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The AMF complies with the ESMA guidelines on updating stress test scenarios in accordance with Article 28 of the Money Market Fund Regulation

The AMF has updated its position DOC-2018-05 to reference ESMA's guidance on updating stress test scenarios in accordance with Article 28 of the Money Market Fund Regulation.

Updating stress test scenarios

In accordance with Article 28 of Regulation (EU) 2017/1131 on money market funds ([the MMF Regulation](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1131&from=EN) URL = [<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1131&from=EN>]), the manager of a money market fund is required to assess the impact of stress test scenarios on the fund. Under Article 37 of the [MMF Regulation](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1131&from=EN) URL = [<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1131&from=EN>], the results of stress tests on a money market fund must be reported to the fund's competent authority on a quarterly basis if the fund's assets exceed €100 million. Annual reporting is required for all the remaining funds. The competent authority then forwards this reporting to ESMA.

Clarification on the latest ESMA guidance

The ESMA guidelines published in 2019 (ESMA34-49-172) define the common reference parameters for different stress test scenarios. In accordance with Article 28(7) of the MMF Regulation, these guidelines are updated at least once a year to take into account the latest

market developments. In this regard, on 29 June 2021 ESMA [published](#) URL = [https://www.esma.europa.eu/sites/default/files/library/esma34-49-291_2020_guidelines_on_mmf_stress.pdf] the official translations of its new guidelines on updating stress test parameters (ESMA34-49-291). To reflect the period of tension in the money market in March 2020, most of the stress test parameters have been scaled upwards. This is the first annual update of this data since the implementation of MMFR reporting (which has been operational since 30 September 2020).

The AMF decided at the Board meeting held on 20 July 2021 to apply these guidelines on updating stress test scenarios and to notify ESMA of this decision.

Operational application

The ESMA guidelines containing the updates to the reference parameters for stress test scenarios were published on 29 June 2021. Under the “comply or explain” procedure, these guidelines apply two months after that date, i.e. on 29 August 2021. As MMF reporting is communicated on a quarterly basis for money market funds with more than €100 million in assets, money market fund managers must use the updated stress test parameters from 30 September 2021 onwards.

The AMF draws market fund managers' attention to the importance of updating these parameters on reporting due from 30 September 2021. MMF managers who have updated parameters in reporting due before that date should correct them and resubmit their reporting with the previous parameters.

Learn more

- AMF Position DOC-2018-05: Requirements for stress test scenarios under article 28 of the european money market fund regulation

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Legal information:

Head of publications: The Executive Director of AMF Communication Directorate. Contact:
Communication Directorate – Autorité des marchés financiers 17 place de la Bourse – 75082 Paris cedex 02