

ESMA GUIDELINES ON MONEY MARKET FUND STRESS TESTS

21 May 2018

On 21 March 2018, the [“Guidelines on the scenarios used for stress tests under Article 28 of the European Union Money Market Funds Regulation”](#), which are to enter into force as of 21 July 2018, except for the UCITS and AIFs already existing, which will apply from 21 January 2019 onwards, were published on the website of the European Securities and Markets Authority, hereafter ESMA.

These guidelines establish common guidelines for money market funds to carry out stress tests that determine possible future events or changes in the economic situation that may have negative repercussions on them. The scenarios will evaluate how the various factors that are to be stress tested affect both i) the portfolio or the net asset value of the money market fund; and ii) the money market fund liquidity asset groups and/or the ability to respond to investors' redemption requests.

In addition to the stress tests carried out by money market fund managers, taking into account the requirements included in these guidelines, money market fund managers will perform stress tests with common reference scenarios, the results of which will be included in the report template mentioned in Article 37.4 of the Money Market Funds Regulation. These specific calibrations will be included (by ESMA) in section 4.8 of the guidelines and updated at least annually so that the MMF managers have the necessary information to fill in the corresponding fields in the report template referred to in the above-mentioned Article 37.4.

The Guidelines have been issued under Article 16 of Regulation No 1095/2010 of the European Parliament and of the Council, of 24 November 2010, regulating the creation of ESMA, which establishes that the competent authorities and financial market participants will do everything possible to adhere to these guidelines. Additionally, the ESMA Regulation also establishes the obligation incumbent upon competent authorities to confirm whether they intend to comply with the guidelines published by ESMA.

In this regard, the Spanish National Securities Market Commission has notified ESMA of its intention to comply with the Guidelines. Therefore, CNMV will take these guidelines into account in its Supervision procedures, bearing in mind that these will develop the obligations set forth in CIS Law 35/2003, CIS Regulation 1082/2012, and CNMV Circular 6/2009, of 9 July, on risk management, stress tests and internal control of collective investment scheme management companies and investment firms subject to the aforementioned European Regulation.