

Submission Date

28/05/2021

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Additional Information

Level 1 Regulation

Alternative Investment Fund Managers Directive (AIFMD) Directive 2011/61/EU

Topic

AIFMD reporting

Subject Matter

Reporting to national competent authorities under Articles 3, 24 and 42

Question

Which risk is measured by NET DV01? How shall it be reported?

28-05-2021

Original language

[ESMA 34-32-352 AIFMD Q&A, Section 3, 84]

Net DV01 should be the value change in price (value) of a portfolio and measures the portfolio's sensitivity to a change in the yield curve. Assume an increase of 1bp in the risk-free rate curve (assume a parallel shift) at the end of the reporting period. The effect on the total net asset value of the AIF (taking into account all the positions (including derivative positions) of the portfolio) shall be reported as a monetary value in base currency for each maturity bucket (< 5 years, 5-15 years and >15 years) as specified in data fields 140-142. Report: (i) a negative value if the variation of the net asset value is negative; (ii) a positive value if the variation is positive and (iii) a zero if the AIF is neutral or not exposed at all to this risk. In case a measure of risk is not applicable for an AIF or when AIFM report a zero value, the reasons should be explained in the „Risk Measure Description” (data field 147). As indicated in the Guidelines, DV01 is defined as in ISDA definition.

For example, assume an AIF with NAV of 100M EUR encountering the following portfolio decline after a general increase of 1bp in the risk-free yield curve: 0.01%, decline for maturity bucket <5 years, 0.02% decline for maturity bucket 5-15 years and 0.03% decline for maturity bucket >15 years. Then for these maturity buckets it should report, in base currency, respectively: “-10000”, “-20000” and “-30000”.