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ESMA Guidelines for liquidity stress testing enter into force

4 September 2020

1 MINUTE

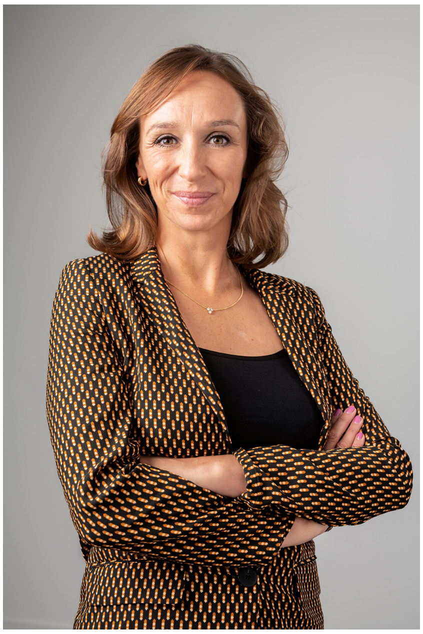
At the end of this month, the ESMA Guidelines on Liquidity Stress Testing (**LST**) in UCITS and AIFs will enter into force (the Guidelines).

What?
The Guidelines provide a comprehensive framework for liquidity stress testing with the aim of controlling and monitoring the liquidity of UCITS and AIFs. ESMA aims to prevent UCITS and AIFs from running into liquidity problems with these Guidelines; something that has happened a number of times in recent years with investment funds that invest in less liquid assets. The Guidelines are comprehensive and detailed. It is important that fund managers start working on this in due time and adjust their policies and procedures accordingly.

Who?
The Guidelines apply to UCITS and AIFs, including Exchange Traded Funds and leveraged closed-end AIFs. Depositaries should also familiarize themselves with the Guidelines in order to perform their monitoring and control tasks.

When?
The Guidelines apply from September 30, 2020.

Specialists



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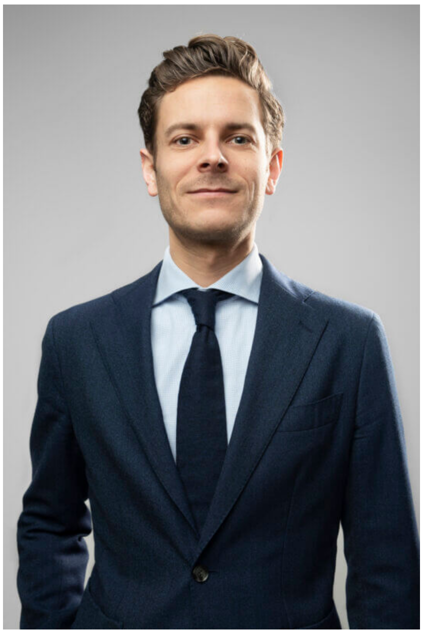

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