



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Notice of intention in relation to the application of the ESMA Guidelines on liquidity stress testing in UCITS and AIFs

13 July 2020

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This notice of intention relates to the Final Report on ‘Guidelines on liquidity stress testing in UCITS and AIFs’ (ESMA34-39-882) (the Guidelines) which the European Securities and Markets Authority (ESMA) published on 2 September 2019. The Guidelines apply from 30 September 2020.

Alternative Investment Fund Managers (AIFMs) are required to regularly conduct stress tests, under normal and exceptional liquidity conditions, to assess and monitor the liquidity risk of the Alternative Investment Funds (AIFs)¹. These obligations are supplemented by detailed level II rules on liquidity management². UCITS management companies are also required to conduct appropriate stress tests to assess the liquidity risk of the UCITS in exceptional circumstances³.

The Guidelines seek to promote supervisory convergence, develop guidance on the practice to be followed by fund management companies for the stress testing of liquidity risk for individual AIFs and UCITS.

In addition, the Guidelines also set out provisions relevant to UCITS and AIF depositaries. These provisions relate to verification procedures which the depositaries should employ.

The Central Bank of Ireland will, in due course, consult on the incorporation of a requirement in the Central Bank UCITS Regulations⁴ and AIF Rulebook⁵ that UCITS Management Companies, AIFMs and depositaries adhere to the Guidelines. In the interim, the Central Bank expects full compliance with the Guidelines from 30 September 2020.

A number of Q&As relating to the Guidelines have also been published on the Q&A section of the Central Bank website⁶.

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¹ Under Article 16(1) of Directive 2011/61/EU

² Articles 46 to 49 of Commission Delegated Regulation (EU) No 231/2013

³ Article 40(3) of Commission Directive 2010/43/EU

⁴ Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019

⁵ Central Bank of Ireland AIF Rulebook March 2018

⁶ See [UCITS Q&A](#) and [AIFMD Q&A](#)

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