



## Book III - Service providers

### Title I - Investment services providers

#### Chapter II - Organisational rules

##### Section 7 - Third-party risk management

Sub-section 2 - Risk management processes, counterparty risk exposure and issuer concentration

## General regulation of the AMF

### Article 312-48 into force since 05 July 2018

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#### Article 312-48

I.- Investment service providers shall adopt adequate and effective arrangements, processes and techniques to measure and manage at any time the risks which the individual portfolios they manage are or might be exposed to.

Those arrangements, processes and techniques shall be proportionate to the nature, scale and complexity of the business of the investment service providers and of the individual portfolios they manage, and be consistent with the risk profile of the individual portfolios managed.

II.- For the purposes of I, investment service providers shall take the following actions for each individual portfolio they manage:

a) put in place such risk measurement arrangements, processes and techniques as are necessary to ensure that the risks of taken positions and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented;

b) conduct, where appropriate, periodic back-tests in order to review the validity of risk measurement arrangements which

include model-based forecasts and estimates;

c) conduct, where appropriate, periodic stress tests and scenario analyses to address risks arising from potential changes in market conditions that might adversely impact the individual portfolios they manage;

d) establish, implement and maintain a documented system of internal limits concerning the measures used to manage and control the relevant risks for each individual portfolio taking into account all risks which may be material to the individual portfolio as referred to in Article 312-44 and ensuring consistency with the risk profile of the individual portfolios;

e) ensure that the current level of risk complies with the risk limiting system as set out in d) for each individual portfolio;

f) establish, implement and maintain adequate procedures that, in the event of actual or anticipated breaches of the risk limiting system for the individual portfolio, result in timely remedial actions in the best interests of its clients.

III.-Investment service providers shall use an appropriate liquidity risk management process for each individual portfolio they manage.

This procedure shall, in particular, ensure that the investment service provider's ability to liquidate positions in an individual portfolio in accordance with the contractual requirements of the portfolio management mandate.

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