

Reply form

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

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 "TYPE YOUR TEXT HERE" 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	Assogestioni
Activity	Italian Asset Management Association
Country / Region	Italy

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>

[We welcome the recognition that the primary responsibility for the selection of LMTs remains with the fund manager and, accordingly, we appreciate, in general terms, the principal-based approach adopted by ESMA in Section 6.5.1 'Guidance on General Principle'.

However, the extensive list of elements included in paragraph 17 (which should be assessed to evaluate a LMT) seems rather prescriptive and not relying on high-level, broadly stated principle. Indeed, some of the proposed elements may not be equally applicable or may not be proportionate, feasible or relevant to all funds.

In particular:

- we disagree that the results of liquidity stress tests should mandatorily be taken into account in the selection of LMTs. The manager should consider the liquidity of specific asset classes and risks. Conducting a detailed LST is therefore not always necessary, such as in the case of newly established funds with highly liquid asset classes.
- we understand that for ESMA the fund distribution policy may be a relevant factor, however it might not always be crucial for all funds or all types of distribution models;
- fund managers may have limited visibility of the 'characteristics of their investor base', especially when funds are marketed and sold through third-party distributors and we

believe that a fund manager should make “reasonable efforts” to take into consideration such element.

Therefore, we favour a more proportionate approach with the aim of including in the Guidelines an illustrative list of factors that could be used by a fund manager in line with the type of fund, market conditions and other elements of value. We therefore invite ESMA to revise paragraph 17, for example by specifying that the elements included in paragraph 17 are not exhaustive examples of what a fund manager may consider in assessing the suitability of LMTs. |

<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>

|First of all, it is not clear to us what should be considered regarding the distribution policy in the context of LMT. Once more information will be available, then it would be possible to comment on the proposal. In any case, we suggest avoiding the introduction of a factor to be evaluated by the fund manager if such factor may not always be relevant (see also answer to question 1).

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<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 strongly oppose the requirement for fund managers to consider, where appropriate, the merit of selecting of at least one anti-dilution tool (ADT) and one quantitative LMT. The specific emphasis included in paragraph 19 of the Guidelines seems to push towards a specific

selection of tools that goes beyond what is envisaged in L1 that clearly assign primary responsibility for liquidity risk management and for the choice of the LMTs to the fund manager.

Indeed, the new Art. 16(2b) of AIFMD and Art. 18a(2) of UCITSD simply state that the minimum of the two LMTs that the managers are obliged to select should be chosen from all LMTs included under points 2 to 8 of Annex V to AIFMD (Annex IIa to UCITSD respectively), without any specific consideration or expectation concerning the characteristics of the single LMTs.

We would also like to express our disagreement with the suggestion made by ESMA always in Paragraph 19 that ADTs should be exclusively utilized under normal market conditions, while quantitative LMTs should be reserved for stressed market conditions.

We believe that paragraph 19 could unduly limit the manager's discretion in selecting the most appropriate option for each individual fund and we suggest to eliminate it.

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<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>

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<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 believe that some of the elements included in the list of paragraph 28 are too broad in scope, especially because that all listed elements be covered by the LMT policy.

While we agree that the selection, activation/deactivation criteria and the relevant methodology of these processes should be documented and incorporated into the fund's liquidity risk

management framework, we question the need for some of the other elements on the list. For example, point f) “a detailed description of senior management’s role in the process, including the governing body and staff involved in the decision making” seems redundant; point o) on record retention seems too broad and unclear. While we see possible advantages in thinking in advance about ways to communicate effectively with investors, we would question the list of examples provided, especially in light of our comments on investor disclosure.

Moreover, in case the manager has selected an ADT the frequency of the review every six months might be not proportionate to the “*nature, scale, complexity and liquidity profile of the fund(s)*”.

We would therefore welcome a greater recognition of the principle of proportionality.

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<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>

|TYPE YOUR TEXT HERE |

<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 do not support the establishment of a definition of “exceptional circumstances”, even if the list of examples is non-exhaustive. Such definition, in addition to limiting the managers’ ability to react properly and effectively to circumstances that would justify the activation of

suspensions, could result in a supervisory expectation concerning the activation of this LMT upon occurrence of the listed circumstances. |

<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>

|TYPE YOUR TEXT HERE |

<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>

|TYPE YOUR TEXT HERE |

<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>

|In our view, the fund manager is best positioned to make the appropriate determination and select redemption gates if they constitute a suitable solution for the fund.

We would disagree with the example provided under point (a)(iii) in paragraph 35 of Section 6.5.3.2. referring to specific investment strategies. We suggest deleting this point to allow for more flexibility in using redemption gates for AIFs. |

<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>

|TYPE YOUR TEXT HERE |

<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>

|TYPE YOUR TEXT HERE |

<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>

|TYPE YOUR TEXT HERE |

<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>

Assogestioni believes that the determination of thresholds as well as the decision to introduce an automatic or voluntary activation upon reaching certain thresholds should be left to the manager and strongly opposes any harmonised fixed minimum activation thresholds being imposed by ESMA.

As AIFMD and UCITS state, in Article 16(2h) and Article 18a(4), the primary responsibility for liquidity risk management rests with the manager. This principle should be comprehensively acknowledged within the Guidelines. We endorse this approach and firmly believe that any fixed minimum activation thresholds would unequivocally contravene such principle and, consequently, the provisions of both directives. Furthermore, such an approach would also be at odds with the IOSCO Guidance on Anti-Dilution Tools. We contend that the same principle applies to quantitative LMTs regarding thresholds.

Furthermore, harmonised fixed minimum activation thresholds are not suitable for all funds due to differences in investment strategies, fund types, asset classes, and investor profiles. For example, a retail focused UCITS fund with high liquidity will not apply redemption gates at the same level as a less liquid real estate fund with professional investors. Harmonised fixed minimum activation thresholds can create liquidity pressure and encourage early redemptions, which contradicts the goal of proper liquidity management.

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<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>

We believe that a flexible approach would be preferable. The determination of thresholds as well as the decision to introduce an automatic or voluntary activation upon reaching certain thresholds, should be left to the discretion of the manager. |

<ESMA_QUESTION_GLMT_15>

a) at 5% for daily net redemptions; and

<ESMA_QUESTION_GLMT_0>

|TYPE YOUR TEXT HERE |

<ESMA_QUESTION_GLMT_0>

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

<ESMA_QUESTION_GLMT_0>

|TYPE YOUR TEXT HERE |

<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>

|While we generally support the criteria for selecting an extended notice period, we propose a few modifications to paragraphs 41 and 42 in Section 6.5.3.3. These changes aim to enhance flexibility in choosing this LMT.

Specifically, for paragraph 41, we suggest the following amendments: “41. *As it creates a time buffer to sell the underlying assets, the selection of extension of notice periods should be **available to considered for** all funds but is recommended for funds whose liquidity can deteriorate quickly in times of stress.*”

Regarding paragraph 42, we recommend removing references to specific investment strategies. This could be interpreted as restricting the selection criteria unnecessarily. The fund manager is best positioned to choose the most relevant LMTs based on each fund's specific characteristics. |

<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>

[TYPE YOUR TEXT HERE]

<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>

[Also in this case, we believe that the manager's discretion should be preserved and promoted. The setting of standard/ maximum extended notice period would affect the manager's discretion in structuring this tool.]

<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>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<ESMA_QUESTION_GLMT_24>

Q25 How should redemptions in kind be calibrated?

<ESMA_QUESTION_GLMT_25>

[TYPE YOUR TEXT HERE]

<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>

[The Guidelines should not preclude the possibility of selecting two ADTs, as such a restriction could limit the manager's discretion and their choice for the most suitable approach to a particular fund.]

<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>

[IOSCO's Guidance on ADTs acknowledges the challenges of estimating bid-ask spreads and market impact, particularly in stressed conditions. It recommends a best-effort approach to estimating liquidity costs. It specifically says that "As bid-ask spreads and market impact cannot be calculated definitively ex-ante, the overall cost of liquidity to be incorporated in anti-dilution LMTs is expected to be estimated on a best-effort basis. Under normal market conditions, the cost of liquidity could usually be estimated with a higher level of confidence. Under stressed market conditions, transaction costs may become more unpredictable and econometric models may not be fit for purpose." We believe the ESMA's Guidelines should

reflect these conditions and clearly state that managers should only incorporate implicit transaction costs, including significant market impact, into their anti-dilution frameworks when appropriate and on a best-effort basis.

We disagree with the requirement to include systematically implicit transaction costs, including significant market impact, in liquidity cost estimations, as outlined in Section 6.5.4. of the draft Guidelines. While we agree that managers should assess significant market impact in both normal and stressed market conditions, we believe that systematically incorporating implicit transaction costs into anti-dilution frameworks is impractical and unnecessary.

Accurately estimating these costs is challenging due to data limitations, especially for fixed income securities. Predicting market behaviour is difficult, and historical data may not be reliable, in particular in stressed conditions. Additionally, models for estimating market impact are often inaccurate, particularly at the single trade level. |

<ESMA_QUESTION_GLMT_27>

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

<ESMA_QUESTION_GLMT_28>

|TYPE YOUR TEXT HERE |

<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 believe that selection criteria should be applied consistently across all funds, avoiding references to specific investment strategies. The fund manager is best positioned to evaluate the unique characteristics of each fund and determine the most appropriate LMT.

Therefore, we would suggest the following changes in paragraph 61 of Section 6.5.4.1. of the draft Guidelines:

“61. Managers may consider the selection of redemption fees for all types of funds, but redemption fees may be most applicable to funds:

- a) *that invest in assets which have fixed/transparent/foreseeable transaction costs, ~~such as RE agency fees or notary fees,~~ and / or that have low-variation transaction costs ~~(e.g.: fixed taxes and levies on RE transactions)~~;*
- b) *that are AIFs invested in less liquid assets where other ADTs, such as swing pricing, might be challenging or impossible to implement ~~(e.g.: RE assets)~~ due to infrequent and limited pricing sources;*
- c) *that invest in assets that have low-variation transaction costs; and*
- d) *whose underlying assets do not have very frequent and reliable pricing sources available from various different trading venues ~~(as opposed to other assets, e.g. equities).~~*"

<ESMA_QUESTION_GLMT_29>

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

<ESMA_QUESTION_GLMT_30>

[TYPE YOUR TEXT HERE]

<ESMA_QUESTION_GLMT_30>

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

<ESMA_QUESTION_GLMT_31>

[Please refer to our response to question no. 27, as regards the opportunity to envisage calculation of implicit transaction costs, including any estimated significant market impact, only when appropriate and on a best-effort basis. Accordingly, we appreciate that paragraph 63 (point a) of Section 6.5.4.1. of the draft Guidelines provides for them to be covered “where applicable”, and we suggest adding also “on a best effort basis”.]

<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>

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<ESMA_QUESTION_GLMT_32>

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

<ESMA_QUESTION_GLMT_33>

|TYPE YOUR TEXT HERE |

<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>

|TYPE YOUR TEXT HERE |

<ESMA_QUESTION_GLMT_34>

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

<ESMA_QUESTION_GLMT_35>

|Please refer to our response to question no. 27, as regards the opportunity to envisage calculation of implicit transaction costs, including any estimated significant market impact, only when appropriate and on a best-effort basis. Accordingly, paragraph 68 of Section 6.5.4.2 should provide for the cost of liquidity being incorporated in the swing factor only when appropriate and on a best effort basis. |

<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>

|As dual pricing is not particularly diffused in Member States, we believe that the maximum degree of flexibility of the manager should be preserved. |

<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 believe that selection criteria should be applied consistently across all funds, avoiding references to specific investment strategies. The fund manager is best positioned to evaluate the unique characteristics of each fund and determine the most appropriate LMT.

Therefore, we would suggest the following changes to point (c) of paragraph 78 of Section 6.5.4.4. of the draft Guidelines: *“(c) that invest in less liquid ~~assets (e.g.: high yield bonds, small cap equities).~~”* |

<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>

|TYPE YOUR TEXT HERE |

<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>

Please refer to our response to question no. 27, as regards the opportunity to envisage calculation of implicit transaction costs, including significant market impact, only when appropriate and on a best-effort basis. Accordingly, paragraph 82 of Section 6.5.4.4 should provide for the costs of transaction being covered only when appropriate and on a best effort basis. In this perspective, the word “all” should be removed from this paragraph. |

<ESMA_QUESTION_GLMT_39>

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

<ESMA_QUESTION_GLMT_40>

|TYPE YOUR TEXT HERE |

<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>

While we reaffirm that this approach could tighten the framework (please see our comment under Q. 7), since there is limited regulatory guidance in this area, we can explore the usefulness of a non-exhaustive list of 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>

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<ESMA_QUESTION_GLMT_42>

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

<ESMA_QUESTION_GLMT_43>

|TYPE YOUR TEXT HERE |

<ESMA_QUESTION_GLMT_43>

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

<ESMA_QUESTION_GLMT_44>

|We believe, as stated under paragraph 94 of section 6.5.6 of the draft guidelines, that it is necessary to balance the benefits of providing transparency and useful information to investors and any potential risk of unintended consequences. Disclosure of certain information may, in fact, allow some investors to game the mechanism of the LMT, for example, anticipating their orders to avoid the application of the tool.

Accordingly, we agree that some information can be provided on the selection of the LMTs and their characteristics, as long as it does not involve disclosure of specific figures and amounts. Moreover, we agree with the necessity to indicate that the main purpose of LMTs is to facilitate fair treatment of investors by protecting those that remain invested in the fund from bearing the costs generated by the subscription and redemption activities of other investors. However, we do not agree with disclosure on calibration and conditions for activation, deactivation of the selected and available LMTs (see paragraph 88 of section 6.5.6 of the draft Guidelines). These disclosures might allow sophisticated investors to circumvent the objective of the LMT and might be exploited by competitors.

In light of the above, our suggestions are the following:

- We oppose the disclosure of a maximum swing pricing factor, as provided by par. 69 of section 6.5.4.2. Moreover, we highlight that the level of the swing threshold, or the

progression of swing factors should absolutely remain confidential, as this information might allow exploitation of the first-mover advantage.

- We do not agree on disclosure of the methodology to calculate the calibration of redemption fees, as provided by par. 63, point c, of section 6.5.4.1 of the draft guidelines.
- We believe that also periodic ex post disclosure (par. 93 of section 6.5.4.1) should be evaluated carefully as it might be used by sophisticated investors or competitors to derive some key characteristics of the LMT. Moreover, we don't see the necessity to include it in the websites when it is already provided in the annual or semi-annual financial statements.
- While we appreciate that ESMA recognized the risk deriving from the disclosure of actual adjustment factors (paragraph 95 of section 6.5.6), we believe that also publishing a range of factors should not be suggested, so as to avoid misleading investors, considering that these factors might be exceeded in periods of stress. Moreover, delaying disclosure after application might nonetheless allow competitors or sophisticated investors to exploit the information provided.

Finally, we believe that disclosure should not include the calculation or estimation basis of the costs considered to calculate the adjustment factor (paragraph 91, point c, of section 6.5.6). As explained in our response to question 27, this calculation might be challenging and is sometimes unnecessary and not possible. These disclosures should therefore be avoided as they might constrain the managers in how they quantify the costs of liquidity in different circumstances. |

<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>

|TYPE YOUR TEXT HERE |

<ESMA_QUESTION_GLMT_45>

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

<ESMA_QUESTION_GLMT_46>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<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>

[TYPE YOUR TEXT HERE]

<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>

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<ESMA_QUESTION_GLMT_50>

