



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Money Market Fund Weekly Liquid Asset levels Guidance

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Guidance on Money Market Fund Weekly Liquid Asset levels

Background

Regulation (EU) 2017/1131¹ (the MMFR) 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 2023² (the 2023 MMF Report), shows that the framework has been broadly successful although certain elements needed further assessment. International reviews and inputs from the ECB, ESRB, ESMA and 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 May³ (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 European Commission's 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).⁴

¹ [Regulation - 2017/1131 - EN - EUR-Lex](#)

² The European Commission's 2023 MMF Report: [Report from the Commission on the adequacy of Regulation \(EU\) 2017/1131 on money market funds from a prudential and economic point of view](#)

³ 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

⁴ 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

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.⁵

This means that, **from a market wide perspective**, applying these levels uniformly will enhance the resilience of European MMF’s 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 and the activation of increased supervisory scrutiny and engagement by the relevant competent authorities with MMF managers.

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.”

⁵ See p. 11 of the 2026 MMF Report

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 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 frameworks⁶, 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 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 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

⁶ For instance, Article 51 of the UCITS Directive, Article 40 of Directive 2010/43/EU, Article 16 of AIFMD, and Article 47 of AIFMR

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. 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 Central Bank of Ireland of an MMF falling below the market resilience level or where the Central Bank of Ireland 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 Central Bank of Ireland 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 Central Bank of Ireland 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 Central Bank of Ireland shall review the information at its disposal.

Following its supervisory engagement, the Central Bank of Ireland 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 Central Bank of Ireland 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 Central Bank of Ireland 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 bank 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).



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