default-source/publications/consultation-papers/cp168/cp168---guidance-on-money-market-fund-weekly-liquid-asset-levels.pdf?sfvrsn=f5d6701a_4

² https://ec.europa.eu/finance/docs/law/260511-money-market-funds-report_en.pdf

Part 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 CP168?

Proposal:

In line with the relevant regulatory frameworks and the European Commission's 2026 Report and frequently asked questions (the "FAQs") on the interpretation and implementation of certain legal provisions of the Money Market Funds Regulation (MMFR)³, the proposed Guidance on liquidity risk management sets out the Central Bank's expectations for MMF managers regarding liquidity risk management and the market resilience levels.

The Central Bank 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 Central Bank 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.

Usability of liquidity buffers

Several respondents called for the Guidance to confirm 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 stress.

Some respondents highlighted the risks of pro-cyclical dynamics like those observed in March 2020 and that a rigid application of the market resilience levels could risk recreating

³ https://ec.europa.eu/finance/docs/law/260511-money-market-funds-faqs_en.pdf

such dynamics. Furthermore, some respondents emphasised that temporary deviation below the market resilience levels or the use of buffers should not be interpreted as weakness and should not automatically give rise to adverse supervisory or market interpretation.

Respondents requested that the Guidance explicitly reference the European Commission FAQs regarding liquidity buffer usage and the de-linking of WLA levels from liquidity management tools (LMTs) including redemption gates and fees. Respondents also requested an explicit cross-reference to the FAQs with the aim of managing investor perceptions such that it is clearly understood that liquidity buffers may be used during stress periods.

Fund-specific liquidity assessments using quantitative and qualitative factors

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.

Distinguishing short-term from standard VNAV MMFs

One respondent noted that the Guidance does not distinguish between short-term and standard VNAV MMFs. The respondent observed that short-term VNAV MMFs operate with liquidity management frameworks equivalent to LVNAV MMFs, driven by rating agency criteria, and therefore maintain higher WLA levels in practice. The respondent suggested the Guidance should acknowledge this distinction.

Response:

The Central Bank intends to proceed with the proposed Guidance with some minor edits as outlined below.

Usability of liquidity buffers

The Central Bank has considered the feedback in relation to the usability of buffers, including the proposed market resilience levels. The Central Bank notes that the Guidance forms 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 (including market resilience levels) is a key element of the package. With respect to the minimum regulatory liquidity buffers, the FAQs include a

specific reference to their use as a tool to allow MMFs to process redemptions without having to sell assets at heavily discounted prices during market downturns⁴. In addition, the FAQs confirm that MMF managers may consider a range of alternative measures where liquidity levels fall below regulatory limits and delinks the automatic activation of LMTs from the liquidity buffers.

Similarly, the proposed Guidance explicitly provides for the usability of market resilience levels, stating that the uniform application of these thresholds across VNAV, Public Debt CNAV, and LVNAV MMFs will strengthen sector resilience to stress scenarios, facilitate buffer utilisation during periods of financial market stress, and mitigate systemic risk transmission to other financial institutions and the real economy.

The Central Bank has made some minor amendments to Part 1 of its Guidance on liquidity risk management to clarify that MMF managers must exercise enhanced vigilance where WLA levels approach or fall below identified market resilience levels, on a business day basis.

Amendments to Part 1 Guidance on liquidity risk management, last two paragraphs, on page 15 of CP168:

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 Central Bank of Ireland 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 Central Bank of Ireland in accordance with section 2 below, ~~where a 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 MMF manager shall notify the Central Bank of Ireland in accordance with section 2 below, together with.~~ **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.

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 enhanced supervisory engagement may be necessary. This engagement will be based on several factors including the fund's stress testing and liquidity 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

⁴ 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?".

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 Central Bank 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.

Distinguishing short-term from standard VNAV MMFs

The Central Bank notes that short-term VNAV MMFs operate with liquidity management frameworks similar to LVNAV products. The Guidance sets out that MMF managers are responsible for maintaining liquidity management systems and liquidity levels appropriate to the investment strategy, liquidity profile and redemption policy for each fund they manage, which may be subject to external requirements such as rating agency criteria. The market resilience levels are calibrated to ensure MMF resilience during periods of market stress and to support preparedness across the sector based on the statistical analysis completed by the European Commission. The Central Bank's approach accommodates short-term VNAV MMFs operating at higher WLA levels.

Part 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 CP168?

Proposal:

The proposed Guidance on increased supervisory scrutiny and engagement indicates how the Central Bank will engage more intensively with MMF managers when liquidity levels fall below the market resilience levels to ensure consistent supervisory approaches across jurisdictions to the implementation of the Guidance.

Enhanced supervisory engagement may be triggered by (i) manager notification that a fund has fallen below the market resilience levels for more than 10 business days, or (ii) the Central Bank's identification of prolonged breaches.

As part of its escalation process, the Central Bank can request additional information from MMF managers.

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 ensures a harmonised approach to the implementation of the Guidance across jurisdictions.

Some respondents requested clarification that the notification obligation is triggered only after 10 business days have elapsed, meaning from day 11 onwards and not during the initial 10-day period.

One respondent questioned whether the 10-business day timeframe meant that funds need only remain above the market resilience level on a 1-in-10 day basis in order to avoid supervisory escalation.

Justified deviations

In respect of justified deviations, the majority of respondents sought clarification that such 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 Guidance acknowledge 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 establishing 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. They sought clarification as to whether such reporting could leverage the existing daily reporting regime and, more broadly, requested that any data requests be calibrated and rationalised against existing reporting obligations to avoid duplication. 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 Central Bank will proceed with the proposal.

Notification obligation

The Central Bank expects MMF managers to adhere to the market resilience levels and to exercise enhanced vigilance in accordance with their liquidity risk management systems, should WLA levels approach or fall below the identified market resilience levels on any business day.

The notification obligation for MMF managers is triggered following the 10-business day period, i.e. from day 11 onwards. The Central Bank will also monitor fund data on a regular basis to identify where funds have fallen below the market resilience level.

Justified deviations

The proposed Guidance explicitly sets out that where supervisory scrutiny and engagement with the relevant MMF manager is 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 Central Bank will assess whether deviations below market resilience levels are justified on a case-by-case basis.

In terms of supervisory engagement, the Central Bank is retaining the language as consulted on.

Reporting requirements

The Central Bank notes the comments in respect of reporting requirements under the Guidance and this will leverage the existing daily reporting regime. However, the Central Bank may request additional information as needed in line with its normal supervisory approach.

Annex A – CP168 Respondents

The closing date for submissions to CP168 was 3 August 2026.

A total of eleven responses were received.

Respondents included six asset management firms and five representative bodies:

- Amundi,
- Aviva Investors,
- BlackRock,
- European Fund and Asset Management Association,
- Federated Hermes Limited,
- HSBC Global Asset Management,
- Institutional Money Market Funds Association,
- Investment Association,
- Investment Company Institute,
- Irish Funds, and
- State Street Global Advisors.

All stakeholder submissions received are available on the Central Bank's website⁵.

⁵ <https://www.centralbank.ie/publication/consultation-papers/cp168---consultation-on-guidance-on-money-market-fund-weekly-liquid-asset-levels>

Annex B – Guidance on Money Market Fund Weekly Liquid Asset levels

The Central Bank Guidance on Money Market Fund Weekly Liquid Asset levels is available on the Central Bank's website⁶.

⁶ <https://www.centralbank.ie/regulation/industry-market-sectors/funds/ucits/guidance>;
<https://www.centralbank.ie/regulation/industry-market-sectors/funds/aifs/guidance>



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