

Reply form

**On the Regulatory Technical Standards on Liquidity Management
Tools under the AIFMD and UCITS Directive**

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **8 October 2024**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Call for Evidence, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Call for Evidence in this reply form.
- Please do not remove tags of the type < ESMA_QUESTION_GLMT_0>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text "No comment on this question." between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP1_GLMT_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP1_GLMT_ABCD.

- Upload the Word reply form containing your responses to ESMA's website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at <https://www.esma.europa.eu/press-news/consultations/consultation-liquidity-management-tools-funds> under the heading 'Your input - Consultations'.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading '[Data protection](#)'.

Who should read this paper?

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.

1 General information about respondent

Name of the company / organisation	BETTER FINANCE
Activity	Representation of consumers' interests.
Country / Region	Europe

2 Questions

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

<ESMA_QUESTION_SLMT_1>

Yes, we generally agree with the proposed characteristics

<ESMA_QUESTION_SLMT_1>

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.

<ESMA_QUESTION_SLMT_2>

Yes, we agree. Nevertheless, we stress the importance of properly informing all investors, immediately and in a clear language of the decision to suspend, of the non-execution of their order, and of whether and when their orders will be executed. For retail investors, such information shall be provided proactively, in a plain language understandable to the average retail client, by way of a medium of communication that ensures that the information is received within the day of the decision to suspend (email, SMS, phone call).

We also stress the paramount importance of ensuring that this information is also received by retail investors who hold shares of the fund via a unit-linked wrapper, such as a unit-linked life insurance contract. While those investors' relation to the fund is mediated by the provider of the wrapper (often an insurance undertaking and possibly an insurance intermediary), they need to be clearly informed in a timely manner of the decision to suspend and the consequences of that decision in the context of their contract.

<ESMA_QUESTION_SLMT_2>

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?

<ESMA_QUESTION_SLMT_3>

Considering that the suspension of subscriptions, repurchases and redemptions is to be used only in exceptional circumstances, we should keep in mind that at least some of the redemption orders placed immediately before the decision to suspend are likely to have been triggered by those very exceptional circumstances, in a movement of akin to a panic-induced run on the fund. Once these exceptional circumstances disappear and the fund can be safely reopened, some investors may want to rescind these fear-induced orders and remain invested in the fund. Therefore, we believe that the fund manager should ask those investors who have placed a redemption order immediately before the decision to suspend was taken whether they wish to confirm this order to be executed when the suspension is lifted.

<ESMA_QUESTION_SLMT_3>

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

<ESMA_QUESTION_SLMT_4>

Nothing to comment on this question.

<ESMA_QUESTION_SLMT_4>

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

<ESMA_QUESTION_SLMT_5>

Nothing to comment on this question.

<ESMA_QUESTION_SLMT_5>

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?

<ESMA_QUESTION_SLMT_6>

The characteristics of suspension of subscriptions, repurchases and redemptions shall always ensure the respect key fund investor protection principles:

- minimize detriment to investors;
- treat all fund investors equally;
- ensure timely information of all fund investors and;
- provide clear and intelligible information to the investor.

We note that, while AIFs are mostly reserved for professional investors, UCITS funds are widely distributed to retail investors, either directly or, in the majority of cases, through a unit-linked wrapper. The characteristics of suspension of subscriptions, repurchases and redemption should reflect this difference: the “exceptional circumstances” that justify the use of such a tool by the fund manager should be more precisely defined for UCITS, and the obligations to inform investors about the suspension and its consequences more specifically laid-out for funds that are marketed to retail investors.

We must bear in mind that technical terms that may be widely used and understood within the asset management community remain excessively arcane to all but the best informed of retail investors: any deviation from the normal course of business should, therefore, be:

- first, disclosed to retail investors as quickly as possible, taking into account the channel through which their investment is made (via an investment advisor, via a unit-linked wrapper, via an online platform);
- second, explained in clear, concise terms that enable the investor to understand the rationale of the decision and its consequences for their investments;
- third and most importantly, justified with regard to the best interests of investors.

<ESMA_QUESTION_SLMT_6>

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

<ESMA_QUESTION_SLMT_7>

We generally agree with the description of redemption gates. Nevertheless, we again stress the importance of disclosing to the fund's retail clients the specific way in which this tool is implemented by the fund. A plain language explanation of potential restriction that clients may face to their right to redeem their fund shares should be included in the pre-contractual information, and the intermediary selling the fund, directly or via a unit-link wrapper, should have the obligation to highlight this information and be able to answer any question about it from the client.

<ESMA_QUESTION_SLMT_7>

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.

<ESMA_QUESTION_SLMT_8>

No comment on this question.

<ESMA_QUESTION_SLMT_8>

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?

<ESMA_QUESTION_SLMT_9>

The automatic activation of redemption gates might lead to perverse effects as regards the equal treatment of all investors: an automatic activation—necessarily based on pre-established and disclosed rules—may favour those investors with a higher level of understanding and greater resources to follow market developments in real time, who may then be able to guess when the redemption gates will be activated and use this information for their benefit, at the expense of other, less timely informed investors, typically retail investors.

<ESMA_QUESTION_SLMT_9>

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.

<ESMA_QUESTION_SLMT_10>

Considering the potential consequences of redemption gates for retail investors, we consider that the automatic activation should be excluded for funds marketed to retail investors. For these funds, a careful examination of the situation by the fund manager/board seems necessary before taking a decision regarding redemption gates.

<ESMA_QUESTION_SLMT_10>

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.

<ESMA_QUESTION_SLMT_11>

We agree.

<ESMA_QUESTION_SLMT_11>

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?

<ESMA_QUESTION_SLMT_12>

Yes, investors should be able to cancel the non-executed part of their redemption orders if they so wish. An investor's decision to place a redemption order is based on a set of conditions at the moment when they place the order; since some of these conditions may not exist anymore at the next dealing date, they may want to reconsider the decision to redeem.

Here again, proper and timely information of retail investors is crucial: they need to be informed as soon as materially possible that redemption gates have been activated and they consequences for the orders they may have already placed, so that they can be aware of the need to confirm or cancel the remaining part of their orders on the next dealing date.

<ESMA_QUESTION_SLMT_12>

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?

<ESMA_QUESTION_SLMT_13>

No comment on this question.

<ESMA_QUESTION_SLMT_13>

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.

<ESMA_QUESTION_SLMT_14>

No comment on this question.

<ESMA_QUESTION_SLMT_14>

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

<ESMA_QUESTION_SLMT_15>

No comment on this question.

<ESMA_QUESTION_SLMT_15>

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

<ESMA_QUESTION_SLMT_16>

We agree with the description.

<ESMA_QUESTION_SLMT_16>

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.

<ESMA_QUESTION_SLMT_17>

We believe there is a case to be made for differentiation here: retail investors' orders are generally on a smaller scale than that of institutional investors and are, therefore, less likely to substantially alter the liquidity position of a fund at any point in time. Then we consider that there might be cases where it is necessary to extend the notice period for institutional investors so as to smoothen the impact on the fund's liquidity, while the same extension imposed on retail investors would prove an unnecessary restriction on the retail investors as well as an unnecessary burden on the fund manager who would need to inform each individual retail investor of the extension.

<ESMA_QUESTION_SLMT_17>

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.

<ESMA_QUESTION_SLMT_18>

Pre-defined periods of time for extensions of notice period may facilitate communication of the tool to retail investors. If they are to be used, then the sequencing of extensions (which length applies under which conditions) needs to be clearly laid out in pre-contractual information as part of the description of the tool, and properly explained to the investor.

<ESMA_QUESTION_SLMT_18>

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?

<ESMA_QUESTION_SLMT_19>

See our comments on Q17.

<ESMA_QUESTION_SLMT_19>

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?

<ESMA_QUESTION_SLMT_20>

The answer to this question hinges on which of the two possible courses of action is the least damaging to the investor. An extension of the notice period constitutes a restriction on the investor's right to redeem their shares at all times. Nevertheless, exercising this right might, in some cases, endanger the financial stability of the fund. Here again, the rules should take into consideration the different scale of retail vs. institutional investors' orders and their likely impact on the fund in a stress situation: there may be more reasons to apply the extended notice period to large orders from institutional investors.

<ESMA_QUESTION_SLMT_20>

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

<ESMA_QUESTION_SLMT_21>

Again, timely and clear information is crucial: retail investors need to receive intelligible information both at the time of the activation and deactivation of the notice period in a way that enables them to react to this information as quickly as institutional investors, should they wish to.

<ESMA_QUESTION_SLMT_21>

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

<ESMA_QUESTION_SLMT_22>

We disagree with the description of redemption fees as a fee "that takes account of the cost of liquidity that is paid to the fund by unit-holders or shareholders when redeeming units or shares, and that ensures that unit-holders or shareholders who remain in the fund are not unfairly disadvantaged."

As ESMA notes, “when applying a redemption fee, the impact of other subscriptions and redemptions on the NAV of the funds are not taken into account”, which is in direct contradiction with the stated objective of “impos[ing] on redeeming shareholders or unit-holders the explicitly and implicit estimated costs of portfolio transactions caused by redemptions, including any significant market impact of assets sales to meet those redemptions.” The costs of portfolio transactions, and especially the “market impact of assets sales” necessarily vary with the number of transactions; potentially high when there is a mismatch between few subscriptions and many redemption, they are, conversely, likely to be low under normal conditions, when redemptions are matched, or even exceeded by subscriptions. Then, with “pre-determined fees” that apply to any redemption regardless of the overall number of redemptions and whether or not they are matched by concomitant subscriptions, either (under normal circumstances) the redeeming investor is being unduly charged for an inexistent cost or (under stress circumstances) the fixed redemption fee does not keep up with the exponential liquidity cost. In both cases, this “tool” does not serve a liquidity management purpose.

In consideration of this, we find that redemption fees are not a liquidity management tool, but yet another way for fund managers of unduly appropriating part of retail investors' investment returns.

<ESMA_QUESTION_SLMT_22>

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

<ESMA_QUESTION_SLMT_23>

No comment on this question.

<ESMA_QUESTION_SLMT_23>

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?

<ESMA_QUESTION_SLMT_24>

No comment on this question.

<ESMA_QUESTION_SLMT_24>

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

<ESMA_QUESTION_SLMT_25>

We agree with the description of swing pricing generally. Nevertheless, we believe it important to stress that such a mechanism relies heavily on fund managers' estimation of the explicit and implicit costs of portfolio transactions caused by subscriptions and redemption orders, which may be summarily difficult to obtain. Many factors may combine to result in an over- or underestimation of such costs at any given time, meaning that transacting investors risk being unduly charged. The use of swing pricing should, therefore, being available only to funds that have a proven track record of accurately estimating their transaction costs and differentiating, among those costs, the part that may be ascribed to subscriptions and redemptions on any given date.

Furthermore, we insist that retail investors, whether subscribing or redeeming, should be provided with clear information on the mechanism, including the actual NAV and the swing factor being applied.

<ESMA_QUESTION_SLMT_25>

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

<ESMA_QUESTION_SLMT_26>

No comment on this question.

<ESMA_QUESTION_SLMT_26>

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?

<ESMA_QUESTION_SLMT_27>

No comment on this question.

<ESMA_QUESTION_SLMT_27>

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.

<ESMA_QUESTION_SLMT_28>

No comment on this question.

<ESMA_QUESTION_SLMT_28>

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

<ESMA_QUESTION_SLMT_29>

We agree with the description but, here too, call for caution in order to protect the interests of all investors.

First, we do not find the two methods of implementation to be equivalent. The first method of implementation seems to unnecessarily overestimate the cost of liquidity: calculating the “subscribing NAV” on the basis of the ask asset prices of all assets in the fund implies charging a cost of liquidity as if all the assets of the fund had to be bought on that day’s prices, which is not the case: apart from a few exceptional cases, amounts of net subscriptions require the purchase of assets for an amount that only corresponds to a small fraction of the total NAV of the fund. Conversely, under normal circumstances, net redemptions only represent a fraction the funds total NAV and the liquidity cost that arises from these net redemptions is far lesser than what a NAV calculated on the bid prices of all assets suggest.

We, therefore, favour the ‘adjustable spread’ method, provided that this “spread as estimated by the fund manager” is estimated following a rigorous methodology that takes into account prevailing market conditions and relevant data on liquidity costs under similar market conditions. This condition logically leads us to consider that the possibility to implement dual pricing, just like swing pricing, should be limited to fund managers with a proven track record of accurately estimating their transaction costs and differentiating, among those costs, the part that may be ascribed to subscriptions and redemptions on any given date.

Second, we urge ESMA to include in the RTS on dual pricing unambiguous requirements for fund managers and intermediaries to provide investors with a plain-language explanation of the mechanism and its consequence for the amounts they may expect to obtain from

redeeming their shares, either directly or through a unit-link wrapper, taking into account the pay-out options that this wrapper offers (annuities, lump sum, etc.).

<ESMA_QUESTION_SLMT_29>

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

<ESMA_QUESTION_SLMT_30>

No comment on this question.

<ESMA_QUESTION_SLMT_30>

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?

<ESMA_QUESTION_SLMT_31>

No comment on this question.

<ESMA_QUESTION_SLMT_31>

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

<ESMA_QUESTION_SLMT_32>

We generally agree with the description of anti-dilution levies, although we note that it is a very open description which might come to apply to a wide range of different market practices. The key characteristics, we believe is the link that the definition makes between the activation and level of anti-dilution levies and the net flow of subscription and redemption.

In line with our general position that charges, regardless of their types, should reflect actual costs, we call on ESMA to establish a clear set of criteria to ensure that anti-dilution levels are tightly controlled, their amounts being limited to the costs arising from subscribing and redeeming transactions and only applied where the net flow is of significant size.

Furthermore, in line with ESMA's remark that "the same anti-dilution levy may be applied to all subscribing / redeeming investors or, where possible, based on an individual investor's in / outflows and charged to each investor accordingly", we shall stress that the principle of equal treatment of all investors in this case points towards a calculation based on the individual investor's in- or outflows, and the extent to which the particular order contributed to the cost of liquidity for that dealing date. Applying the same anti-dilution levy to all subscribing or redeeming investors regardless of the scale of their order would entail that small orders (with little impact on the fund's overall liquidity cost) subsidize large orders.

Finally, we note, if it is to be implemented without damage to investors, the tool relies heavily on the fund's ability to assess the cost of liquidity arising from subscriptions and redemptions on any particular dealing date. Like for swing pricing and dual pricing, we argue that the implementation of anti-dilution levies should be reserved to those funds with a proven track record of accurately assessing and ascribing their cost of liquidity.

<ESMA_QUESTION_SLMT_32>

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

<ESMA_QUESTION_SLMT_33>

No comment on this question.

<ESMA_QUESTION_SLMT_33>

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.

<ESMA_QUESTION_SLMT_34>

As previously stated, we believe that orders placed by retail investors are generally small compared to those of institutional investors and consequently give rise to smaller liquidity costs. Therefore, funds with multiple share classes may find it beneficial to impose anti-dilution levies to institutional investors whose orders may indeed have an impact on the fund's liquidity, while fairness dictates to exempt retail investors.

<ESMA_QUESTION_SLMT_34>

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?

<ESMA_QUESTION_SLMT_35>

No comment on this question.

<ESMA_QUESTION_SLMT_35>

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

<ESMA_QUESTION_SLMT_36>

No comment on this question.

<ESMA_QUESTION_SLMT_36>

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

<ESMA_QUESTION_SLMT_37>

No comment on this question.

<ESMA_QUESTION_SLMT_37>

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?

<ESMA_QUESTION_SLMT_38>

No comment on this question.

<ESMA_QUESTION_SLMT_38>

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

<ESMA_QUESTION_SLMT_39>

We generally agree with the description.

<ESMA_QUESTION_SLMT_39>

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.

<ESMA_QUESTION_SLMT_40>

No comment on this question.

<ESMA_QUESTION_SLMT_40>

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.

<ESMA_QUESTION_SLMT_41>

No comment on this question.

<ESMA_QUESTION_SLMT_41>

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?

<ESMA_QUESTION_SLMT_42>

No comment on this question.

<ESMA_QUESTION_SLMT_42>

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.

<ESMA_QUESTION_SLMT_43>

As ESMA notes, “side pockets mean separating certain assets, whose economic or legal features have changed significantly *or become uncertain due to exceptional circumstances* from the other assets of the fund” (emphasis added). It should be noted that the change in economic or legal features, as well as the uncertainty, may not need to be permanent: the “exceptional circumstances” that lead to the creation of the side pocket may be temporary, in which case the assets’ economic or legal features may be restored to their original state, or the uncertainty may be dissipated. If that occurs, that the fund manager can justify that there is no longer cause for excluding these assets from the fund, and that they can demonstrate that it is in the best interest of the investors to reintegrate these assets in the fund, then it should be possible to do so.

Naturally, any such reintegration should be subject to disclosure requirements, proper information to all investors (which imply a plain-language explanation to retail investors), and enhanced supervision of the fund by the competent authorities.

<ESMA_QUESTION_SLMT_43>

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?

<ESMA_QUESTION_SLMT_44>

No comment on this question.

<ESMA_QUESTION_SLMT_44>

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

<ESMA_QUESTION_SLMT_45>

No comment on this question.

<ESMA_QUESTION_SLMT_45>

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?

<ESMA_QUESTION_SLMT_46>

No comment on this question.

<ESMA_QUESTION_SLMT_46>

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

<ESMA_QUESTION_SLMT_47>

No comment on this question.

<ESMA_QUESTION_SLMT_47>

Reply form

On the Guidelines on Liquidity Management Tools of UCITS and open-ended AIFs

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Who should read this paper?

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1 General information about respondent

Name of the company / organisation	BETTER FINANCE
Activity	Representation of consumers' interests
Country / Region	Europe

2 Questions

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?

<ESMA_QUESTION_GLMT_1>

The list mentions “the characteristics of its [the fund’s] investor base”: This is a crucial aspect to consider and should be developed further. The potential impact of the listed liquidity management tools (LMTs) on the cost of investing for retail investors can be significant; it is, therefore, essential that the manager of a fund that is marketed to retail investors take into account the specific needs of that investor base in selecting the LMTs they will implement, calibrate these LMTs to ensure a fair treatment of all investors and develop plain-language explanations of the selected mechanisms and their consequences for retail investors.

<ESMA_QUESTION_GLMT_1>

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)?

<ESMA_QUESTION_GLMT_2>

See our comment on Q1. The distribution policy of the fund is an essential element of the selection of the LMTs in that they entail very different risks for retail investors and should come with appropriate requirements for intelligible information provided in a timely manner. Anti-dilution tools, in particular, have some obvious pitfalls from a retail investor perspective; funds

that are distributed to retail investors should have strong policies in place to implement such tools without damaging investors' interest. Quantitative LMTs, too, present significant challenges of their own in terms of providing clear and timely information so that retail investors are not at a disadvantage compared to institutional investors. Whether or not the fund is made available to retail investors should, therefore, be the first item on the list of elements to consider when selecting LMTs.

<ESMA_QUESTION_GLMT_2>

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?

<ESMA_QUESTION_GLMT_3>

We disagree with that suggestion.

As stated in our response to the consultation paper on the draft RTS on LMTs under AIFMD and UCITS Directive, the anti-dilution tools all rely on the fund manager's ability to accurately assess the actual costs of liquidity for the fund on a given dealing date and sort which part of these costs can be ascribed to subscriptions and redemptions. Without this accurate assessment, there is a significant risk that investors are overcharged for liquidity costs for a given date.

Also as stated in our response to the consultation paper on the draft RTS, we consider that redemption fees do not constitute an appropriate liquidity management tool and should not be part of the list. Indeed, we believe there is no scenario where managers could be able to demonstrate that redemption fees are "in the best interest of all investors and are appropriate and effective for the prevailing market conditions, be that normal or stresses" (consultation paper on guidelines for LMTs).

<ESMA_QUESTION_GLMT_3>

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

<ESMA_QUESTION_GLMT_4>

Yes, we do see merit in developing further specific guidance on the depositaries' duties with regards to LMTs.

<ESMA_QUESTION_GLMT_4>

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?

<ESMA_QUESTION_GLMT_5>

We generally agree with the list of elements, and insist on the importance of point (p) on “procedures for effective and efficient communication to investors and other stakeholders”. Nevertheless, we believe that this point should further specific the need for managers of funds that are distributed to retail investors to develop specific communication towards these investors, including plain-language explanations of each LMT, their sequencing, interactions and consequences on retail investors. The procedures for retail investors should also take into account the diverse channels through which the investment is made (investment advisor, execution-only trading platform, unit-link wrapper) and, relatedly, how individual investors ought to be contacted when LMTs are activated/deactivated.

<ESMA_QUESTION_GLMT_5>

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.

<ESMA_QUESTION_GLMT_6>

The LMT policy has major implications for the exercise of shareholder rights. As such, it should be fully disclosed to all investors. For retail investors, it should be disclosed in a language and manner that makes it intelligible to the average retail investor.

<ESMA_QUESTION_GLMT_6>

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?

<ESMA_QUESTION_GLMT_7>

We generally agree with the definition of “exceptional circumstances” and with the list provided. We nevertheless note that of the examples suggested in the list, some remain too vague: “asset valuation difficulties” for instance, should be further specified, as these “difficulties” may differ in nature for UCITS and AIFs; similarly “trading restrictions” may encompass a wide range of things, some may warrant a suspension of subscriptions, repurchases and redemptions, while others may not; finally, “severe political crisis” and “natural disaster” are not market events per se, fund managers who decide to temporarily suspend investors’ rights should be able to demonstrate how these non-financial events endanger the stability of the fund and that the suspension is in the best interest of investors.

<ESMA_QUESTION_GLMT_7>

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?

<ESMA_QUESTION_GLMT_8>

We generally agree with the elements of the LMT plan included under paragraph 32 of Section 6.5.3.1, with three caveats:

1. The description of the exceptional circumstances behind the activation should include a detailed explanation of how these circumstances threatened the interest of investors and how the activation was the course of action that best served these interest.
2. The assessment of the impact on investors in point (e) must take into account the impact on all retail investors, both those invested directly in the fund and those investing through a unit-linked wrapper, and it must consider not only the direct impact on their investment in the fund, but also the potential indirect consequences for redeeming investors who may face difficulties due to the impossibility to withdraw their moneys from the fund.
3. We believe that point (f) on a communication plan for investors, stakeholders, etc. should not be left to “prior to or immediately after the activation” of the LMT. A fund manager should prepare such a communication plan when selecting the LMT and drafting their LMT policy: the selection of a LMT should not be possible where the fund manager has not already sorted out how they will contact investors in case of activation

and what information they will provide. Only the final details of this communication should be left for the time of activation.

<ESMA_QUESTION_GLMT_8>

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?

<ESMA_QUESTION_GLMT_9>

We generally agree with the proposed criteria. Nevertheless, point (b) regarding the criteria should specifically mention that among those criteria must always be whether the conditions threaten the interests of investors more than does the suspension of subscriptions, repurchases and redemptions.

<ESMA_QUESTION_GLMT_9>

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

<ESMA_QUESTION_GLMT_10>

No comment on this question.

<ESMA_QUESTION_GLMT_10>

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

<ESMA_QUESTION_GLMT_11>

We welcome the explicit mention that “for funds marketed to retail investors, redemption gates should not be activated to manage the fund’s liquidity on a day-to-day basis”. Redemption gates, like the other quantitative LMTs, constitute a major deviation from investor rights and should therefore be reserved to truly exceptional circumstances. Consequently, we argue that the methodology for redemption gates in funds marketed to retail investors should offer a greater level of specification and fund managers should clearly demonstrate that said methodology prevents as much as possible harming retail investors’ interests.

<ESMA_QUESTION_GLMT_11>

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.

<ESMA_QUESTION_GLMT_12>

We disagree: there is an inherent contradiction between indicating that redemption gates should not be restricted in terms of the maximum period over which they can be used and requiring that it remains temporary in nature. The activation of redemption gates should be as limited as possible in time, and longer periods of activation should be the exception. That exception then needs to be justified, based on an assessment of the duration of the circumstances (“stressed market conditions”) that lead the fund’s manager to activate the redemption gates.

<ESMA_QUESTION_GLMT_12>

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?

<ESMA_QUESTION_GLMT_13>

No comment on this question.

<ESMA_QUESTION_GLMT_13>

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?

<ESMA_QUESTION_GLMT_14>

This choice should be left to the manager. The proposed guidelines are intended to be applied to a wide and diverse range of investment funds. A fixed minimum activation threshold, whatever its level, will necessarily be too low for some funds and too high for others, and even though that threshold would not imply an automatic activation of redemption gates, its mere existence would be performative, as market participants may start expecting a fund manager to activate redemption gates whenever redemptions overcome the threshold.

<ESMA_QUESTION_GLMT_14>

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:

<ESMA_QUESTION_GLMT_15>

No comment on this question.

<ESMA_QUESTION_GLMT_15>

a) at 5% for daily net redemptions; and

<ESMA_QUESTION_GLMT_0>

No comment on this question.

<ESMA_QUESTION_GLMT_0>

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

<ESMA_QUESTION_GLMT_0>

No comment on this question.

<ESMA_QUESTION_GLMT_0>

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?

<ESMA_QUESTION_GLMT_16>

We generally agree that extensions of notice periods are rather more adapted to funds with less liquid assets. We would welcome a mention that funds with strict requirements in terms of asset liquidity, such as UCITS funds, are generally advised *not* to use extended notice periods, except under very stressed market conditions where even normally highly liquid markets may come to a halt (a financial crisis similar to September 2008, for instance). The rationale is that UCITS funds are subject to rules limiting their investments to assets with a proven degree of liquidity precisely so that they can remain able to redeem shares at all time. A UCITS fund manager activating an extended notice period would reveal their failure to implement an investment policy in line with this fundamental requirement of the UCITS Directive.

<ESMA_QUESTION_GLMT_16>

Q17 According to the revised AIFMD and UCITS Directive, the extension of notice periods means extending the period of notice that unit-holders or shareholders must give to fund managers, beyond a minimum period which is appropriate to the fund. In your view, for RE and PE funds: i) what would be an appropriate minimum notice period; and ii) would the extension of notice period be an appropriate LMT to select?

<ESMA_QUESTION_GLMT_17>

No comment on this question.

<ESMA_QUESTION_GLMT_17>

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?

<ESMA_QUESTION_GLMT_18>

In line with our comments on Q16, we believe that the use of extended notice periods by UCITS funds should be as limited as possible and would, therefore, welcome the setting of a maximum extended notice period for these funds.

<ESMA_QUESTION_GLMT_18>

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?

<ESMA_QUESTION_GLMT_19>

In line with our comments on Q16, we believe that, for UCITS funds and other funds marketed to retail investors that are subject to regulatory requirements to invest in assets with a proven high degree of liquidity, the activation of extension of notice periods should *not* be considered under normal market conditions. For these funds, the activation criteria should include the existence of stressed market conditions and the fund manager's ability to demonstrate that these stressed market conditions justify the extension of the notice period.

<ESMA_QUESTION_GLMT_19>

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

<ESMA_QUESTION_GLMT_20>

We believe that this guidance should be further specified as regards the "time to announce and activate": where a fund is marketed to both retail and institutional investors, the timing of announcement and activation needs to take duly into account that retail investors are unlikely to receive the announcement and react to it immediately. Managers of funds that are marketed to retail investors, therefore, need to provide sufficient time for retail investors to receive the information and act on it should they wish to.

<ESMA_QUESTION_GLMT_20>

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

<ESMA_QUESTION_GLMT_21>

No comment on this question.

<ESMA_QUESTION_GLMT_21>

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

<ESMA_QUESTION_GLMT_22>

No comment on this question.

<ESMA_QUESTION_GLMT_22>

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

<ESMA_QUESTION_GLMT_23>

No comment on this question.

<ESMA_QUESTION_GLMT_23>

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?

<ESMA_QUESTION_GLMT_24>

No comment on this question.

<ESMA_QUESTION_GLMT_24>

Q25 How should redemptions in kind be calibrated?

<ESMA_QUESTION_GLMT_25>

No comment on this question.

<ESMA_QUESTION_GLMT_25>

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.

<ESMA_QUESTION_GLMT_26>

We believe that not only should they “consider the merit of avoiding” it, but they should be explicitly forbidden from activating two anti-dilution tools simultaneously. All these tools share the same objective of “pass on the estimated costs of liquidity associated with fund subscriptions / redemptions to the subscribing / redeeming investors by adjusting the NAV of the OEF or the price at which they transact.” Assuming fund managers manage to calibrate these tools properly, each of these tools individually would make investors bear the full cost of liquidity associated with their transactions; activating two or more of these tools simultaneously would amount to charging the investor twice (or more) for the same cost, an outcome that we certainly cannot begin to contemplate.

<ESMA_QUESTION_GLMT_26>

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?

<ESMA_QUESTION_GLMT_27>

We generally agree with the list and would like to stress the importance of basing the estimation on justifiable data, sophisticated (but above all, sound) methodologies, and of documenting this estimation. We would also stress the importance of foreseeing a supervision of these estimations and the possibility for investors to review and challenge the estimations of the costs they may have been charged through an ADT.

<ESMA_QUESTION_GLMT_27>

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

<ESMA_QUESTION_GLMT_28>

To be clear, we see a major risk that fund managers may use ADTs to increase revenues by overcharging investors for the cost of liquidity; we, therefore, call for a tight supervision of the use of these tools, and their limitations to cases where funds invest in less liquid assets or very exceptional circumstances in which normally liquid markets dry up. Funds marketed to retail investors are generally required to invest in assets that enjoy a high level of liquidity under normal circumstances; these funds should, therefore, not be using ADTs except under very exceptional circumstances of stressed market conditions.

<ESMA_QUESTION_GLMT_28>

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

<ESMA_QUESTION_GLMT_29>

We generally agree with the selection criteria and would argue that these criteria point to an exclusion of the use of redemption fees by managers of funds that are distributed to retail investors, as these are mostly invested in assets that do not fit this description of paragraph 61 of Section 6.5.4.1 of the proposed guidelines.

<ESMA_QUESTION_GLMT_29>

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

<ESMA_QUESTION_GLMT_30>

The activation thresholds must be set in a way that imposes this sanction only to exceptional redeeming orders of such a size as to significantly increase the funds' cost of liquidity for a particular dealing date. In other words, the threshold should be sufficiently high so that regular redeeming orders—those that can be reasonably expected and, therefore, anticipated, by the fund manager—are exempt.

<ESMA_QUESTION_GLMT_30>

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

<ESMA_QUESTION_GLMT_31>

We fundamentally disagree with the principle of a generally static fee supposed to cover the cost of liquidity arising from particular redemption orders, a cost that is, as a general rule *not* static. Therefore, as already stated, we call for an explicit restriction of the use of redemption fees to those particular cases where a fund invests primarily in assets that have low-variation transaction costs (e.g., real estate).

<ESMA_QUESTION_GLMT_31>

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

<ESMA_QUESTION_GLMT_32>

We agree with the proposed selection criteria. We would like to add an additional criterion relating to the fund manager's ability to accurately estimate the cost of liquidity arising from subscription and redemption orders on any given dealing date: swing pricing should be available only to those managers that have a proven track record in this domain.

<ESMA_QUESTION_GLMT_32>

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

<ESMA_QUESTION_GLMT_33>

We would like to add to these guidelines, as regards communication of the disclosure to investors, that managers of funds distributed to retail investors who wish to implement swing pricing should develop a specific disclosure policy towards retail investors, provided in a manner and language that ensures the investor's understanding of the mechanism and its impact on their investment.

<ESMA_QUESTION_GLMT_33>

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?

<ESMA_QUESTION_GLMT_34>

Besides our abovementioned misgivings about ADTs in general, we note that, considering the length and general complexity of the average prospectus, we hardly consider it to be the most appropriate medium to convey a clear description of the recalibration framework to investors. A description of the recalibration framework obviously needs to be included in the prospectus, but, at least where a fund is distributed to retail investors, we argue that a clear and concise description of the whole swing pricing system implemented by the fund manager, written in plain language and using appropriate visuals should be made available to retail investors. Considering how ADTs constitute additional costs for the investor, we argue that such a description of their concrete implementations and likely impact for the retail investor should be

provided on the fund manager's website, and a link to that information included in the cost and charges section of the Key Information Document of the fund.

<ESMA_QUESTION_GLMT_34>

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

<ESMA_QUESTION_GLMT_35>

Where a fund implementing swing pricing is distributed to retail investors, communication "through the usual communication channels" such as the ordinary notice to investors or the fund's website hardly constitute effective ways to reach those retail investors in a timely manner to inform them about a change in the conditions of their investment that may have substantial impacts. We argue that for funds that are distributed to retail investors, directly or indirectly through unit-linked wrappers, the guidelines should require the fund manager to prepare a communication plan enabling them to proactively inform the retail investors (e.g., by email or text message) and give them the opportunity to request more information.

<ESMA_QUESTION_GLMT_35>

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.

<ESMA_QUESTION_GLMT_36>

See our comments on dual pricing in our response to the consultation paper on the draft RTS on LMTs for UCITS and AIFs.

<ESMA_QUESTION_GLMT_36>

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

<ESMA_QUESTION_GLMT_37>

We generally agree, but here too would call for adding a criterion about the fund manager's proven track record of accurately assessing the cost of liquidity arising from subscriptions /

redemptions on a given dealing date. Furthermore, besides listing the funds for which ADLs may be appropriate, we believe it would be useful to indicate funds for which ADLs would generally *not* be appropriate.

<ESMA_QUESTION_GLMT_37>

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

<ESMA_QUESTION_GLMT_38>

As with redemption fees, we believe that activation criteria of ADLs should be set so that they exempt regular transactions—those of average size and that can be reasonably expected and anticipated by the fund manager—from this additional charge. If the aim is indeed to “discourage[e] short-term trading behaviours and protect[...] the interests of long-term investors”, then those transactions that reveal a long-term orientation should be exempt.

<ESMA_QUESTION_GLMT_38>

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

<ESMA_QUESTION_GLMT_39>

No comment on this question.

<ESMA_QUESTION_GLMT_39>

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

<ESMA_QUESTION_GLMT_40>

We would like to reiterate that ADTs should never be activated simultaneously, as this would lead to double-charging of investors for the cost of liquidity.

We would also like to reiterate that these tools rely on the fund manager’s ability to accurately estimate the cost of liquidity arising from subscription or redemption orders on a given dealing date, an ability which is far from universal in the asset management industry: the possibility to

use ADTs in general should therefore be made conditional upon the manager demonstrating their track record in this area.

Finally, we stress the importance of providing information about these tools to retail investors in a manner that makes it easily accessible and intelligible to them and ensures to the extent possible that they understand the impact of these tools on their investments.

<ESMA_QUESTION_GLMT_40>

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?

<ESMA_QUESTION_GLMT_41>

We agree with the definition of “exceptional circumstances”.

<ESMA_QUESTION_GLMT_41>

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.

<ESMA_QUESTION_GLMT_42>

No comment on this question.

<ESMA_QUESTION_GLMT_42>

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

<ESMA_QUESTION_GLMT_43>

No comment on this question.

<ESMA_QUESTION_GLMT_43>

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

<ESMA_QUESTION_GLMT_44>

Disclosures to investors should take into account the characteristics of the investor base of the fund: where a fund is distributed to retail investors, directly or indirectly, disclosures through the prospectus or articles of incorporation are unlikely to be effective in making investors aware of the existence and use of these tools. Managers whose funds are distributed to retail investors should additionally provide a plain-language explanation of their LMT policies, with appropriate visual supports and a clear explanation of the potential impact of the use of these tools on the total cost of investing in the fund and availability of capital for the retail investor.

<ESMA_QUESTION_GLMT_44>

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?

<ESMA_QUESTION_GLMT_45>

Yes, we definitely agree, and would like to add that, where a fund is distributed to retail investors, this information should also be included in the Key Information Document, with a link towards a plain-language explanation of the fund's LMT policy on the fund's website.

<ESMA_QUESTION_GLMT_45>

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

<ESMA_QUESTION_GLMT_46>

Any information about the LMT policy that does not risk creating a first-mover advantage (e.g. activation thresholds) should be disclosed to investors.

<ESMA_QUESTION_GLMT_46>

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

<ESMA_QUESTION_GLMT_47>

No comment on this question.

<ESMA_QUESTION_GLMT_47>

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?

<ESMA_QUESTION_GLMT_48>

No comment on this question.

<ESMA_QUESTION_GLMT_48>

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?

<ESMA_QUESTION_GLMT_49>

No comment on this question.

<ESMA_QUESTION_GLMT_49>

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?

<ESMA_QUESTION_GLMT_50>

No comment on this question.

<ESMA_QUESTION_GLMT_50>

