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RE: Consultation Paper 168 – Guidance on Money Market Fund Weekly Liquid Asset Levels

The Investment Association (“The IA”) welcomes the opportunity to respond to the Central Bank of Ireland’s Consultation Paper 168 on Guidance on Money Market Fund Weekly Liquid Asset Levels.

We are supportive of the response submitted by Irish Funds and recognise the strength and breadth of the analysis provided. Our letter is intended to complement that submission by setting out the perspective of UK-based asset managers, for whom Irish-domiciled money market funds (MMFs) form a significant part of the liquidity management proposition offered to UK clients.

Ireland plays a critical and longstanding role as a fund domicile for UK asset managers. In the MMF sector, many of our members manage Irish-domiciled funds, including sterling-denominated funds, from the UK and distribute them to UK, European and international investors. The calibration of Irish supervisory expectations is therefore of direct and material importance to the UK investment management industry and to the clients our members serve.

We welcome the coordinated approach being taken by the Central Bank alongside the AMF and the CSSF, and the evidence-based framing of market resilience levels drawn from the European Commission’s 2026 report. We agree with Irish Funds that any framework should be applied in a proportionate and risk-based manner that preserves the operational flexibility of MMFs while supporting financial stability objectives.

Against that backdrop, we would particularly emphasise two points.

First, greater clarity and predictability around supervisory expectations.

We broadly recognise the authorities’ objectives. Much of the discussion with firms has focused not on the proposed liquidity levels themselves, but on how the framework will operate in practice. For many firms, the key issue is how the framework will be supervised day to day and how supervisory expectations will be applied where an MMF falls below a market resilience level. We welcome greater clarity and predictability around those expectations, including what would constitute an adequate justification for operating below the relevant level by reference to the manager’s liquidity risk management framework.

In that context, we support Irish Funds’ request that the Guidance should make clear that operating below the market resilience level is not, of itself, a supervisory concern where the position is justified by the manager’s liquidity risk management processes and systems. Where adequate explanations have been provided and the Central Bank is satisfied with those explanations, the position should not, in itself, trigger further escalation or supervisory action. Without that clarity, there is a risk that the market resilience level operates in practice as a minimum requirement rather than a reference point for supervisory engagement, encouraging managers to hold liquidity above the level principally to avoid supervisory attention.

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Policy, Strategy and Innovation

Second, the importance of international coherence.

A number of IA members operate fund ranges spanning the UK, Ireland and Luxembourg, and firms managing funds across multiple jurisdictions continue to highlight the operational and compliance costs associated with divergent regimes. We would therefore encourage the Central Bank to remain mindful of alignment in both substance and supervisory practice as the Guidance is finalised.

We support Irish Funds' request for confirmation that the notification obligation should be triggered only once that period has been exceeded, rather than during the 10-business-day period itself. This would provide a clearer and more predictable basis for liquidity management and supervisory engagement and would help avoid unnecessary operational complexity for managers operating across jurisdictions.

We also support Irish Funds' emphasis on consistency between the Central Bank, the AMF and the CSSF in relation to the form, content and timing of any stressed-conditions reporting. Any new reporting expectations should be rationalised against existing daily reporting obligations, so as to avoid duplication that would impose operational burden without corresponding supervisory benefit.

Finally, we would underline the importance of coherence with developments in the UK. The UK's MMF regime is currently under review by the Financial Conduct Authority and HM Treasury, and divergence in supervisory expectations across the UK, Ireland, France and Luxembourg could create additional operational and compliance burdens for managers without a corresponding benefit to investors. While we recognise that each jurisdiction must retain the ability to calibrate its framework where there is a clear policy rationale for doing so, we would encourage the Central Bank to remain mindful of alignment as far as possible.

We would welcome continued engagement between the Central Bank of Ireland and UK-based asset managers as the Guidance develops and would be happy to discuss any of the above.

Yours sincerely,

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