



## REQUIREMENTS UNDER THE EUROPEAN MONEY MARKET FUND REGULATION

**Reference texts: Articles 28 and 37 of Regulation (EU) No 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds**

### **Requirements for stress test scenarios under Article 28 of the European Money Market Fund Regulation**

Pursuant to the requirements of Article 16(3) of Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority, on 19 July 2021 the AMF decided to comply with the European Securities and Markets Authority guidelines on stress test scenarios under Article 28 of Regulation (EU) No 2017/1131 of the European Parliament and of the Council on money market funds, published on 4<sup>th</sup> may 2022 (ESMA34-49-446) and to inform ESMA to this effect.

These guidelines are intended to encourage common, uniform and consistent application of the provisions in Article 28(1) of the MMF Regulation. They establish common reference parameters for stress test scenarios, taking into account the following factors specified in the MMF Regulation:

- a) hypothetical changes in the level of liquidity of the assets held in the portfolio of the MMF;
- b) hypothetical changes in the level of credit risk of the assets held in the portfolio of the MMF, including credit events and rating events;
- c) hypothetical movements of the interest rates and exchange rates;
- d) hypothetical levels of redemption;
- e) hypothetical widening or narrowing of spreads among indexes to which interest rates of portfolio securities are tied;
- f) hypothetical macro systemic shocks affecting the economy as a whole.

In accordance with the Money Market Fund Regulation, these guidelines will be updated at least every year taking into account the latest market developments.

Section 4.8 of the ESMA guidelines states that the results of stress test scenarios should be included in the reports sent by management companies to the AMF under Article 37 of the MMF Regulation. However, the use of specific stress test scenarios, in application of the MMF Regulation, shall not replace the more general obligation to conduct market resistance and liquidity tests as part of overall risk management procedures, under Articles 321-81, 318-41, 318-44, 411-79 and 422-58 of the AMF General Regulation for UCITS and AIFs.

### *Incorporation within the AMF's regulatory practices*

These guidelines are available in the "Annexes and Links" section:

- In French: Orientations de l'ESMA relatives aux scénarios de simulations de crise au titre de l'article 28 du règlement sur les fonds monétaires ([ESMA34-49-446 FR](#))
- In English: Guidelines on stress tests scenarios under Article 28 of the MMF Regulation ([ESMA34-49-446 EN](#))

### **Requirements for reporting to competent authorities under Article 37 of the European Money Market Fund Regulation**

Pursuant to the requirements of Article 16(3) of Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority, on 20 August 2020 the AMF declared to the European Securities and Markets Authority that it complied with the guidelines on reporting to competent authorities under Article 37 of Regulation (EU) No 2017/1131 of the European Parliament and of the Council on money market funds, published on 22 June 2021 (ESMA34-49-173).

These guidelines are intended to establish consistent, efficient and effective supervisory practices and to ensure the common, uniform and consistent application of Article 37 of the Money Market Fund Regulation and the Implementing Regulation on reporting. In particular, they aim to provide guidance on the contents of the fields of the reporting template included in the Annex of [Implementing Regulation \(EU\) 2017/708](#) on reporting.

#### *Incorporation within the AMF's regulatory practices*

These guidelines are available in the "Annexes and Links" section:

- In French: Orientations relatives aux rapports aux autorités compétentes prévus à l'article 37 du règlement sur les fonds monétaires ([ESMA34-49-173 FR](#))
- In English: Guidelines on the reporting to competent authorities under Article 37 of the MMF Regulation ([ESMA34-49-173 EN](#))