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| 28 September 2018 |

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| Response form for the Consultation Paper on the Draft guidelines on stress test scenarios under the MMF Regulation |
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| Date: 28 September 2018 |

Responding to this paper

ESMA invites responses to the questions set out throughout its Consultation Paper on the Draft guidelines on stress test scenarios under the MMF Regulation. Responses are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **1 December 2018.**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

* Insert your responses to the questions in the Consultation Paper in the present response form.
* Please do not remove tags of the type <ESMA\_QUESTION\_MMFST\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
* When you have drafted your response, name your response form according to the following convention: ESMA\_ MMFST \_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_ MMFST \_ABCD\_RESPONSEFORM.
* Upload the form containing your responses, in Word format, to ESMA’s website ([www.esma.europa.eu](http://www.esma.europa.eu) under the heading “Your input – Open consultations” 🡪 “Consultation on Securitisation Repositories Application Requirements”).

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

Who should read this paper?

This document will be of interest to (i) MMF managers and their trade associations, (ii) alternative investment funds and UCITS managers and their trade associations, as well as (iii) institutional and retail investors (and associations of such investors) investing in MMF.

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | Click here to enter text. |
| Activity | Choose an item. |
| Are you representing an association? |  |
| Country/Region | Choose an item. |

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_MMFST\_1>

TYPE YOUR TEXT HERE

<ESMA\_COMMENT\_MMFST \_1>

1. : Do you agree that the impact of market stress should be primarily measured on the NAV?

<ESMA\_QUESTION\_MMFST\_1>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_1>

1. : Do you agree that some assets may not be stressed under all scenarios (in which case the scope of the assets that are subject to the individual stress tests will be clearly defined in the guidelines)? Or should we include additional assumption for those assets (e.g. default by depositary banks in repaying cash holdings)?

<ESMA\_QUESTION\_MMFST\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_2>

1. : Do you have views on the way to stress collateral in collateralised transactions (e.g. repos, derivatives)? It may especially involve increased counterparty risk or the need to post additional collateral.

<ESMA\_QUESTION\_MMFST\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_3>

1. : Do you agree that the same market stress parameters should be used for all MMFs in order to measure the impact on NAV? Do you have views on the way to take into account the type of fund (short term and standard; CNAV, VNAV and LVNAV) to measure the impact on the fund?

<ESMA\_QUESTION\_MMFST\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_4>

1. : Do you agree that a consistent approach between the ESAs should be attained? Were appropriate, which risk parameters need to be significantly different?

<ESMA\_QUESTION\_MMFST\_5>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_5>

1. : Do you have views on which factors are relevant for the determination/calibration of shocks?

<ESMA\_QUESTION\_MMFST\_6>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_6>

1. : Do you have a preference between the two proposed options: calibrated discount factor on bid prices; Multiple quoted bid-ask spread?

<ESMA\_QUESTION\_MMFST\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_7>

1. : What is your view on how to stress underlying assets not mentioned above (i.e. not corporate and government bonds)? In your opinion are there asset classes not mentioned above that should be excluded from a quantitative assessment?

<ESMA\_QUESTION\_MMFST\_8>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_8>

1. : Do you have any views on the calibration? With reference to Option 2, do you think that the adoption of fixed stress factors for different asset classes is in line with practices? Which elements should be identified and used to define the appropriate stress factor for each asset class?

<ESMA\_QUESTION\_MMFST\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_9>

1. : Do you think that the volume of an asset held by the fund should be considered for the proposed stress factors (esp. the value of assets held compared with the size of the underlying market)? Do you have any views on the methodology?

<ESMA\_QUESTION\_MMFST\_10>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_10>

1. : Do you have views on which factors are relevant for the determination/calibration of shocks?

<ESMA\_QUESTION\_MMFST\_11>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_11>

1. : Do you have a preference between the two proposed options: spreads multiplied by a factor or ESMA credit spread parameter?

<ESMA\_QUESTION\_MMFST\_12>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_12>

1. : Do you see specific issues (e.g. implementation, non-standardisation, or similar) with either of the two options?

<ESMA\_QUESTION\_MMFST\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_13>

1. : Do you agree with having an additional credit stress simulating the default of the fund’s two main exposures?

<ESMA\_QUESTION\_MMFST\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_14>

1. : The additional stress simulates the default of the fund two main exposures: when an exposure is collateralised, do you think that additional assumptions on the value of the collateral are necessary (i.e. if the defaulting counterparty is fully collateralised, and the value of the collateral is unchanged, there will be no impact)?

<ESMA\_QUESTION\_MMFST\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_15>

1. : Do you think that additional assumptions are needed to calculate the loss given default in the additional scenario?

<ESMA\_QUESTION\_MMFST\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_16>

1. : Do you have views on which factors are relevant for the determination/calibration of shocks?

<ESMA\_QUESTION\_MMFST\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_17>

1. : Do you consider that the parameters used for the 2018 EBA scenario cover all the parameters needed for the purpose of the MMF scenario on interest rates and exchange rates, and the scenario on hypothetical widening or narrowing of spreads among indices to which interest rates of portfolio securities are tied? If not, which parameters should be added?

<ESMA\_QUESTION\_MMFST\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_18>

1. : Do you have views on which factors are relevant for the determination/calibration of shocks?

<ESMA\_QUESTION\_MMFST\_19>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_19>

1. : Do you agree with the proposed approaches: a self-assessment on the maximum size of outflows the fund can face without distorting portfolio allocation; a comparison of stressed outflows with available weekly liquid assets?

<ESMA\_QUESTION\_MMFST\_20>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_20>

1. : Reverse stress test: do you have views on how to assess the capacity to comply with the weekly liquid assets requirements specified in Article 24(1)?

<ESMA\_QUESTION\_MMFST\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_21>

1. : Do you think there should be differentiated outflows assumptions for retail and institutional investors (e.g. higher outflows from institutional investors).

<ESMA\_QUESTION\_MMFST\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_22>

1. : Do you have views on the weights that should be attributed to weekly liquid assets?

<ESMA\_QUESTION\_MMFST\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_23>

1. : Do you agree with the additional stress test scenario simulating outflows from the two main investors?

<ESMA\_QUESTION\_MMFST\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_24>

1. : Do you agree that for the first update of the guidelines MMF managers could be asked to combine the impact of the different risk scenarios, including the liquidity shock?

<ESMA\_QUESTION\_MMFST\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MMFST\_25>