



AUTORITÉ
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Management companies: the AMF offers advice for how best to implement and use stress tests

The Autorité des Marchés Financiers (AMF) is publishing a guide containing an overview of French management companies' current practices in the area of stress testing. The guide also provides examples of market-event and liquidity stress tests. The AMF held a public consultation in 2016 to help it prepare the guide.

The AMF guide to implementing and using stress tests contains best practices, notably on executing:

- liquidity stress tests on each fund, simulating simultaneous problems on both the assets and liabilities side;
- liquidity stress tests across all funds managed by an asset management company, notably on markets of limited size;
- a stress test policy that sets alert thresholds and procedures for when an alert is triggered, as well as how to disseminate the stress test results within the asset management company;
- buyback scenarios that exploit all available information regarding liabilities and, ideally, a model of investor behaviour; and

- stress tests that correspond to the different stages in a fund's life, from creation to liquidation, including ongoing risk management.

Above all, the scenarios must be adapted to the specific attributes of each fund and portfolio, and they must be updated regularly.

En savoir plus

- Guide to the use of stress tests as part of risk management within asset management companies
- AMF public consultation on the guide to the use of stress tests in risk management by asset management companies

Keywords

STRESS-TESTING

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