ESMA_QA_1022

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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 CS01? How shall it be reported?

ESMA Answer

28-05-2021

Original language

[ESMA 34-32-352 AIFMD Q&A, Section 3, 85]

Net CS01 measures the portfolio's sensitivity to a change in credit spreads. Assume a general increase in all credit spreads of 1bp 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) should 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, CS01 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 all credit spreads: 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".