

(English version)

**Priority question for written answer P-004833/25
to the Commission
Eero Heinäluoma (S&D), Jonás Fernández (S&D)
(5 December 2025)**

Subject: Money market funds (MMFs)

During market turmoil in recent years, some MMFs experienced strong liquidity stress. Low volatility net asset value funds were the most vulnerable, primarily through their valuation framework. In 2021, the European Systemic Risk Board (ESRB) adopted recommendations to enhance the resilience of MMFs. The ESRB's 2025 compliance report concluded that the Commission is overall 'materially non-compliant' with the ESRB recommendations. On 3 December 2025, the ESRB President stated that the 2021 recommendations were still valid today and she made a clear call 'to not to wait for the next crisis, but to put the regulatory framework in place to prevent a crisis happening'.

1. Does the Commission agree with the ESRB assessment that to increase the resilience of MMF, low volatility net asset value funds should fluctuate towards variable net asset value funds, and when will the Commission review Regulation (EU) 2017/1131 ⁽¹⁾ in this direction?
2. The United States adopted a major MMF reform in 2023, increasing minimum liquidity requirements to a level up to three times higher than in the EU. How does the Commission intend to address the risk of regulatory arbitrage following this reform given that the combination of large non-resident holdings, exposures to non-EU issuers and less stringent liquidity provisions could make EU MMFs more susceptible to run dynamics and contagion effects?

Submitted: 5.12.2025

**Answer given by Ms Albuquerque on behalf of the European Commission
(15 January 2026)**

The Commission is assessing whether adjustments to strengthen Money Market Funds (MMF) resilience and alignment with international standards are necessary. In this regard, the Commission took note of the findings and recommendations by the European Systemic Risk Board (ESRB).

The Commission aims to ensure that all types of MMFs have robust liquidity levels and management functions in place. The recent review ⁽¹⁾ of the UCITS ⁽²⁾ and AIFM ⁽³⁾ Directives provides that MMFs must apply appropriate liquidity management tools (LMTs) to withstand stress, a reform that will come into effect in April 2026.

Specifically on the ESRB's recommendation regarding a transition by low volatility net asset value (LVNAV) MMFs to variable net asset value (VNAV) MMFs, the Commission found in its July 2023 Report ⁽⁴⁾ that the Money Market Fund Regulation (MMFR) has been generally effective in strengthening the resilience of all types of MMFs and that LVNAV MMFs provide an important liquidity function for investors and corporates, with no obvious economic alternative.

Pending a future review of the MMFR, the Commission is also exploring non-legislative measures to strengthen the resilience of the sector within the existing framework in a timely manner.

For this purpose, an analysis of the level of liquidity held by MMFs is being undertaken, and the preliminary analysis shows that MMFs generally hold liquidity buffers above the minimum limits set out in the MMFR. Any future MMFR review will carefully weigh the need to uphold competitiveness and financial stability within the EU.

The Commission remains committed to engaging with international partners and stakeholders to promote alignment and mitigate risks associated with contagion effects and 'run' dynamics.

¹ OJ L 169, 30.6.2017, pp. 8-45, ELI: <http://data.europa.eu/eli/reg/2017/1131/oj>.

⁽¹⁾ OJ L, 2024/927, 26.3.2024: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32024L0927>.

⁽²⁾ Undertakings for Collective Investment in Transferable Securities: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009L0065-20250117>.

⁽³⁾ Alternative Investment Funds Manager: OJ L 174, 1.7.2011, pp. 1-73.

⁽⁴⁾ Commission report on the functioning of the Money Market Funds Regulation (MMF), Brussels, 20.7.2023 COM(2023) 452 final https://finance.ec.europa.eu/document/download/26bd5442-fe36-436d-a11b-82857953d170_en?filename=230720-report-money-market-funds_en.pdf.