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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 for 2023

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.

A stress testing reporting

In accordance with Article 28 of Regulation (EU) 2017/1131 on money market funds (the MMF regulation), 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, 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, ESMA published on 27 January 2023 the official translations of its new guidelines on updating stress test parameters (ESMA50-164-6583). These new parameters result from a calibration which has been based on market conditions

prevailing at the end of 2022. Those comprise in particular an increase of the stress parameters related to the credit spread of corporate bonds. This has been the third annual update of this data since the implementation of MMFR reporting in 2020.

Operational application

The ESMA guidelines containing the updates to the reference parameters for stress test scenarios were published on 27 January 2023. Under the “comply or explain” procedure, these guidelines apply two months after that date, i.e. on 27 March 2023. Money market fund managers must use the updated stress test parameters from 31 March 2023 onwards.

The AMF draws market fund managers’ attention to the importance of updating these parameters on reporting due from 31 March 2023. MMF managers who have updated parameters in reporting due before that date should correct them and resubmit their reporting with the previous parameters.

Reading more


DOC-2018-05 : Requirements under the european money fund regulation (in
📄 French only)

Keywords

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