

## **Consultation on Liquidity Management Tools for funds**

### **[Consultation Paper on the Draft Regulatory Technical Standards on Liquidity Management Tools under the AIFMD and UCITS Directive](#)**

### **[Consultation Paper on the Guidelines on Liquidity Management Tools of UCITS and open-ended AIFs](#)**

#### **1. – Target participants**

This document will be of interest to alternative investment fund managers, AIFs, management companies, UCITS, and their trade associations, depositories and their trade associations, as well as professional and retail investors investing into UCITS and AIFs and their associations.

#### **2. - Information Note**

### **Consultation Paper on the Draft Regulatory Technical Standards on Liquidity Management Tools under the AIFMD and UCITS Directive**

The revised AIFMD and UCITS Directive provide that ESMA shall develop draft regulatory technical standards (RTS) to determine the characteristics of liquidity management tools (LMTs) available to AIFMs managing open-ended AIFs and to UCITS.

This Consultation Paper (CP) represents the first stage in the development of the draft RTS and sets out proposals for their content on which ESMA is seeking the views of external stakeholders.

Section 2 explains the background and gives detailed explanations on the content of the proposals and seeks stakeholders' input through specific questions. The LMTs in the CP are 1) suspension of subscriptions, redemptions and repurchases; 2) redemption gates; 3) extension of notice periods; 4) redemption fees; 5) swing pricing; 6) dual pricing; 7) anti-dilution levy; 8) redemption in kind and 9) side pockets.

Annex I sets out the list of questions contained in this paper. Annex II contains the legislative mandate to develop draft RTS. Annex III provides for the cost-benefit analysis related to the draft RTS. Annex IV contains the full text of the draft RTS under the AIFMD. Annex V contains the full text of the draft RTS under the UCITS Directive.

ESMA will consider the feedback received to this consultation and expects to publish a final report and submit the draft technical standards to the European Commission for endorsement by 16 April 2025.

### **Consultation Paper on the Guidelines on Liquidity Management Tools of UCITS and open-ended AIFs**

The revised AIFMD and UCITS Directive also provide that ESMA shall develop guidelines on the selection and calibration of liquidity management tools (LMTs) by

UCITS and AIFMs of open-ended AIFs for liquidity risk management and for mitigating financial stability risks.

Those guidelines shall recognise that the primary responsibility for liquidity risk management remains with the UCITS and AIFM. Furthermore, they shall include indications as to the circumstances in which side pockets can be activated and allow adequate time for adaptation before they apply, for existing UCITS and open-ended AIFs.

The proposed scope of the draft ESMA Guidelines on LMTs of UCITS and open-ended AIFs, regarding selection, calibration and activation/deactivation, depending on the LMT is the following:

- A. Suspension of subscriptions, repurchases and redemptions: (i) Calibration and for (ii) activation and, where appropriate, deactivation, minimum expectations/examples.
- B. LMTs points 2 to 8 of the Annexes (i.e.: redemption gate, extension of notice periods, redemption fee, swing pricing, dual pricing, anti-dilution levy, redemption in kind): (i) Selection, (ii) calibration and for (iii) activation and, where appropriate, deactivation, minimum expectations/examples.
- C. Side pockets: (i) Calibration and (ii) activation and, where appropriate, deactivation.

This Consultation Paper (CP) represents the first stage in the development of the guidelines and sets out proposals for their content on which ESMA is seeking the views of external stakeholders.

Section 2 explains the background to the proposals and outlines its legislative basis. Annex III details ESMA's initial Cost-Benefit Analysis concerning the draft Guidelines. At all stages stakeholders' input is sought through specific questions, which are summarised in Annex I. Annex IV contains the full text of the draft guidelines.

ESMA will consider the feedback it received to this consultation and expects to publish a final report by 16 April 2025.

### **3. - Submission of comments**

The deadline for submitting comments is **8 October 2024**.

Respondents may send their comments through this link to [ESMA's website](#) where the consultation papers and the response forms are available.

Likewise, please send a copy of your answers to the CNMV to the following email address: [documentosinternacional@cnmv.es](mailto:documentosinternacional@cnmv.es)

**Dirección de Asuntos Internacionales**  
**CNMV**  
**c/ Edison 4**  
**28006 Madrid**