

8 October 2024

ALL QUESTIONS RTS AND GUIDELINES LMTs AIFMD/UCITS

Executive summary

AMIC welcomes the opportunity to provide feedback on ESMA's proposed (1) [RTS](#) on the characteristics of liquidity management tools (LMTs), as well as the (2) [Guidelines](#) on the selection and calibration of LMTs for AIFMD and UCITS. These measures are critical to ensuring the success of the agreement reached at Level 1 of the revised AIFMD and UCITS Directives which entered into force on 16 April 2024.

Most importantly, it is critical that these measures support and respect the agreement that was reached at Level 1 to ensure that fund managers retain the necessary flexibility to act as fiduciaries, in the best interest of investors, at all times. More specifically, we highlight that:

- Characteristics should take into account fund specific needs and market conditions and allow the fund manager to have the flexibility, and discretion, to apply alternative characteristics in the best interest of investors provided they are included in the legal documents.
- In the case of suspensions of funds, further distinctions between the suspensions of redemptions and subscriptions are necessary to recognise the cases where the individual suspensions of certain activities occur in non -exceptional circumstances.
- Rigid distinctions should be avoided between AIFs and UCITS, but it is still helpful to acknowledge that the nature of their different risk profiles, liquidity of assets, and investor bases, means that some LMTs are not as suitable for retail investors as they are for the more specialised institutional investors.
- Managers should not be constrained to selecting at least one quantitative LMT and at least one anti-dilution tool (ADT) as this would infringe upon the primary responsibility of the manager to manage the liquidity of the fund.
- The proposed specificity of the LMT policy could risk hampering the managers ability to use their discretion to act in best interest of investors and disclosing the proposed information risks confusing investors or even creating arbitrage. The LMT policy should be kept as an internal guidance document only and any disclosure to investors should be limited to the main principles described in high level, qualitative terms, only.
- We are not supportive of the extensive definition of "exceptional circumstances" as we consider that it narrows the reading for the fund manager as to the appropriate trigger event, creating unnecessary constraints to act in investors best interests. The trigger event should be determined at the managers discretion, which they should be prepared to justify to their NCAs.
- Managers should not be required to avoid simultaneous activation of certain ADTs as their purpose is to ensure fair treatment of investors and there are no perceived risks in their simultaneous use.
- Ultimately, the tools described in Annex V of the AIFMD should not be viewed as essential elements of a fund's overall liquidity management framework and their use should not prevent the application of other tools that are contractually designed and outlined in the fund's documentation and agreed by the investors.

Proposed RTS on the characteristics of LMTs for AIFMD and UCITS

(47 Questions)

Suspension of subscriptions, repurchases and redemptions

Q1. Do you agree with the proposed characteristics of suspension of subscriptions, repurchases and redemptions? If not, please justify your position.

We agree with the proposed characteristics, but in certain situations, it may be beneficial to close the fund for redemptions only, while still allowing subscriptions. This approach can help improve the fund's liquidity by allowing new capital inflows while preventing forced asset sales during periods of market stress.

Also, an AIF may suspend subscriptions without suspending redemptions if it considers this necessary for the management of the fund, without this being considered a liquidity management tool. For example, this could apply to a fund that has reached its maximum size. Dependent on the fund rules, there are also funds that have different times of subscription (e.g. twice a month) but only redeem once a month.

Thus, in order to retain the necessary flexibility of allowing suspensions of redemptions or suspensions of subscriptions on an individual basis, we propose the following amendment to the drafting of the first characteristic which is detailed in paragraph (2) as well as first point of Article 1:

Suspensions of subscriptions, repurchases and redemptions can be applied independently from each other at the discretion of the fund manager. In the case where suspensions of subscriptions shall apply simultaneously to suspensions of subscriptions, repurchases and redemptions, they shall apply and for the same period of time.

Q2. Do you agree that orders that have been placed but not executed before the fund manager suspends shall not be executed until the suspension is lifted? If not, please explain why these orders shall be executed.

We agree in principle, but in practice there needs to be flexibility to allow fund managers to honour particular contractual obligations which would be complex to reverse or put on hold, and investors should also be offered the option to cancel the non-executed part of their redemption order subject to the consent of the AIFM, provided this is disclosed in the prospectus. Furthermore, the AIFM should also have the possibility to proceed differently for example, by cancelling all orders received before the suspension, and requiring investors willing to subscribe or redeem to place new orders, as long as this is clearly documented in the fund's legal documentation.

Moreover, fully limiting execution until suspension is lifted may cause some operational and cross-border issues for a typical mutual fund. There needs to be the necessary flexibility for funds distributed via straight through processing (STP) procedures to account for time zone differences. For example, investors from Asian markets using STP notification processes to European funds will send their orders during Asian working hours which operate before the European markets are open. These Asian investors risk being disadvantaged for having chosen European funds, over the local Asian ones, if their orders are not executed. Managers are contractually obliged to honour these orders and enable them to pass automatically to the

transfer agent, per the terms of business. It would be operationally very complex and challenging to reverse these types of deal flows.

It should thus be recognized in the RTS that fund managers have the flexibility to act in the best interest of investors and fulfil their contractual obligations. We therefore propose the following amendment:

4. Subscriptions, repurchases and redemptions orders that have been placed, but not executed before the subscriptions, repurchases and redemptions of the AIFs/UCITS are suspended, shall not be executed, **if possible, and acting in the best interest of investors**, before the suspension of subscriptions, repurchases and redemptions is lifted.

Q3. Once the fund is reopened for subscriptions, repurchases and redemptions, what would be your approach to redemption orders that have not been executed before the fund was suspended?

The choice of approach to redemption orders that have not been executed before the fund's suspension should be at the discretion of the AIFM, and depends on the fund, its underlying assets and investor base. Therefore, the AIFM should have the flexibility to choose the most appropriate methods between cancelling all orders received before the suspension and requiring investors willing to subscribe or redeem to place new orders, or executing the orders that have not been executed before the fund was suspended, as long as the approach is clearly documented in the fund's legal documentation.

Q4. Do you think there are circumstances where subscriptions, repurchases and redemptions may not be reopened simultaneously? If yes, what are these circumstances?

As described in response to Q1, there are circumstances where suspensions of redemptions and subscriptions are not interrelated and occur on separate basis and therefore cannot be limited to being activated on a simultaneous basis. Similarly, reopening subscriptions before redemptions can serve as a transitional step towards full reopening of the fund, allowing new capital from subscriptions to improve liquidity of the fund.

It is also important to reiterate that subscriptions and redemptions are two distinct mechanisms. While the suspension of redemptions is a liquidity management tool, the suspension of subscriptions can be used in certain situations such as difficulties in valuing the assets of the fund or when the fund has reached its maximum size.

Q5. Can you think of any further characteristics of suspension of subscriptions, repurchases and redemptions?

No. However, it is important to keep the necessary flexibility and to note that subscriptions and redemptions are not interrelated (as described in Q1 and Q4).

Q6. Do you think there is merit for the characteristics of suspension of subscriptions, repurchases and redemptions gates to differ between different investment strategies and between AIFs and UCITS? If yes, how?

We believe AIFMs should benefit from flexibility regarding the proposed characteristics depending on the nature of the underlying assets and the investor base, and should be allowed to consider alternative characteristics, provided this is documented in their legal documents and that the spirit of the Directive is respected.

Redemption gates

Q7. Do you agree with the description of redemption gates and their characteristics? If not, please justify your position.

We agree in principle, but the characteristics should be widened also to capture both redemptions and subscriptions. The RTS assume that liquidity issues only arise when a fund is trying to sell assets, but this pressure can equally arise when a fund is trying to buy assets. The drafted characteristics do not recognise that gates or “soft closures” may also be required due to liquidity pressures emanating from subscriptions.

Q8. The draft RTS provides that the redemption gate threshold shall be expressed as a percentage of the NAV of the fund considering the net redemption orders for a given dealing day. Are you aware of any other method that ESMA should consider in the RTS? If yes, please explain.

We are supportive of the proposed operation of redemption gates given the discretion provided to the operator of the fund to decide whether to activate the gate. However, we are not fully supportive of the method considered by ESMA in the RTS for the redemption gate threshold as defined in Article 2 (1) of the draft RTS “net redemption orders an AIF receives for a given dealing date, in proportion to the NAV of the AIF”.

The proposed approach can be problematic since, for funds where subscriptions are managed through a queuing system with capital calls made on demand, subscription orders might already be partially or fully allocated to upcoming investments and binding commitments made by the AIF and thus, cannot be used to meet redemption requests. In some cases, such as for real estate funds, the subscription orders have already led to binding commitments and therefore cannot be withdrawn.

To address this, Article 2 (1) could either focus solely on "**redemption orders**" rather than "**net redemption orders**", or define the net redemptions to exclude any subscription orders that have been allocated to binding commitments. We thus propose the following options as alternative drafting:

“A redemption gate shall include an activation threshold predefined, as the **net** redemption orders an AIF receives for a given dealing date in proportion to the NAV of the AIF”.

“A redemption gate shall include an activation threshold predefined, **as far as possible**, as the net redemption orders an AIF receives for a given dealing date, **excluding any subscription orders that have been previously allocated to binding commitments made by the fund as part of its investments**, in proportion to the NAV of the AIF”.

Considering only the redemption orders, or at least excluding any subscription orders that have been allocated to binding commitments, allows for a better reflection of the fund's real ability to meet redemption requests without relying on subscription orders that may not be available.

In addition, alternative approaches and/or methodologies for defining the activation threshold should not be excluded, as they can better accommodate various liquidity management practices. Specifically, while the draft RTS suggests setting the redemption gate threshold based on net redemption orders for a single dealing day, a rolling period approach might be more suitable for some funds. This method provides a more comprehensive view of

redemptions trend over time, allowing for a less reactive and more stable approach. For example, a fund with a bi-weekly dealing frequency could use a rolling three-month period to determine the activation threshold, rather than relying on a single dealing day.

Additionally, under this approach, reimbursements would be made up to a minimum percentage specified by the Management Company and disclosed in the fund rules, which may differ from the activation threshold level.

Moreover, it should be possible for a portfolio manager to express the threshold as a currency amount (e.g. in EUR, USD, or any other dealing currency of the fund) that they think the market can sustain. In this scenario, all redeeming/subscribing investors would be entitled to an equal share of that amount, with minimum and maximum limits applied.

Finally, to note, that for feeder funds, no redemption gate threshold is applicable since the gating status of feeder funds only depend on the gating status of the master fund. Therefore, a feeder fund would be gated only if the master fund is gated.

Ultimately, flexibility must be retained to preserve the discretion of the fund manager.

Q9. Do you agree that redemption gates may be either activated automatically when the activation threshold is exceeded or that the fund manager/ fund Boards may decide whether or not to activate the redemption gate? Do you believe that automatic activation of redemption gates could create a first mover advantage?

We agree that redemptions gates should be either activated automatically or by the fund manager when activation thresholds are exceeded. However, it is important to preserve a certain degree of flexibility by not being fully constrained to activate automatically the redemption gate once the threshold is exceeded.

There may be a risk that automatic activation may sometimes be perceived by investors as creating a first mover advantage, (which actually would be stemmed by the size of the gate, the pro-rata reduction of orders, and discouraged by anti-dilution tools as may be applicable), as investors will be aware that orders are limited once the activation threshold is exceeded and may feel incentivized to pass a redemption order first. This risk can be further mitigated if investor disclosures are only limited to qualitative information and no activation thresholds are disclosed.

Therefore, the activation method should remain flexible and at the discretion of the fund manager.

Q10. Do you think that the automatic activation of redemption gates shall not be permitted for some types of funds. If yes, please explain your position.

No – the automatic activation of redemption gates should be kept as an option for all types of funds.

Q11. Do you agree that the activation threshold shall not be expressed at the level of the single redemption order? If not, please justify your position.

Yes – we agree in general that the activation threshold shall not be expressed at the level of a single redemption order, but at the fund level – either as a % of the NAV or as a total amount in the dealing currency of the fund.

Q12. In the case of activation of redemption gates, do you agree that investors should have the right to cancel the non-executed part of their redemption orders? In particular, should there be a different approach between UCITS and AIFs?

We agree that investors should have the right to cancel the non-executed part of their redemption orders.

However, the cancellation of the non-executed part of redemption orders should first be subject to the consent of the fund manager with this discretion disclosed in the fund's prospectus. This condition is particularly important for funds with less liquid assets, which may require some time to complete the sale of assets to meet redemption requests. Requiring consent helps prevent situations where asset sales are underway to fulfill redemption requests, only to have those requests subsequently withdrawn, which can disrupt the fund's liquidity management and strategy and is contrary to the best interests of all investors.

Ultimately the characteristics must reflect that managers retain the ability to cancel non-executed orders at their discretion.

We do not think that there is any value in having different approaches between UCITS and AIFs.

Q13. Do you think there is merit in having different characteristics of redemption gates for different investment strategies and between AIFs and UCITS? If yes, how?

No, we do not see any merit in having distinctions depending on the investment strategies and between AIFs and UCITS, as long as sufficient flexibility is maintained to allow for adaptation to different circumstances.

Q14. In the case of funds with multiple share classes, do you agree that the same redemption gate shall apply to all share classes? If not, please justify your position.

Yes – we agree that the same redemption gate shall apply to all share classes in UCITS funds. However, there may be some AIFs with concentrated investor bases, where a redemption of significant size could generate a trade that cannot be executed without an adverse market impact on other fund investors. Typically, this type of investor will hold a different class of fund shares to other investors. The characteristics of gates could thus be refined to allow application to specific share classes (e.g. those limited to institutional investors), or even specific investors, provided investors interests are protected, and no preferential treatment is granted.

Q15. Can you think of any further characteristics of redemption gates?

No. However, we would like to highlight that gates are less suited to funds with retail client bases or those distributed through intermediaries and platforms. The distribution architecture for these funds is increasingly automated and would not lend itself to ad-hoc interventions to gate a fund. For these types of funds, swing pricing is a more appropriate way to manage dilution risk.

Extension of notice periods

Q16. Do you agree with the description of extensions of notice period and their characteristics? If not, please justify your position.

Yes.

Q17. Do you agree that the same extension of notice period shall apply to all investors or different extensions of notice periods per share class/unit shall be allowed? Please justify your position.

We believe it is important to have the possibility to apply different extensions of notice periods per share class as having the same extension for different types of investors within the same fund (retail vs professional) could be counterproductive.

Q18. Do you agree that extensions of notice period may be applied for a pre-defined period of time (for a pre-defined number of dealing dates)? If not, please justify your position.

Depending on the nature of the fund, the underlying assets, and the market circumstances, the AIFM should have the flexibility to choose whether to apply extensions of notice period for a pre-defined period of time or for an indefinite period as the time required to return to normal operations cannot be always anticipated.

Q19. Do you think there is merit for the characteristics of extensions of notice period to differ between different investment strategies and between AIFs and UCITS? If yes, how?

No, we do not see any merit in having distinctions depending on the investment strategies and between AIFs and UCITS, as long as sufficient flexibility is maintained to allow for adaptation to different circumstances.

Q20. How would you execute redemption orders that have been placed but not executed before the notice period is extended? Would you execute them under the original notice period, or would you execute them at the following dealing day?

They would be executed under the original notice period unless there are extreme circumstances, such as a severe liquidity strain, in which case the order might need to be deferred to the next dealing day.

Q21. How would you ensure fair treatment of investors when deactivating the extension of notice period?

To ensure fair treatment of investors when deactivating the extension of the notice period:

- AIFMs/UCITS managers ensure that all investors can benefit from the deactivation;
- The manager keeps a chronological consistency regarding the execution's orders. Once the extension of the notice period is deactivated, the first orders to be executed are those that have been first placed before the extension of the notice period.

Redemption fees

Q22. Do you agree with the description of redemption fees and the corresponding characteristics? If not, please justify your position.

No, we do not fully agree with the description of redemption fees and the corresponding characteristics. Redemption fees should not be considered as predetermined, as there needs to be flexibility as redemptions fees can vary depending on variability of trading costs. It could be possible to assess a range for trading costs in normal market

circumstances depending on the asset classes. However, the cost of liquidity could exceed the predetermined range in exceptional circumstances, in which case the management company could decide to go beyond this predetermined level in such scenarios. Thus it is important to recognise that predetermined redemption fees apply only in normal market conditions.

In recognition of the challenge in calculating redemption fees ahead of time, managers will typically estimate this based on a percentage of the transaction size. This may not necessarily incorporate all of the explicit and implicit costs, but should be permitted to be a more conservative fee in such cases.

We thus suggest the following amendment to the characteristic:

1. “Redemption fees are predetermined fees charged to redeeming shareholders or unit- holders and which are deducted from the amount paid to shareholders or unit-holders as the result of the execution of their redemption orders. **This fee could move out of its predefined range in exceptional circumstances**”

Moreover, characteristic (7) where investors “that have placed redemption orders that fall within the same level of redemption fees shall bear the same redemption fee” would not be prudent in practice. Trading and market impact are calculated at the sub-fund level where the result of all dealing is calculated based on overall redemptions from the fund, not just smaller pieces of it. It is therefore more difficult to justify charging smaller transactions less. This approach would not be followed with other anti-dilution tools because it could potentially mean there could be a slice of the overall cost not picked up by any shareholder.

Q23. Can you think of any other redemption fee mechanism than the ones described above? If yes, please provide examples.

It is important to have the option to structure a redemption fee based on the investor’s holding period, with a degressive scale depending on how long the investment is held by the investor. In such cases, the redemption fee would reflect not only the costs of selling an asset but also the portion of acquisition costs that are still unamortized in the fund’s NAV.

Q24. Do you think there is merit for the characteristics of redemption fees to differ between different investment strategies and between AIFs and UCITS? If yes, how?

No, we do not see any merit in having distinctions depending on the investment strategies and between AIFs and UCITS, as long as sufficient flexibility is maintained to allow for adaptation to different circumstances.

Swing pricing

Q25. Do you agree with the description of swing pricing and the corresponding characteristics? If not, please justify your position.

Yes. We particularly agree that the swing factor should reflect the estimated cost of liquidity and we would further highlight that this is done on a best-effort basis. The ability to set an appropriate swing factor relies on the ability of the manager to assess the expected costs of

transacting and accessing liquidity. However, this is dependent on accurate on-screen prices which are not always available.

Q26. Can you think of any characteristics of swing pricing than the ones described above?

No.

Q27. Do you think there is merit for the characteristics of swing pricing to differ between different investment strategies and between AIFs and UCITS? If yes, how?

No, we do not see any merit in having distinctions depending on the investment strategies and between AIFs and UCITS, as long as sufficient flexibility is maintained to allow for adaptation to different circumstances.

Q28. Do you agree that in the case of funds with multiple share classes, the same swing factor shall be applied to all share classes? If not, please justify your position.

In principle yes, unless operating a hybrid model with different anti-dilution tools on different share classes. Also different swing factors could be used in different share classes of the same sub-fund. In case of hedged share classes, the swing factor of hedged share classes may reflect the additional costs of transactions in relation to the derivatives used for the hedging (as an example, FX forwards used in case of currency hedged share classes). We therefore ask for the flexibility to apply different swing factors in different share classes of the same sub-fund .

Dual pricing

Members have feedback that they are short in experience in dual pricing so not in a position to comment.

Q29. Do you agree with the description of the dual pricing and the corresponding characteristics? If not, please justify your position.

Q30. Are there any other calculation methods for dual pricing that should be considered? If yes, please give example.

Q31. Do you think there is merit for the characteristics of dual pricing to differ between different investment strategies and between AIFs and UCITS? If yes, how?

Anti-dilution levy

Q32. Do you agree with the description of the anti-dilution levy and the corresponding characteristics? If not, please justify your position.

We do not fully agree, as for market impact, it should be clarified that the market impact to be set in advance can only be estimated (instead of done in a fully precisely estimated manner).

Q33. Are there any other calculation methods for anti-dilution levy that ESMA shall consider? If yes, please give example.

No.

Q34. In the case of funds with multiple share classes, would you see the possibility for different anti-dilution levies depending on share classes? Please justify your position.

We do consider the possibility for anti-dilution levies to be differentiated by share classes as jurisdiction, specific client preferences and national regulations can lead to “geographical share classes”.

Q35. Do you think there is merit for the characteristics of anti-dilution levy to differ between different investment strategies and between AIFs and UCITS? If yes, how?

No, we do not see any merit in having distinctions depending on the investment strategies and between AIFs and UCITS, as long as sufficient flexibility is maintained to allow for adaptation to different circumstances.

Redemptions in kind

Q36. Do you agree with the description of redemptions in kind and the corresponding characteristics? If not, please justify your position.

We do not fully agree with the description and characteristics of redemption in kind (RIK) as drafted, as they do not fully account for the intricacies of agreements between authorized participants (APs) and exchange-traded funds (ETFs). In the regular course of business, when APs or market makers directly redeem shares in a UCITS ETF, the delivery of underlying securities (in whole or in part) held by or on behalf of the UCITS ETF should not be viewed as triggering the RIK mechanism within the context of Annex IIA LMTs.

Sections 83 and 84 outline scenarios where RIK (restricted to professional investors) need not correspond proportionally to the redeeming investors' holdings. This approach raises concerns:

- For index-tracking funds, non-pro-rata redemptions could lead to significant deviations from the index.
- For funds holding securities that don't replicate the index, it would be inequitable to transfer these securities to redeeming investors without a fair assessment.

To ensure fairness, the fund's depository or auditors (as determined by national law) should evaluate the asset allocation's equity for both remaining and redeeming investors.

Q37. Can you think of any characteristics of redemptions in kind?

No.

Q38. Do you think there is merit for the characteristics of redemption in kinds to differ between different investment strategies between AIFs and UCITS? If yes, how?

There is merit in having distinctions depending on the investment strategies and between AIFs and UCITS. AIFs require specialized processes as they deal with more complex and illiquid assets such as private equity and real estate and are typically marketed to professional investors who have a higher risk tolerance and better understanding of complex assets. On the other hand, UCITS invest in more liquid and transferable securities and are subject to stricter regulations designed to protect retail investors. Whilst some funds may offer redemptions in kind (RIK) for institutional share classes in retail funds, RIK is not an appropriate tool for retail investors themselves. Refining the characteristics to reflect the distinctions would ensure that the specific needs and regulatory requirements of both AIFs and UCITS are appropriately addressed, which would benefit both the fund and the investors.

Side pockets

Q39. Do you agree with the description of side pockets and the corresponding characteristics? If not, please justify your position.

Yes.

Q40. Do you agree that in the case of UCITS, side pockets created by physical separation should only be done with the creation of a new UCITS where the assets for which there are no problems are placed? If not, please explain your position.

Yes – The alternative of moving the problematic assets to a new UCITS would not be possible given the assets in question would have become illiquid.

Q41. Can you think of any other characteristics of side pockets that ESMA should consider? In particular, do you think that the characteristics of side pockets shall differ between UCITS and AIFs (in addition to the creation of side pockets via physical separation of the assets)? If, yes please elaborate.

No.

Q42. Do you see merit in specifying further the characteristics that side pocket created by means of accounting segregation should have? If yes, can you please explain how you have created side pocket via accounting segregation? Have you encountered any legal constraints or are you aware of any legal constraints in your jurisdiction that may limit the use of side pockets via asset segregation?

No.

Q43: Do you agree that the assets in the side pocket should always be managed with the view to liquidate them? Or could there be circumstances, where a reintegration with the normal assets could be contemplated? Please explain.

Side pockets tend to be managed with a view to liquidating them down the line. However, there are some circumstances where this is not the case.

For example, there are cases, such as geopolitical events, which may trigger an unexpected and temporary closure of stock exchanges. This would result in some assets not being listed until the reopening of the stock exchange. This would lead to the temporary placing of these assets into a side pocket until they can be reintegrated into the fund among the unimpacted assets.

The most critical point is that it must remain at the discretion of the fund manager when the liquidation actually takes place. That decision will be based on an assessment of what is best for the original investors.

Cost-benefit analysis

Q44. Do you agree with the above-mentioned reasoning in relation to the possible costs and benefits of the option taken by ESMA as regards the characteristics of LMTs set out in Annex IIA of the UCITS Directive? Which other types of costs or benefits would you consider in that context?

No comment.

Q45. Is there any ESG and innovation-related aspects that ESMA should consider when drafting the RTS under the UCITS Directive?

No.

Q46. Do you agree with the above-mentioned reasoning in relation to the possible costs and benefits of the option taken by ESMA as regards the characteristics of LMTs set out in Annex V of the AIFMD? Which other types of costs or benefits would you consider in that context?

No comment.

Q47. Is there any ESG and innovation-related aspects that ESMA should consider when drafting the RTS under the AIFMD?

No.

Proposed Guidelines on the selection and calibration of LMTs for AIFMD and UCITS (50 Questions)

General Principles

Q1: Do you agree with the list of elements included under paragraph 17 of Section 6.5.1 of the draft guidelines that the manager should consider in the selection of LMTs? Are there any other elements that should be considered?

Yes, we agree with the list of elements, but the discretion of fund managers remains paramount.

Q2: Should the distribution policy of the fund be considered in the selection of the LMTs? What are the current practices in relation to the application of anti-dilution levies by third party distributors (e.g.: whether the third party corrects the price by adding the anti-dilution levy to the fund NAV)?

There are particular scenarios where it is helpful for the distribution policy to be considered in the selection of LMTs as it needs to be operationally feasible to implement the tool – for example, where a fund is distributed via a platform, it would be difficult to use gates, or where a fund is distributed outside the EU certain LMTs may not be known or accepted.

Q3: Do you agree that among the two minimum LMTs managers should consider the merit of selecting of at least one quantitative LMT and at least one ADT, in light of the investment strategy, redemption policy and liquidity profile of the fund?

No - as a matter of principle, managers should not be constrained to selecting at least one quantitative LMT and at least one ADT, as this would infringe upon the primary responsibility of the fund manager to manage liquidity in the fund. Furthermore:

- There also may be practical challenges in implementing ADTs if custodians are not able to facilitate implementation of these tools.

- It should also be possible for funds to have tools available but set to 0 until certain market conditions and/or redemption size was met. Some redemptions could be met without triggering a dilution adjustment.
- Professional investors may not be interested in, or opposed to, diluting the fund and would prefer to make their own mind up whether they wish to invest in a fund without dilution management tools.
- Also recommending this type of distinction in the selection process of LMTs could cause interpretation and implementation issues as it is not clear how it would apply to redemption in kind as it has been categorised as “Other LMTs”.

Q4: Do you see merit in developing further specific guidance on the depositaries’ duties, including on verification procedures, with regards to LMTs?

No – the requirements of depositaries are already well established for both UCITS & AIFMD, as referenced in the consultation, and from an operational perspective, fund managers would not expect or require specific detailed guidelines on the depositaries verification procedures around LMTs.

Governance Principles

Q5: Do you agree with the list of elements included under paragraph 28 of Section 6.5.2 of the draft guidelines to be included in the LMT policy? Are there any other elements that, in your view, should be included in the LMT policy?

While we do not have a material issue with some of these elements being included, the vastness and specificity of the LMT policy as described could risk hampering the manager’s ability to use their discretion to act in the best interests of investors, and there is a risk that it will become impractical to implement. Flexibility should be maintained as to the weight of the LMT policy’s considerations in the fund manager’s decision-making process, making clear that it is intended as a helpful guide of elements they may wish to, but are not required, to consider.

The calibration and activation methodology will vary across asset classes, with private markets being less automated. We would not be supportive of point (p) and on disclosing specific swing factors or potential dilution adjustments. Retaining the ability to be flexible on swing factors ensures they are appropriate for the market conditions in a particular asset class. Conditions and security transaction costs vary, in particular when considering selling private assets. As mentioned in Q3, also having the flexibility for the fee, or swing factor, to be set to zero is important.

Reflecting the purpose outlined above, the LMT policy should be kept as an internal guidance document only. While helpful in providing a structure for fund managers to consider as part of their governance arrangements, disclosing the breadth and depth of information in the LMT policy may risk confusing investors, or even creating arbitrage risk, as pertains to specific activation thresholds.

Q6: In your view, what are the elements of the LMT policy that should be disclosed to investors and what are the ones that should not be disclosed? Please provide reasons for your answer.

We consider that the disclosure of the LMT policy should concern qualitative information **only**, we question the benefit of investors having knowledge of the quantitative metrics and perceive some risks in doing so:

- Activation thresholds – risk of arbitrage.
- It is overly prescriptive to have to disclose all occasions where swing factors are employed as there are too many differing factors and differing funds to take into consideration. There is also limited value in disclosing swing factors, instead could disclose the expected minimum/maximum swing factors.
- Governance overly detailed, this level of detail is not necessary as long as there is a process in place. Prospectus is not the place to highlight granular governance.
- The LMT playbook, as described, would detail the expected sequencing and interdependencies of the fund’s LMTs. This should not be disclosed to investors as it could create misleading expectations among investors that LMTs will be deployed in the exact same way in each instance. This may constrict the ability of the fund manager to react to developing market conditions (e.g. COVID 19). Managers must retain flexibility to act in the best interests of investors on a case by case basis, being led by guiding principles rather than specific mechanisms.

We would thus recommend that only the main principles of the LMT policy be described in high level, qualitative terms. The most appropriate and essential information to investors’ decision making would be encapsulated within this, namely the nature, objectives and LMT criteria.

Quantitative LMTs

Suspension of subscriptions, repurchases and redemptions

Q7: Do you agree with the above definition of “exceptional circumstances”? Can you provide examples of additional exceptional circumstances, not included under paragraph 30 of Section 6.5.3.1 of the draft guidelines, that would require the manager to consider the activation of suspension of subscriptions, repurchases and redemptions, having regard to the interests of the fund’s investors?

We are not fully supportive of the suggested definition of “exceptional circumstances”. Even where specified that the list of illustrative scenarios is non-exhaustive, we consider that it would narrow the reading for the fund manager as to the appropriate trigger event, creating unnecessary constraints on the primary responsibility of the manager to implement liquidity risk management in the best interest of investors.

It is more prudent for the definition to recognise the trigger event is to be determined at the discretion of the fund manager, which managers should be prepared to justify to their NCAs, if required. This will facilitate the fund manager to react promptly in the case an event of “exceptional circumstance” occurs and to avoid any interpretation issues. Managers typically engage very closely with their supervisors at the time these types of extraordinary circumstances occur, which provides the opportunity for such decisions to be queried and challenged as necessary. Thus, an attempt to define and capture all possible cases and circumstances to be considered as “exceptional circumstances” risks fund managers ability to act in the best interest of investors when necessary, and does not add any additional benefit to the current justification requirements when these exceptional decisions are taken.

We would also suggest that “unforeseen” be removed from the definition of exceptional circumstances, as it suggests that suspensions should only be triggered in completely new or unexpected situations, which we do not support. Managers may “foresee” worsening market conditions but may still consider that a suspension is not appropriate until a certain point.

We would therefore recommend the following overarching definition of “exceptional circumstances”, for both suspensions and side pockets:

Exceptional circumstances can be defined as ~~unforeseen events~~ **particular circumstances** and/or operational/regulatory environments, **that the AIF/UCITS manager, considers has that material impact materially** on the fund’s ability to carry out normal business functions and activities **in the best interest of investors.**

Q8: Do you agree with the elements of the LMT plan included under paragraph 32 of Section 6.5.3.1 of the draft guidelines to be included in the LMT plan? Is there any other element that should be considered?

The proposed list is very extensive and risks being difficult to implement, moreover:

- Point (C) “a tentative duration of the use of suspension..”, would be difficult to determine in exceptional circumstances which are typically driven by external elements, particularly as this is required immediately after activation. Thus the detail on the duration period should remain flexible.
- We would not be supportive of point (e) as assessing the impact of a suspension on investors is complex and varies based on investor profiles and the uncertain effects of different factors on outcomes.
- Point (H) - including a plan on re-opening the fund is a sensible element to include in LMT plan.
- Point (I) does not seem appropriate, as it would be too early to anticipate the extent to which the situation will return to normal when the LMT plan is established (for example, the end of the COVID period was unpredictable at the time).

Q9: Do you agree with the above list of elements to calibrate the suspensions of subscriptions, repurchases and redemptions? Is there any other element that should be considered?

We agree that there should not be a mechanistic approach – the activation threshold may help inform fund managers as to when activation might be most appropriate, but exceptional circumstances that warrant suspensions may be impossible to anticipate and are by nature unknown.

Redemption Gates

Q10: Do you agree with the proposed criteria for the selection of redemption gates? Is there any other criteria that should be considered?

We believe point (a)iii should be deleted to avoid designating specific funds investing in certain asset classes (PE/RE) and keep a wider wording applicable to all types of AIFs.

Where a fund receives regular income, its liquidity buffer would be topped up and therefore the fund would have capacity to meet a larger number of redemptions per quarter without altering its investment allocation. Therefore, an additional point would be to perhaps consider the level

of income or distribution or other cash flows (e.g. principal repayment) the fund will generate which will top up liquidity, rather than just looking at netted redemption requests, unless the fund has a legally binding requirement to pay out income or received distributions.

Q11: What methodology should be used and which elements should be taken into account when setting the activation threshold of redemption gates?

Generally speaking, the activation threshold of gates should not be dependent on a single methodology for all cases – fund managers must be given the flexibility to adapt depending on the given market circumstances and characteristics of the fund. Funds which are invested in less liquid or illiquid assets for instance, may use gates more frequently than highly liquid funds, as the underlying market requires more time to obtain more accurate asset prices.

Q12: Do you agree that the use of redemption gates should not be restricted in terms of the maximum period over which they can be used? Do you think that any differentiation should be made for funds marketed to retail investors? Please provide concrete cases and examples in your response.

Yes we fully agree that redemption gates should not be restricted in terms of maximum period over which they can be used. However, we disagree with the use of gates remaining temporary in nature for all funds. For professional funds investing in less liquid assets, the use of gates should not necessary be limited to a temporary basis, this decision should remain at the discretion of the fund manager. While in principle, there should not be any differentiation between retail and institutional investors – additional flexibility should be kept in the implementation for funds targeting only institutional investors.

Q13: What is the methodology that managers should use to calibrate the activation threshold of redemption gates to ensure that the calibration is effective so that the gate can be activated when it is needed? Do you think that activation thresholds should be calibrated based on historical redemption requests and the results of LSTs?

No, the activation threshold should not be calibrated based solely on historical redemption requests and on the results of LSTs as they may change over time, investor behaviour can change quickly and it would be challenging to calibrate for new funds. We recognise that historical redemption requests and LST results are helpful contributors towards calibration but would advise against strictly limiting the methodology to these two factors.

Q14: In order to ensure more harmonisation on the use of redemption gates, a fixed minimum activation threshold, above which managers could have the option to activate the redemption gate, could be recommended. Do you think that a fixed minimum threshold would be appropriate, or do you think that this choice should be left to the manager?

We find a fixed minimum threshold inappropriate. We are in favor of letting the calibration of the minimum threshold to be decided at the discretion of the fund manager in order to allow flexibility and capacity of the fund manager to adapt to market circumstances. A fixed minimum threshold is unlikely to be able to account for the range of instances that may require gating across the entire span of available UCITS and AIFs, and as such would be arbitrary.

Q15: If you think that a fixed minimum threshold should be recommended, do you agree that for daily dealing funds (except ETFs and MMFs) it should be set as follows:

a) at 5% for daily net redemptions; and

b) at 10% for cumulative net redemptions received during a week?

As we are not supportive of a fixed minimum threshold, we are not supportive of these proposals. The calibration of the minimum threshold should be decided at the discretion of the fund manager. In setting their own minimum thresholds however, managers may see fit to set thresholds higher for more liquid assets, and lower for illiquid assets.

Extension of notice periods

Q16: Do you agree with the proposed criteria for the selection of the extension of notice period? Are there any other criteria that should be considered?

We would not be in favour of specific dispositions for RE and PE funds as their liquidity profiles can differ significantly from each other and we consider that a flexible approach would be more appropriate.

Some RE funds already have capacity for extensive deferrals and the ability to defer could be considered as more effective than increasing notice periods which may generate operational challenges in terms of timely communication.

Q18: Do you think the length of the extension of notice periods should be proportionate to the length of the notice period of the fund? Do you think a standard/ maximum extended notice period should be set for UCITS?

We consider that the extension of notice period should not be proportionate to the length of the notice period of the fund under normal market conditions, as these are two distinct concepts. The length of the extended notice period should be set at the discretion of the fund manager, reflecting the specific characteristics of the fund.

Q19: Do you agree with the above criteria for the activation of the extension of notice period? Are there any other criteria that should be considered?

In general yes, however extension of notice period might not be a sufficient investor protection measure in case of temporary valuation uncertainties, indicated by higher than normal discount levels on the secondary market. During periods of valuation uncertainty, it would be important to prevent dealing on an uncertain NAV, extension of notice period does not provide this protection.

Q20: Do you have any comments on the guidance on the calibration of the extension of notice periods?

No.

Redemptions in kind

Q21: Do you agree with the above criteria for the selection of redemptions in kind? Are there any other criteria that should be considered?

As an LMT, yes we agree with the criteria for the selection of redemptions in kind (RIK). RIK are not operationally suitable or feasible for retail investors, and would typically only be used by large professional investors with their own dedicated custody accounts which can accept the underlying assets instead of cash.

RIK may be used for both liquidity management purposes and as a redemption mechanism, particularly in the case of Exchange-Traded Funds (ETFs) where RIK are a fundamental aspect to their functioning. Authorised Participants (APs), usually financing institutions like banks, create or redeem ETF shares in exchange for a proportional share of the underlying assets that constitute the ETFs benchmark. In doing so, they help to ensure that the ETFs share price remains aligned with the NAV of its underlying assets. Subjecting this process to a pro-rata distribution, could disrupt the ETFs ability to maintain price alignment by diminishing the role APs can play.

We would suggest that the use of RIK in this manner are not considered an “activation” for the purposes of the guidelines.

Q22: Do you agree with the above criteria for the activation of redemptions in kind? Are there any other criteria that should be considered?

Yes, we agree with the criteria for the activation of redemptions in kind when it is used as a liquidity management tool. However, as stated in Q21, this should not preclude a fund from using redemptions in kind in other contexts not related to liquidity management. We would also advise for the careful consideration of third party valuation, and whether it is the redeeming investors that bear the cost as the fund auditor triggers extensive costs which could be detrimental to the fund and its remaining investors.

Q23: Do you think that redemptions in kind should only be activated on the NAV calculation dates?

Yes. From an operational perspective, there is a view that redemptions in kind should not occur outside of valuation/NAV calculation dates. It is not practical or feasible that a mid-period valuation could be accurately arranged at short notice outside of a valuation point for private or semi-liquid underlying assets, and without creating material risk for remaining unit-holders in the fund vehicle. Activating redemptions in kind on the NAV calculation date ensures that the underlying assets transferred are of the most recent and accurate valuation. This also helps to ensure that both the redeeming and remaining investors are treated fairly.

A liquidity event leading to a client requesting a redemption in kind outside of a valuation point, is likely to cause distressed markets for the impacted asset classes and would make accurate and fair valuations extremely challenging. An additional valuation date would only seem to be sensible in the case of a full wind down of a fund, which has been agreed in advance, so that all unit holders are treated equally in the case of redemptions.

Thus, in practice redemption in kind is linked to valuation dates, but we would also welcome the guidelines to retain flexibility to allow fund managers the ability to adapt to market circumstances and have the ability to activate outside of valuation dates if necessary as described above.

Q24: What are the criteria to be followed by the managers for the selection of the assets to be redeemed in kind in order to ensure fair treatment of investors?

We believe that criteria for redemptions in kind should not be predetermined. Instead, they should be assessed on a case-by-case basis by the AIFM, in line with their internal policy on fair treatment of investors, as each situation is likely to be unique.

Q25: How should redemptions in kind be calibrated?

Calibrating redemptions in kind is challenging and should be approached on a case-by-case basis by the AIFM.

Anti-Dilution Tools (ADT)**Q26: Do you agree that managers should consider the merit of avoiding the simultaneous activation of certain ADTs (e.g.: swing pricing and anti-dilution levies)? Please provide examples when illustrating your answer.**

We would not be supportive of managers having to avoid simultaneous activation of certain ADTs. The key purpose of ADTs is to ensure fair treatment of investors and we do not perceive any additional risks when deployed simultaneously and appropriately by the fund managers.

Q27: Do you agree with the list of elements provided under paragraph 56 of Section 6.5.4 of the draft guidelines? Is there any other element that should be included in the estimated cost of liquidity?

The list of elements should not be perceived as exhaustive.

Explicit costs may also include custody transaction charges, share class-specific costs, anti-dilution adjustments, and bid-ask spreads (which can sometimes be known in advance).

Implicit costs can be challenging to estimate but help provide a more accurate reflection of the costs from actual trading activity. The bid-ask spread and market impact are significant factors, with larger orders typically executed at less favourable prices. The accuracy of market impact estimates depends on the quality of market data. Complete fund flow is crucial, but fragmentation in European markets can make this difficult to obtain.

The certainty of incorporating both explicit and implicit costs will vary by both the asset class and the ADT (e.g. more possible for swing pricing and dual pricing, and more challenging for anti-dilution levies and redemption fees). Redemption fees in particular may be harder to incorporate market impact into, as they are often static and need to be estimated for both normal and stressed conditions. These considerations underscore the need for managers to have discretion over the inclusion of market impact, according to their operational ability.

In the case of private markets, LMTs and their calibration are made on a case-by-case basis. Approaches and principles should be documented, but there may be occasions where less automated approaches are required.

Q28: Do you have any other comments on the proposed general guidance on ADTs?

No.

Redemption Fee**Q29: Do you agree with the above criteria for the selection of redemption fees? Is there any other criteria that should be considered?**

We generally agree with the criteria, however we are not supportive of having explicit references to real estate fees, and believe a wording applicable to all funds would be more appropriate.

It is also important to note that redemption fees are intended to dissuade against short-term trading and market timing, the risk of which may arise from both subscriptions as well as redemptions.

Moreover, redemption fees can be variable to match variability of trading costs.

Q30: Do you have any views on how to set the activation thresholds for redemption fees?

The AIFM should have the necessary flexibility on how to set activation thresholds and these should be assessed on a case-by-case basis, for example - activation may be based on the cost of trading (secondary market discounts), and as above, may be influenced by the size of subscription orders received, as well as redemption orders.

Q31: Do you have any comments the calibration of redemption fees?

The AIFM should have the flexibility for the calibration of the redemption fees, as each situation is unique and funds may face varying circumstances depending on their asset class, investor base, and other factors.

In recognition of the challenge in calculating redemption fees ahead of time, managers will typically estimate this based on a percentage of the transaction size. This may not necessarily incorporate all of the explicit and implicit costs, but should be permitted to be a more conservative fee in such cases.

Swing Pricing

Q32: Do you agree with the above criteria for the selection of swing pricing? Is there any other criteria that should be considered?

We agree with the selection criteria.

Q33: Under which circumstances should the manager consider the activation of swing pricing?

Swing pricing is intended to ensure the transacting investor bears the estimated cost of liquidity that would be imposed on the fund otherwise, by adjusting the NAV at which the transaction takes place. Typically, for a partial swing pricing mechanism, it is activated when the net investor trading activity surpasses a certain threshold in a defined period (perhaps a day, or a week), which is set by the manager. This threshold could take into account elements such as the liquidity of the underlying asset class, the fund size, investor base and whether the threshold itself is singular, or part of a multiple threshold model. Ultimately, these are factors for consideration, rather than prescriptive circumstances under which the manager must consider activating. The managers judgment of the level of dilution appropriate for the fund before swing pricing should be activated will differ from fund to fund.

Q34: Do you agree with the above principles that a manager should follow in order to recalibrate the swing factor? Is there any other criteria that should be considered?

We welcome the ability for managers to have flexibility over recalibrating the maximum swing factor as needed in times of stress.

Q35: Do you have any comments on the proposed guidance on the calibration of swing pricing?

No.

Dual Pricing

Q36: As dual pricing is a LMT which is not particularly used in most Member States, stakeholders' feedback on the selection, activation and calibration of this LMT is especially sought from those jurisdictions where this is used.

Anti-Dilution Levy

Q37: Do you agree with the above criteria for the selection of ADL? Is there any other criteria that should be considered?

Broadly, we agree with the selection criteria. Fund managers may also consider the distribution structure related to the fund, as intermediaries may face operational complexity (or indeed find it not possible) regarding elements such as embedding ADL calculations into their systems, regularly updating transaction records and ensuring the correct levy amount is communicated and charged to investors.

Q38: Do you agree with the above criteria for the activation of ADL? Is there any other criteria that should be considered?

Yes we agree with the activation criteria.

Q39: Do you agree that ADL should be calibrated based on the same factor used to calibrate swing factors?

The draft guidelines require the inclusion of "all estimated explicit and expected implicit transaction costs" which may not always be possible for all managers. As previously stated, estimating market impact is a multifaceted process, dependent on available market data, so should be approached on a reasonable efforts basis only.

Q40: Do you have any comments on the selection, activation and calibration of ADL?

No further comments.

Side Pockets

Q41: Do you agree with the above definition of "exceptional circumstances"? Can you provide examples of additional exceptional circumstances, not included under the above paragraph?

In alignment with our answer to Question 7, we believe that "unforeseen" should be removed from the definition of exceptional circumstances. While only used in extreme cases, it is not accurate to say that the activation of side pockets is only ever in unexpected scenarios – unlikely, yes, but not completely unforeseeable.

Similarly to our previous answer, even a non- exhaustive list of cases may be inappropriate as ultimately the primary responsibility for liquidity risk management lies with the fund manager who is acting in the best interest of investors, and they should retain the flexibility to interpret the given market conditions as they arise, which will facilitate the fund manager to react promptly and to avoid any interpretation issues. Managers also engage very closely with their supervisors at the time these types of extraordinary circumstances occur, so would typically have the chance to also justify and document their decisions ex-post, rendering any illustrative lists somewhat arbitrary.

We would therefore recommend the following overarching definition of “exceptional circumstances”, for both suspensions and side pockets:

Exceptional circumstances can be defined as ~~unforeseen events~~ **particular circumstances** and/or operational/regulatory environments, **that the AIF/UCITS manager, considers has that material impact** ~~materially~~ on the fund’s ability to carry out normal business functions and activities **in the best interest of investors.**

Q42: In your view, how the different types of side pockets (physical segregation vs. accounting segregation) should be calibrated and in which circumstances one should be chosen over the other? Please provide examples including on whether the guidance should be different for UCITS and AIFs.

The calibration of the different types of side pockets and the choice between the various options, depending on the circumstances, should be left to the discretion of the governing body of the fund. We do not consider that the guidance should be different for UCITS and AIFs.

Q43: Do you have any comments on the calibration of side pockets?

See answer to Q42.

Disclosure to investors

Q44: Do you have any comment on the proposed guidance on disclosure to investors?

We consider that the disclosure to investors should concern qualitative information **only**, we question the benefit of investors having knowledge of the quantitative metrics and perceive some risks in doing so:

- Activation thresholds – risk of arbitrage.
- It is overly prescriptive to have to disclose all occasions where swing factors are employed as there are too many differing factors and differing funds to take into consideration. There is also limited value in disclosing swing factors, instead could disclose the expected minimum/maximum swing factors.
- Governance overly detailed, this level of detail is not necessary as long as there is a process in place. Prospectus is not the place to highlight granular governance.
- Specific mechanisms and implementation is not appropriate – the intention should be to retain flexibility where possible on the use of these tools and be led by principles rather than specific mechanisms. Being too specific on scenarios where LMTs could be used may make it harder to make use of the tools in unforeseen circumstances (COVID).
- Disclosing the calibration and selection is less relevant but disclosing the conditions for activation in a qualitative manner only could be helpful.
- Disclosing ex-post where LMTs were activated and the reasons for it is too much information. Overly detailed disclosures could potentially motivate some investors to try anticipate future LMT usage.

- Disclosing swing factors is also unhelpful, disclosing the max swing factor in normal market conditions is what may be most appropriate, with the possibility to go beyond this level in exceptional circumstances.

We would thus recommend that only general principles should be disclosed to investors and not the details. Specifically only the nature, objectives and LMT criteria is appropriate to disclose to investors and is the most essential information for investors to know.

Q45: Do you agree that investors should be informed of the fact that the manager can activate selected and available LMTs and that this information should be included in the fund's rules and instruments of incorporation?

In any case, it is important that the disclosures to investors do not in any way impact fund managers ability to activate suspension of subscriptions, repurchases and redemptions and side pockets even when those are not specified in the offering documents.

Q46: Which parts of the LMT policy, if any, should be disclosed to investors?

Generally, we consider that the disclosure of the LMT policy should concern qualitative information only and that only general principles should be disclosed to investors and not the details. Specifically only the nature, objectives and LMT criteria is appropriate to disclose to investors and is the most essential information for investors to know. Please see our response to Q6 for further detail.

Application of the guidelines

Q47: In your view, how much time would managers need for adaptation before they apply the guidelines, in particular for existing funds?

We agree on the fact that the Guidelines should allow adequate time for adaptation before the application, in particular for existing AIFs and UCITS funds.

We support that the entry into application should occur at least two years after the adoption of the final text by the European Commission:

- The modification of LMTs implies modifications to the fund's rules and the fund's documentation which may result in many documents having to be reviewed and modified accordingly;
- Those modifications could also be subject to some time-consuming internal scrutiny, in particular as the Boards of Directors of the funds may not agree with the proposed modifications and will need to come to an agreement with a back-and-forth process;
- It is necessary to allow a sufficient time period to allow the rest of the value chain, in particular the depositaries, to review the legal documents of the fund.

Cost-benefit analysis

Q48. Do you agree with the above-mentioned reasoning in relation to the possible costs and benefits of the technical proposal develop by ESMA as regards the policy objecting of achieving a set of minimum standards by which all managers across Member States should select, activate and calibrate LMTs? Which other types of costs or benefits would you consider in that context?

No comment.

Q49. Do you agree with the above-mentioned reasoning in relation to the possible costs and benefits of the technical proposal develop by ESMA as regards the policy objecting of achieving a set of minimum standards by which all managers across Member States should provide disclosure to investors on the selection, activation and calibration of LMTs? Which other types of costs or benefits would you consider in that context?

No comment.

Q50. Do you agree with the above-mentioned reasoning in relation to the possible costs and benefits of the technical proposal develop by ESMA as regards the policy objecting of achieving a set of minimum standards by which all managers across Member States arrange their governance for the selection, activation and calibration of LMTs? Which other types of costs or benefits would you consider in that context?

No comment.

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