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# Liquidity Risk Management in Investment Funds

28th - 30th June 2022

# Who we are

IOB is a professional community of 33,600 members who work in banking and international financial services in both the Republic of Ireland and Northern Ireland.

Professional development of our members through education is at the heart of what we do.

IOB provides university level programmes to enable our members achieve and sustain their professional qualifications and continuing professional development (CPD) – essential in meeting customer and regulatory expectations.

More than 9,800 individuals studied with us last year and over 23,800 members are registered for CPD schemes administered by IOB.

## **Excellence in education – a recognised college of UCD**

As a recognised college of University College Dublin (UCD) and the standout banking industry educator, we offer qualifications of the highest standard.

We currently have more than 40 programmes ranging from Professional Certificates (level 7) on the National Framework of Qualifications (NFQ) to Masters Degrees (level 9). We design our programmes to be practical and relevant, and grounded in academic rigour.

## **Accredited Funds Professional**

In 2020, IOB launched the funds designation, Accredited Funds Professional, in collaboration with Irish Funds. This designation seeks to achieve IOB's purpose by supporting through education, high levels of competence in the funds and asset management industry in Ireland and across Europe.

The Accredited Funds Professional designation is available to industry professionals who have completed the Professional Certificate in International Investment Fund Services (or earlier versions of the programme) and to those students who have completed the Financial Services Elective as part of the final admitting exams to Chartered Accountants Ireland.

In addition, for a limited time, fund professionals with four or more years of relevant experience confirmed by their employer, who meet the programme competencies, may also apply for the designation. The designation will be retained by completing the annual continuing professional development (CPD) requirements.

Becoming an Accredited Funds Professional provides a demonstration of your expertise, client focus and professionalism including your commitment to lifelong learning and to continuously improving your skills and knowledge. It also provides a connection to your peers – a network of like-minded fund professionals. IOB is very grateful for the support that the industry has given to this designation.

# Introduction

Welcome to the **Liquidity Risk Management in Investment Funds** masterclass, which is offered through IOB a recognised college of UCD.

Many open-ended investment funds provide daily liquidity to their investors. Managing the fund portfolio in order to ensure that a fund is able to satisfy investor redemption requests is a fundamental obligation of fund managers. However managing fund liquidity is important for any open-ended fund, irrespective of the redemption frequency and it is equally important for all funds, both open and closed, in order to ensure that they can meet other types of liquidity related obligations, including margin calls or creditor demands of whatever nature.

Liquidity risk management continues to be under the microscope of EU and international regulatory authorities including in the light of the COVID-19 related 'March Turmoil' and the impact arising from the Russian invasion of Ukraine.

This masterclass is designed to provide participants with:

- An understanding of liquidity risk and liquidity risk management in the context of investment funds;
- An understanding of the regulatory framework and issues considered by macro-prudential authorities;
- A practical insight into the operation of a liquidity risk management system and challenges encountered.

## When

28th, 29th and 30th June online from 8.30 to 10.30am each day.

## Who should attend

The masterclass will be particularly relevant to directors, senior managers, designated persons and other staff within fund management companies (i.e. UCITS ManCos and AIFMs), directors and designated persons of self-managed funds and all other industry professionals within fund service providers.

We look forward to welcoming you to the programme.



## Presenter profiles



### Antonio Barattelli

Antonio Barattelli joined ESMA in August 2011 and he's Team Leader for Investment Management within the Investors and Issuers Department. Since May 2018 Antonio leads the work of the Investment Management team dealing with the EU legislation on asset management (including the UCITS Directive, AIFMD and MMF Regulation), while previously he worked in the team with focus on various topics, including remuneration and depositary-related matters.

Prior to joining ESMA, Antonio was a senior associate at a major law firm in Luxembourg where he advised a wide range of international clients on setting up investment funds. He qualified as a lawyer in Italy and was registered as an EU foreign lawyer in Luxembourg.

Antonio holds a law degree from the University of Padua, a master degree (DESS) in European Litigation from the University of Luxembourg and the University of Strasbourg "R. Schuman" as well as a Postgraduate Diploma in EU Competition Law from the King's College (London).



### Robin Creswell

Robin Creswell is a Managing Director at Payden & Rygel and is a member of the firm's board of directors. He is responsible for the firm's London office; Payden & Rygel Global Ltd and Chairman of Payden's Irish UCITS funds.

Creswell's 38-year career in the financial industry began in banking. He was then a leading figure in the development of the global hedge fund and derivatives industry in the 1990s. He was responsible for launching the first publicly offered hedge funds in a number of jurisdictions, including Japan, Australia and Hong Kong.

Prior to joining Payden & Rygel, Creswell was responsible for global distribution at ED&F Man. Subsequently he established the fund management company, Greystone International Ltd., for Chicago-based futures broker Gelderman, Inc. later acquired by the Man Group.

Robin Creswell was a Trustee of the Charities Aid Foundation until 2018 where he Chaired the Investment Advisory Committee and is also a Trustee of a number of other non-profit organisations. He is a Fellow of the Securities & Investment Institute and a member of the CFA Society of the UK.



### Declan Curran

Declan Curran is Head of Risk for BlackRock Asset Management Ireland (an Irish UCITS and AIF Management Company) and responsible for Regulatory Risk Oversight within the Risk and Quantitative Analysis Group in Ireland.

Declan joined BlackRock in 2013 and has held a number of positions including leading regulatory risk developments in EMEA where he focused on implementing AIFMD, leverage solutions and more recently building out liquidity platforms.

Prior to joining BlackRock, Declan held various roles in the Irish funds industry at both Societe Generale and Merrill Lynch. He is a member of the Irish Funds Investment Risk working group, which regularly publishes industry whitepapers – including the Irish Funds Liquidity Risk Management Framework.



### Eoin FitzGerald

Eoin FitzGerald is a Managing Director and Country Head for Brown Brothers Harriman in Ireland. Eoin has over 30 years of financial services experience having previously served as a Managing Director at Morgan Stanley and as a Director of AIB/BNY Fund Services (Ireland) Limited (now BNY Mellon Fund Services (Ireland) Limited).

Eoin is a member of the Consultative Working Group at the Investment Management Steering Committee of the European Securities and Markets Authority (ESMA). He is also a member of the Council of Irish Funds and of the IFSC Funds group.

Eoin is a director of Brown Brothers Harriman Trustee Services (Ireland) Limited, Brown Brothers Harriman Trustee Services (Hong Kong) Limited and Brown Brothers Harriman Institutional Trust Company of New York, LLC. He also serves on the board of the funds industry charity, Basis Point.

Eoin is a graduate of University College Dublin.



#### **Martina Kelly**

Martina Kelly is a Director of Funds at IOB having joined the IOB in January 2020. Prior to that she was Head of Markets Policy Division within the Central Bank of Ireland with responsibility for the formulation of policy in relation to investment funds, investment firms, markets and market infrastructure.

Martina has considerable experience in investment funds policy and regulation having led the Central Bank's work in this area for many years. In that capacity she was directly involved with the development of the Irish regulatory regime applicable to funds and fund service providers. Martina represented the Central Bank at the ESMA Investment Management Standing Committee from its inception until she left the Central Bank in 2019. She also participated in various European Council Working Groups including those related to AIFMD and UCITS and was the Central Bank representative at the Irish IFSC Funds Working Group.

Martina is a non-executive director of Northern Trust Fiduciary Services (Ireland) Limited.



#### **James O'Sullivan**

James O'Sullivan is head of Funds Authorisation at the Central Bank of Ireland. He is responsible for the authorisation of investment funds (including UCITS, Retail Investor AIFs and Qualified Investor AIFs), the approval process for investment managers to act for Irish funds and post-authorisation amendments for funds. Prior to this James was responsible for investment funds policy at the Central Bank which included oversight of the domestic regulatory framework for funds in Ireland. Before joining the organisation, James worked for a multinational investment bank and is a graduate of University College Dublin.

James has represented the Central Bank at a range of European and International fora, including the Investment Management Standing Committee (IMSC) at the European Securities and Markets Authority (ESMA). James currently represents the Central Bank at the International Organisation of Securities Commissions' (IOSCO's) Investment Management Committee (C5).



## Day 1 | 28th June 2022

Time	Topic	Presenter
8.30am	<b>Welcome</b>	Eoin FitzGerald
8.35-9.00am	<b>Introduction to Liquidity Risk Management</b> <ul style="list-style-type: none"> <li>• What is liquidity risk management (LRM)</li> <li>• What is LRM in the context of investment funds and how it differs from the sell side liquidity risk</li> <li>• How it is part of the broader set of investment risks</li> <li>• How it is applied differently in different fund types</li> </ul>	Eoin FitzGerald
9.00-9.35am	<b>Regulatory Landscape</b> <ul style="list-style-type: none"> <li>• What rules and guidance apply – UCITS, AIFMD, IOSCO Principles and Good Practices; ESMA LST Guidelines</li> <li>• Overview of the macroprudential focus on the potential for liquidity problems in funds leading to a systemic impact               <ul style="list-style-type: none"> <li>- G20 mandate in 2011; FSB focus on NBNI GSIFs – 2017 recommendations</li> <li>- IOSCO approach</li> <li>- ESRB recommendations</li> <li>- Views of other authorities (ECB, Bank of England, AMF)</li> <li>- Where regulation might head next (results from ESMA CSA and IOSCO review of implementation of IOSCO principles)</li> </ul> </li> </ul>	Martina Kelly
9.35-10.05am	<b>Liquidity Risk Management - an Irish Industry view</b> <ul style="list-style-type: none"> <li>• Irish Funds' LRM Framework - 18 months on, a review of implementation and lessons learned</li> <li>• Liquidity risk through the funds lifecycle, including tailoring processes and tools to fund characteristics</li> <li>• An industry's experience through a stressed environment</li> <li>• Liquidity - a competitive landscape</li> </ul>	Declan Curran
10.05-10.15am	<b>Question Time</b>	

## Day 2 | 29th June 2022

Time	Topic	Presenter
8.30-8.40am	Welcome back - Recap Day 1	Eoin FitzGerald
8.40-9.20am	<b>Liquidity Risk Governance Framework</b> <ul style="list-style-type: none"><li>• What is a liquidity management framework?</li><li>• <b>Process</b><ul style="list-style-type: none"><li>- Product design; stress test, launch, monitoring, application of liquidity management tools (LMT)</li></ul></li><li>• <b>Governance</b><ul style="list-style-type: none"><li>- Roles and responsibilities – 1st, 2nd, 3rd lines; Board, Liquidity Committee, Product Committee, Risk Committee</li><li>- Liquidity limits and escalation of breaches</li><li>- Application of LMTs and governance around their use</li></ul></li></ul>	James O'Sullivan
9.20-9.55am	<b>Liquidity Risk Management - an ESMA perspective</b> <ul style="list-style-type: none"><li>• Regulatory landscape and areas under particular scrutiny</li><li>• Supervisory convergence - current activities</li><li>• General outlook - 2022 and beyond</li></ul>	Antonio Barattelli
9.55-10.30am	Question Time	

## Day 3 | 30th June 2022

Time	Topic	Presenter
8.30-8.40am	Welcome back - Recap Day 1 and 2	Eoin FitzGerald
8.40-10.20am	<p><b>Liquidity Risk Management in Practice – an Asset Manager’s perspective</b></p> <ul style="list-style-type: none"> <li>• Maintaining trust in the liquidity of UCITS and open ended funds - matching fund assets to fund liabilities - a collective obligation of the industry</li> <li>• Challenges and Suitability - Asset Class Liquidity - Structural Liquidity Distinctions - Real Estate, Equities, Fixed Income</li> <li>• Structural failures in fund portfolios - a case study in shareholder illiquidity</li> <li>• UCITS Liquidity Policies in practice and Stress Testing</li> <li>• What does “worst case” mean and can we manage to that end? Or manage to the data?</li> <li>• Managing flows through a Liquidity Event - “shareholders versus subscriptions and redemptions”</li> <li>• Liquidity dynamics - always evolving</li> </ul>	Robin Creswell
10.20-10.30am	Question Time and Closing Remarks	



# Further Information

## Commencement and Delivery

The masterclass is delivered on the mornings of 28th, 29th and 30th June 2022, from 8.30am to 10.30am.

The masterclass is a live online event delivered via Zoom.

## Fee

€260 for IOB members

## How to register your interest

Please visit

[iob.ie/liquidity-management-masterclass](https://iob.ie/liquidity-management-masterclass)

## CPD

Accredited Funds Professional	3 hours
Chartered Banker	3 hours
CIFD	4 hours
FCI (Compliance)	4 hours
LCI	4 hours
Professional Banker	3 hours

## Recommended pre-reads

[Lessons from Covid: A Macroprudential Framework for the Market-Based Finance Sector](#)

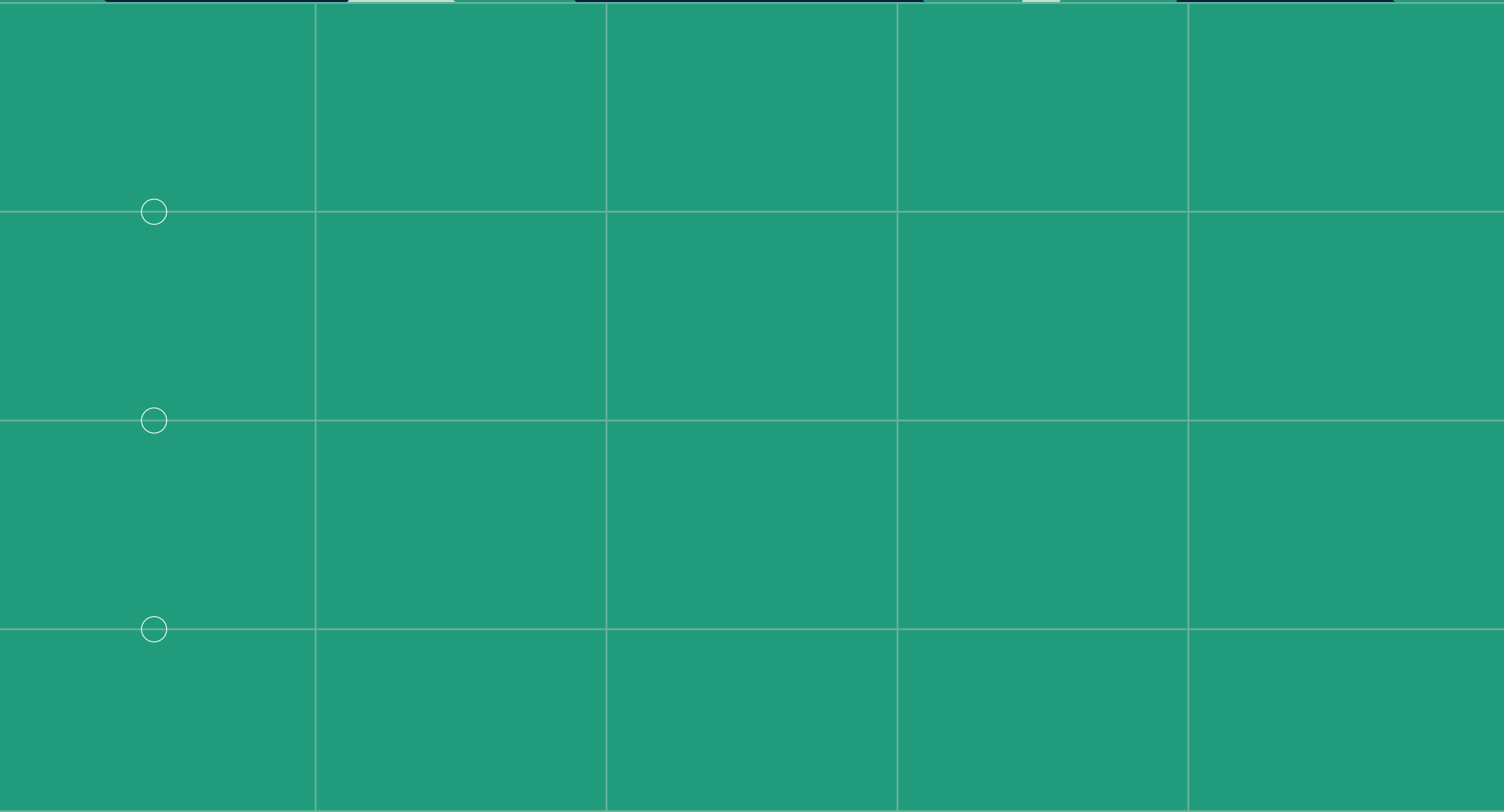
A contribution to the Banque de France Financial Stability Review from Central Bank of Ireland Governor Gabriel Makhoulouf

[Results of the 2020 Common Supervisory Action on UCITS Liquidity Risk Management](#)  
ESMA Report

[Liquidity Management in UK open-ended Funds](#)  
Report based on a joint Bank of England and FCA Survey

[Financial Stability - the perspective of the non-banking financial sector](#)  
Speech by Robert Ophèle, AMF Chairman





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