

ESMA clarifies external support within the meaning of Article 35 of the MMF Regulation

The European Securities and Markets Authority (ESMA), the EU securities markets regulator, today publishes a [public statement](#) on external support under Article 35 of the Money Market Funds (MMF) Regulation.

ESMA is issuing this statement in the context of financial markets authorities recent actions to mitigate the impact of COVID-19 on the EU's financial markets, to clarify the potential interaction between the intermediation of credit institutions and the requirements of Article 35 of the MMF Regulation on external support. It also aims to coordinate the supervisory approaches of national competent authorities (NCAs) in light of these and any future liquidity challenges for MMFs in the context of the current COVID-19 pandemic.

In the second half of March 2020, certain MMFs faced significant liquidity challenges. In this context, measures taken by central banks and securities and markets regulators to ensure the proper and orderly functioning of markets and financial stability were also relevant for MMFs. In particular, the market liquidity brought by some of these measures may have also indirectly benefited MMFs through the intermediation of credit institutions.

ESMA, together with NCAs, will continue to closely monitor the situation and will take or recommend any measures necessary to mitigate the impact of COVID-19.