

22nd March 2019

European Securities and Markets Authority

103 rue de Grenelle

75345 Paris

France

**Consultation Paper – Guidelines on liquidity stress testing in UCITS and AIFs (ESMA 34-39-784, 5 February 2019)**

The Institutional Money Market Funds Association Ltd (“IMMFA”) is pleased to submit its comments on the ESMA Consultation Paper on Guidelines on liquidity stress testing in UCITS and AIFs (ESMA 34-39-784, 5 February 2019).

IMMFA represents the European institutional money market fund industry that manages and promotes investment funds regulated by the MMF Regulation. All IMMFA members’ funds are UCITS and predominantly Short‐term money market funds. All but one is domiciled in Luxembourg or the Republic of Ireland (there is one UK fund).

Funds under management for IMMFA members’ money market funds currently total €650.5 billion. A list of members may be found at [www.immfa.org](http://www.immfa.org/)

As our interest is in the extremely clearly delineated subset of UCITS funds subject to MMFR our response is to ensure that those funds are removed from the scope of the general UCITS guidelines.

**Funds subject to MMFR should be out of scope**

The consultation proposes principles-based guidelines and provides explanation about how they should be implemented by UCITS & AIFs.

MMFR already requires them to undertake comprehensive stress testing procedures that encompass but are by no means limited to liquidity stress testing. We await the outcome of an ESMA consultation on the guidelines that define the requirements, but it appears that these will be prescriptive, rather than being principles based. The current consultation paper allows for the specific requirements of MMFR to override the general UCITS guidelines, however we feel very strongly that funds which are subject to MMFR should not also have the UCITS guidelines applied in addition, to avoid situations arising where the two sets of requirements develop differently and/or come to conflict with one another.