

BNY Mellon Asset Servicing provides money market stress tests through our strategic relationship with Investor Analytics.

These stress tests model the impact of interest-rate shocks, liquidity shocks and credit risk shocks – or a combination – on money market funds.

This service will help directors and advisors comply with updates to Rule 2a-7 recently adopted by the U.S. Securities and Exchange Commission (SEC) that require fund directors to adopt stress testing procedures for identifying when a money market fund might “break the buck” as a result of certain events.

Through our relationship with Investor Analytics, we provide a comprehensive risk management solution that supports our clients’ regulatory reporting needs.

Stress Tests

- **Interest Rate Stress:** Changes in Net Asset Value (NAV) for different interest rate scenarios including parallel and non-parallel shifts. Non-parallel shifts will show the widening or narrowing of spreads between yields on overnight interest rates and commercial paper and other securities held by the fund.
- **Redemption Stress:** Changes in NAV resulting from using liquidity to meet possible redemption requests.
- **Credit Stress:** Changes in NAV resulting from defaults or significant downgrades affecting the fund holdings with the largest spreads.
- **Combinations:** Stress interest rate changes and redemptions simultaneously.

Stress Test Analysis

Based on your fund’s positions and relevant market data, weekly reports are available. The approach for each stress is clearly specified:

- **Interest Rate Shifts:** Securities are re-valued for parallel and non-parallel shifts in interest rates.
- **Redemptions** are modeled from 0% (no redemption) to 90%. Securities are sold at market values but redemptions are made at \$1 NAV, resulting in changes in NAV.
- **Credit Events:** Impact on the NAV determined if each of the holdings with largest spreads were reduced in value as a result of a significant downgrade or default.

- **Combinations:** The interest rate and redemption stresses are run in combination so that you can see how the NAV changes while interest rates and redemptions change.

Reporting

- Board-quality reports, available in PDF format
 - Summary page includes indicative fund information and shows where the fund “breaks the buck” for the interest rate and redemption stresses.
 - Detail pages include the simulated fund NAV for changes in interest rates (both parallel and non-parallel) for different levels of redemption.
 - Color coded information indicates:
 - Safe-zone ($0.9975 < NAV < 1.0025$)
 - Warning-zone ($0.995 < NAV < 0.9975$ OR $1.0025 < NAV < 1.005$)
 - Red-zone ($NAV < 0.995$ OR $NAV > 1.005$)

Clients require a Performance & Risk Analytics subscription to access these services.

Reports prepared by Investor Analytics may contain benchmark and portfolio information calculated using Investor Analytics’ pricing sources not BNY Mellon or client-directed prices. Details provided upon request.