

European Commission publishes report and FAQ on EU MMFR framework

May 2026

What has the European Commission published?

On 11 May 2026, the European Commission published a **report** on the EU's regulatory framework for money market funds set down under Regulation (EU) 2017/1131 (**MMFR**).

Alongside the report, it also published an **FAQ** on the interpretation and implementation of certain provisions of the MMFR (**FAQ**) to provide further guidance to the market on how certain requirements of the MMFR should be complied with. This FAQ is intended to encourage a harmonised approach on the part of EU national competent authorities in supervising EU money market funds.

This follows a **report** published by the European Commission on the MMFR in 2023 in which it concluded that the framework was broadly effective in reducing liquidity risks but also identified some shortcomings within the liquidity risk framework which it advised should be further assessed.

What liquidity buffers has the European Commission suggested should be maintained by funds falling within the scope of the MMFR?

Under the MMFR itself, minimum thresholds in respect of daily and weekly maturing assets, reverse repurchase agreements and cash are imposed. In particular, public debt constant net asset value money market funds (**CNAV MMF**) and low volatility net asset value money market funds (**LVNAV MMF**) are required to maintain a minimum of 30% of the relevant fund's assets in weekly liquid assets (**WLA**) while variable net asset value money market funds (**VNAV MMFs**) are required to maintain a minimum of 15% of the relevant fund's assets in WLA.

While the European Commission has not called for any changes to be made to the MMFR to adjust these regulatory limits, it does note in the FAQ that these should be understood as minimum thresholds.

The report notes that WLA resilience levels of 40% for stable NAV MMFs and 20% for VNAV MMFs are "sufficient to withstand stressed market conditions" and that EU MMFs would be able to withstand severe redemption shocks if WLAs at or above these resilience levels are held.

The FAQ provides that risk management teams of MMFs and their managers should intensify their scrutiny if the WLA retained by CNAV MMFs and LVNAV MMFs fall below this 40% resilience level. It also calls on national competent authorities (**NCA**s) to "increase their level of supervisory scrutiny and engagement" where the WLA falls below this level.

In the case of VNAV MMFs, the European Commission recommends that such additional scrutiny should be applied by the MMF, its manager and the relevant NCA where the MMF's WLA falls below 20% of total assets.

If regulatory limits imposed under the MMFR are breached, should managers of CNAV MMF or LVNAV MMF automatically move to invoke a liquidity management tool?

No. Helpfully, the FAQ confirms that the European Commission does not expect the manager of a CNAV MMF or a LVNAV MMF to automatically invoke one of the liquidity management tools set down under Article 34 of the MMFR (namely redemption fees, redemption gates or suspensions of redemptions) as soon as applicable regulatory limits set down in the MMFR have been breached. However, the FAQ notes that managers of such MMFs are expected to prioritise taking corrective actions to restore such buffers as soon as possible and within a timeframe that protects investors' interests.

The FAQ makes clear that this does not apply to scenarios where the proportion of WLA falls below 10% of its total assets. Under the existing framework, managers are required to apply either redemption fees or suspension of redemptions in such circumstances.

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