

## PRESS RELEASE

### ESMA readies stress testing requirements for money market funds

The European Securities and Markets Authority (ESMA) has today issued two sets of guidelines regarding the stress testing of money market funds and reporting on money market funds to national competent authorities (NCAs), aimed at ensuring a coherent application of the Money Market Fund (MMF) Regulation.

The Guidelines on [stress testing](#) establish common reference parameters of the stress test scenarios MMFs or managers of MMFs should include in their stress scenarios. The Guidelines on [reporting](#) provide guidance on how to fill in the reporting template on money market funds that managers of MMFs will transmit to competent authorities as of Q1 2020.

Steven Maijoor, Chair, said:

“Money market funds offer high liquidity at lower risk than other funds, contributing to the funding of banks, governments and corporates. However, due to their important role in the money market, any disruption affecting MMFs may impact financial stability. Stress testing is an important tool to assessing and mitigating potential stability risks.

Our guidance will ensure that the same level of care, risk management, and stress testing is applied across the European MMF sector – allowing investors to benefit from similar safeguards across different countries.”

### MMFs need to report their stress test results by 2020

MMFs and managers of MMFs are expected to measure the impact of the common reference stress test scenarios specified in the Guidelines, the results of which should be shared with regulators through the reporting template with their first quarterly reports for Q1 2020. Therefore, the Guidelines include stress test scenarios in relation to hypothetical changes in MMFs’:

- liquidity levels;
- credit and interest rate risks;
- redemptions levels;
- widening/ narrowing of spreads among indexes to which interest rates of portfolio securities are tied; and
- macro-economic shocks

The guidelines will be updated at least every year and will take into account the latest market developments. The current guidelines include the calibration of the stress test scenarios for 2019.



Today's publication includes reporting validation rules and the XML schemas of the candidate ISO 20022 messages to be used by MMF for their reporting.

### Notes for editors

1. MMFs include Alternative Investment Funds (AIFs) or Undertakings for Collective Investment in Transferable Securities (UCITS) that are managed by alternative investment fund managers (AIFMs), UCITS management companies or investment companies.

The Guidelines on stress testing and reporting complement the MMFR Implementing Technical Standards containing the abovementioned [reporting template](#), which was published in April 2018.

#### [Money Market Fund Reporting Technical Reporting Instructions](#)

2. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- assessing risks to investors, markets and financial stability;
- completing a single rulebook for EU financial markets;
- promoting supervisory convergence; and
- directly supervising specific financial entities.

2. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

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