



## Book III - Service providers

### Title I ter - Asset management companies of UCITS

#### Chapter III - Organisational rules

##### Section 11 - Risk management

Sub-section 2 - Risk management processes, counterparty risk exposure and issuer concentration

## General regulation of the AMF

### Article 321-81 into force since 03 January 2018

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#### Article 321-81

I. - Asset management companies shall adopt adequate and effective arrangements, processes and techniques in order to:

- a) measure and manage at any time the risks which the UCITS they manage are or might be exposed to;
- b) ensure compliance with limits applicable to UCITS concerning global exposure and counterparty risk, in accordance with Articles 411-72 and 411-73 and Articles 411-82 to 411-83.

Those arrangements, processes and techniques shall be proportionate to the nature, scale and complexity of the business of the asset management companies and of the UCITS they manage and be consistent with the risk profile of these UCITS.

II. - For the purposes of I, asset management companies shall take the following actions for each UCITS they manage:

- a) put in place such risk measurement arrangements, processes and techniques as are necessary to ensure that the risks of taken positions and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and

that the risk measurement arrangements, processes and techniques are adequately documented;

b) conduct, where appropriate, periodic back-tests in order to review the validity of risk measurement arrangements which include model-based forecasts and estimates;

c) conduct, where appropriate, periodic stress tests and scenario analyses to address risks arising from potential changes in market conditions that might adversely impact the UCITS they manage;

d) establish, implement and maintain a documented system of internal limits concerning the measures used to manage and control the relevant risks for each UCITS taking into account all risks which may be material to the UCITS as referred to in Article 321-76 and ensuring consistency with the risk-profile of the UCITS;

e) ensure that the current level of risk complies with the risk limit system as set out in d) for each UCITS;

f) establish, implement and maintain adequate procedures that, in the event of actual or anticipated breaches to the risk limit system of the UCITS, result in timely remedial actions in the best interests of unit holders or shareholders.

III. - Asset management companies shall use an appropriate liquidity risk management process for each UCITS they manage.

This procedure shall enable them in particular to ensure that all the UCITS they manage comply at all times with the requirement set out in the third paragraph of Article L. 214-7 or Article L. 214-8 of the Monetary and Financial Code.

Where appropriate, investment services providers companies shall conduct stress tests which enable assessment of the liquidity risk of the UCITS under exceptional circumstances.

IV. - Investment services providers shall ensure that for each UCITS they manage the liquidity profile of the investments of the UCITS is appropriate to the redemption policy laid down in the fund rules or the instruments of incorporation or the prospectus.

V. - Investment services providers shall ensure that the UCITS is able at all times to respond to all the payment and delivery obligations to which they committed themselves when concluding a derivative instrument.

VI. - The risk management procedure shall enable asset management companies to satisfy at all times with the requirements referred to in V.

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