|  |
| --- |
| 1 February 2019 |

|  |
| --- |
| Response form for the Consultation Paper on the Guidelines on liquidity stress testing in UCITS and AIFs |
|  |

|  |
| --- |
| Date: 1 February 2019 |

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions in Annex I. 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 1 April 2019.

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

Instructions

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

* Insert your responses to the questions in the Consultation Paper in the present response form.
* Please do not remove tags of the type <ESMA\_QUESTION\_LST\_1>. 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 response, name your response form according to the following convention: ESMA\_LST\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_LST\_ABCD\_RESPONSEFORM.
* Upload the form containing your responses, in Word format, to ESMA’s website ([www.esma.europa.eu](http://www.esma.europa.eu) under the heading “Your input – Open 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 publically 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](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

Who should read this paper?

The main stakeholders to whom these guidelines would apply are managers of UCITS and EU AIFMs as well as EU depositaries overseeing UCITS and EU AIFs. The paper will also be of interest to trade associations, investors and consumer groups relating to UCITS and EU AIFs.

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | Association of Investment Companies |
| Activity | Regulated markets/Exchanges/Trading Systems |
| Are you representing an association? |  |
| Country/Region | UK |

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_LST\_1>

The Association of Investment Companies (AIC) is a trade body for the closed-ended investment company sector. We represent 358 investment companies, managing assets of over £168 billion. Investment companies are Alternative Investment Funds (AIFs) within scope of the Alternative Investment Fund Managers Directive (AIFMD).

The AIC’s members include investment trusts, Venture Capital Trusts, UK REITs and non-EU companies. Our non-EU members are primarily domiciled in Guernsey and Jersey.

Redemptions

Investment companies provide exposure to a diversified portfolio of assets managed by a professional fund manager. Investment companies are ‘closed-ended’ funds, that is, they have a fixed number of shares. These shares are admitted to trading on a public stock market (customarily the London Stock Exchange). Unlike ‘open-ended’ funds, investment companies do not offer redemption, where an individual selling their investment receives cash out of the assets of the fund.

Redemptions in open-ended funds holding illiquid assets must be suspended when they do not have sufficient liquidity to meet high levels of demand. This does not happen with investment companies as their shares are traded on a public stock market. There is no link between the level of trading in the investment company’s shares and demand for liquidity in the portfolio. Investors can trade the shares of the company without the manager having to sell potentially illiquid underlying assets to fund redemptions. There is no redemption mechanism. This characteristic makes investment companies well suited to provide exposure to illiquid assets classes.

The AIFMD requires the Alternative Investment Fund Manager (AIFM) to put in place appropriate liquidity management systems and procedures. These must enable the AIFM to monitor the liquidity risk of the AIF and ensure that the liquidity profile of the investments of the AIF complies with its underlying obligations. Closed-ended AIFs, such as investment companies, must meet these requirements if they are subject to the full scope of the AIFMD.

These requirements are sufficient to ensure liquidity is appropriately managed in closed-ended AIFs which do not have to meet redemption requests. One of the objectives of the Guidelines proposed by ESMA in its consultation paper is to “*model the potential effect that the stress could have on the overall liquidity of the fund*”. However, because the shares of investment companies are traded on a public stock market, liquidity in the underlying portfolio does not correspond to the liquidity of the investment company’s shares which are subject to market forces of supply and demand.

Periods of market stress are unlikely to affect whether investors in investment companies can trade their shares. For example, the AIC is not aware that any investors of investment company property shares were unable to trade in the period after the Brexit vote in 2016 or during the financial crisis of 2008/9. No investment company saw trading in their shares suspended, even for a day. Investors could still exit if their circumstances meant that they wished to do so. The same could not be said for open-ended funds. A number of open-ended funds with property investments experienced gating after both events and were not able to honour investor redemptions.

The explanatory considerations section 6 states that the objective of LST on the asset side of the balance sheet is to:

“*model the potential effect that the stress could have on the overall liquidity of the fund, as asset liquidity can be a significant risk to the overall liquidity of a fund, independent of other factors such as redemptions.”*

The explanatory considerations section 7 states that the LST on the liability side of the balance sheet is to simulate the:

“*deteriorating liquidity in a fund within a given time period emanating from the liabilities side of the balance sheet. This is usually due to unitholder redemptions, but also potentially due to other liabilities owed.*”

These issues are significantly less relevant to closed-ended investment companies than to other funds. The structure of closed-ended investment companies means that the manager can invest for the long term without the need to consider investor redemptions.

Significant commitments

Many investment companies have no legal or contractual commitments that will be materially affected by market stress. Many of these companies will have portfolios consisting of mainly quoted securities which are traded in active markets. These companies would not be subject to significant liquidity stresses. The AIC **recommends** that these investment companies are not subject to the proposed Guidelines.

Other investment companies invest in less liquid assets, such as real estate, infrastructure or private equity. These investment companies may have legal or contractual commitments to provide future funding. In some cases, these commitments could be significantly impacted in times of market stress.

Investment companies that have financing arrangements in place, such as a bank loan where there is a financial covenant triggered when the value of the investment portfolio falls below a certain level (in relation to the value of the outstanding loan), could also be significantly impacted in times of market stress.

The AIC **recommends** that the AIFM assesses commitments or financing arrangements of this nature. Where these commitments or financing arrangements would be significantly impacted by liquidity in times of market stress, the AIFs should be subject to the proposed Guidelines.

Amending the Guidelines in this way will provide a more proportionate regulatory position. It will reduce the regulatory costs and burdens placed on investment companies whilst not creating any systemic risk.

The AIC has made further comments below to tailor the Guidelines in a proportionate manner.

<ESMA\_COMMENT\_LST\_1>

1. : What additional costs and benefits would compliance with the proposed Guidelines bring to the stakeholder(s) you represent? Please provide quantitative figures, where available.

<ESMA\_QUESTION\_LST\_1>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_1>

1. : Do you agree with the scope of these Guidelines? Should certain types of funds be explicitly excluded from these Guidelines? Should MMFs remain in-scope of these Guidelines?

<ESMA\_QUESTION\_LST\_2>

Please see our comments above. The AIC **recommends** the proposed Guidelines do not apply to closed-ended AIFs which do not have to meet redemption requests and do not have significant commitments.

This will ensure the Guidelines are applied in a proportionate manner and do not impose unnecessary regulatory costs and burdens on companies where liquidity is unlikely to be a significant issue.

<ESMA\_QUESTION\_LST\_2>

1. : Is additional clarity required regarding the scope of these Guidelines? Is additional clarity required regarding the meaning of ‘nature, scale and complexity’ of a fund? Are there circumstances in which it would, in your view, be inappropriate for a UCITS to undertake LST?

<ESMA\_QUESTION\_LST\_3>

Please see our comments above. The AIC **recommends** the proposed Guidelines do not apply to closed-ended AIFs which do not have to meet redemption requests and do not have significant commitments.

Where the Guidelines do apply, the AIC **recommends** they are adapted to the “*nature, scale and complexity of the fund*”. This will ensure they are applied in a proportionate manner.

<ESMA\_QUESTION\_LST\_3>

1. : What are your views on when the Guidelines should become applicable? How much time would managers require to operationalise the requirements of these Guidelines?

<ESMA\_QUESTION\_LST\_4>

The AIC **recommends** these guidelines apply two years after they are finalised. This will give managers sufficient time to adapt their systems and controls to meet the new requirements.

<ESMA\_QUESTION\_LST\_4>

1. : Do you agree with the proposed approach of setting out a list of Guidelines all funds should follow, and the provision of explanatory considerations to help managers comply with those overarching Guidelines? Do you see merit in including some of the explanatory considerations in the final Guidelines?

<ESMA\_QUESTION\_LST\_5>

Please see our comments above. The AIC **recommends** the proposed Guidelines do not apply to closed-ended AIFs which do not have to meet redemption requests and do not have significant commitments.

Where the Guidelines apply, the AIC agrees with the approach of setting out a list of guidelines all fund managers should follow.

The AIC **recommends** there is a statement in the introduction section stating that:

“*These Guidelines are to be applied where applicable to the AIF or UCITS. They should be adapted to fit the nature, scale and complexity of the fund including the investment strategy, liquidity of assets held, type of investor and redemption policy.*”

This will ensure they are applied in a proportionate manner and in the most appropriate way for the specific type of fund.

See our detailed comments on the proposed Guidelines below:

The AIC **recommends** the following amendments are made to the guidelines. The AIC has also made recommendations about the scope of these Guidelines, this is not included below, instead please see our response to questions 2 and 3.

Insertions are shown in bold and underlined, deletions are shown in bold and struck through.

***Guideline 4*** *LST should be conducted at least annually and employed at all stages in a fund’s lifecycle, where appropriate. It is recommended that a more frequent programme of LST be employed, quarterly or even more frequently if required by the characteristics of the fund.* ***~~Flexibility is allowed for on this issue dependent on the nature, scale and complexity of the fund and its liquidity profile.~~***

See our response to question 5 which **recommends** that introduction of the Guidelines includes a statement as to the applicability and adaptability of the Guidelines. If this recommendation is adopted, Guideline 4 should be revised accordingly.

***Guideline 5*** *LST should provide outcomes which can be used****, as applicable,*** *to:*

1. *Help ensure the fund is sufficiently liquid, as required by applicable rules and redemption terms stipulated in fund documentation.*
2. *Strengthen the ability of managers to manage fund liquidity in the best interests of investors, including in planning for periods of heightened liquidity risk.*
3. *Help identify potential weaknesses of an investment strategy, and assist in investment decision making.*
4. *Assist risk management monitoring and decision-making, including setting relevant limits regarding fund liquidity. This may include ensuring the results of LST can be measured through a comparable metric, such as a key risk indicator.*

For funds that do not have to meet redemption requirements, not all these requirements are applicable. The AIC **recommends** this is made clear in the Guideline.

***Guideline 7*** *LST should be applied to in-scope UCITS and AIFs and adapted appropriately* ***~~to each fund, depending on its nature, scale and complexity,~~*** *including by adapting:*

*The frequency of LST (as per Guideline 4).*

1. *The types of scenarios employed to create stressed conditions, which should always be sufficiently severe, but plausible.*
2. *Assumptions regarding investor behaviour (gross and net redemptions) and asset liquidation.*
3. *The complexity of the LST model, which should account for the complexity of the fund’s investment strategy.*

See our response to question 5 which **recommends** that introduction of the Guidelines includes a statement as to the applicability and adaptability of the Guidelines. If this recommendation is adopted, Guideline 7 should be revised accordingly.

***Guideline 10*** *LST should enable a manager to assess not only the time and/or cost to liquidate assets in a portfolio, but also whether such an activity would be permissible given:*

1. *The objectives and investment policy of the fund.*
2. ***~~The~~ Any*** *obligation to manage the fund in the interest of unitholders.*
3. *Any applicable obligation to liquidate assets at limited cost.*
4. *Any obligation to maintain the risk profile of the fund following liquidation of a portion of its assets.*

Closed-ended investment companies have shareholders not unitholders. They are managed by a board of directors which employ an AIFM to manage the day-to-day operations of the investment portfolio. The AIFM must operate in accordance with the investment policy and strategy set by the board of directors. The AIFM does not have any direct obligation to manage the fund in the interest of the shareholders of the investment company. The AIC **recommends** this Guideline is clarified accordingly.

<ESMA\_QUESTION\_LST\_5>

1. : Do you agree with the proposed Guidelines? What amendments, if any, should ESMA make to its proposed Guidelines?

<ESMA\_QUESTION\_LST\_6>

The AIC has a number of specific **recommendations** to in relation to the proposed Guidelines. These are set out in question 5 above.

<ESMA\_QUESTION\_LST\_6>

1. : Do you agree with the proposed explanatory considerations regarding LST of fund assets?

<ESMA\_QUESTION\_LST\_7>

Please see our comments above. The AIC **recommends** the proposed Guidelines do not apply to closed-ended AIFs which do not have to meet redemption requests and do not have significant commitments.

Where the Guidelines apply, the AIC **recommends** there is a statement in the explanatory notes section stating that:

“*These explanatory considerations are to be applied where applicable to the AIF or UCITS. They should be adapted to fit the nature, scale and complexity of the fund including the investment strategy, liquidity of assets held, type of investor and redemption policy when applying LST on the assets sides of the balance sheet.*”

This will ensure they are applied in a proportionate manner and in the most appropriate way for the specific type of fund.

The AIC has a number of specific **recommendations** to in relation to the explanatory considerations in relation to assets. These are set out below.

The AIC **recommends** the following amendments are made to the explanatory considerations.

The AIC has also made recommendations about the introduction sections of the explanatory considerations, this text is not included below, instead please see our response to questions 5, 7 (in relation to assets), 14, 18, 21 and 27.

Insertions are shown in bold and underlined, deletions are shown in bold and struck through.

1. Paragraph 23 on page 31:

*“An important outcome of this exercise is to provide managers with indications and examples which will help them to proactively assess where,* ***for example****:*

* *It would no longer be possible to sell some assets and remain in compliance with the fund objectives and investment policy. In this case, particular regard should be paid to the appropriate asset liquidation method.*
* *It would be impossible to sell some assets, except at such a discount so as to no longer be in the interests of unitholders. A distinction should be made between selling assets at market value into a depressed market (which may be reasonable), and selling assets at a fire-sale price solely to provide liquidity to the fund, which may not be in the interests of unitholders.*
* *Assets could no longer be valued reliably and it would no longer be reasonable to continue to deal in fund units.”*

The AIC **recommends** it is made clear that these are examples as to what managers can gain from this exercise. These outcomes will not be applicable for all funds.

1. Paragraph 28 on page 32:

“**Scenarios**. Managers should employ historical, hypothetical scenarios as well as reverse stress testing**, where appropriate. (Reverse stress testing is not required for funds which do not have to meet redemption requests).**”

The AIC **recommends** that reverse stress testing is not required in these situations as it will not add any value to shareholders.

1. Paragraph 32 on page 34:

“**Where applicable, t~~T~~**he method of liquidating assets in a LST should **~~always~~**:..”

The AIC **recommends** this sentence is revised as the bullet point in relation to “*reflecting the funds being managed in the interests of all investors, both those redeeming and remaining*” is not applicable for closed-ended investment companies.

<ESMA\_QUESTION\_LST\_7>

1. : What are your views on the requirement to undertake reverse stress testing, and the use of this tool?

<ESMA\_QUESTION\_LST\_8>

According to the definition in the consultation paper, reverse stress testing is designed to identify issues that would impact the fund’s ability to honour redemption requests. This is not relevant for closed-ended investment companies. If this was required, it would impose significant cost and regulatory burdens without any benefit to shareholders.

The AIC **recommends** the Guidelines specify that the requirement to perform reverse stress testing does not apply to closed-ended AIFs which do not have to meet redemption requests.

<ESMA\_QUESTION\_LST\_8>

1. : Do you see merit in providing further considerations for managers on the use of data relevant to asset liquidity, particularly in circumstances when data is scarce?

<ESMA\_QUESTION\_LST\_9>

No. The requirements are sufficient.

<ESMA\_QUESTION\_LST\_9>

1. : Do you agree with ESMA’s wording regarding the asset liquidation method used in the LST model? How would you describe the asset liquidation method used by you or the managers you represent?

<ESMA\_QUESTION\_LST\_10>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_10>

1. : Do you agree with ESMA’s wording regarding ‘second round effects’? What is your current practice regarding modelling ‘second round effects’?

<ESMA\_QUESTION\_LST\_11>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_11>

1. : What are your views on the considerations on difficult to model parameters, such as price uncertainty? What is your current practice concerning this issue?

<ESMA\_QUESTION\_LST\_12>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_12>

1. : Do you agree with ESMA’s considerations on LST in funds investing in less liquid assets? What amendments should be made to the proposed wording? Do you think that ESMA should outline additional and/or specific Guidelines to be made in any other fund or asset types, such as ETFs?

<ESMA\_QUESTION\_LST\_13>

The AIC **recommends** that these additional considerations are only applied where applicable to the AIF or UCITS and adapted to fit the nature, scale and complexity of the fund.

<ESMA\_QUESTION\_LST\_13>

1. : Do you agree with the considerations regarding LST on items on the liabilities side of a fund’s balance sheet?

<ESMA\_QUESTION\_LST\_14>

Please see our comments above. The AIC **recommends** the proposed Guidelines do not apply to closed-ended AIFs which do not have to meet redemption requests and do not have significant commitments.

Where the Guidelines apply, the AIC **recommends** there is a statement in the explanatory notes section stating that:

“*These explanatory considerations are to be applied where applicable to the AIF or UCITS. They should be adapted to fit the nature, scale and complexity of the fund including the investment strategy, liquidity of assets held, type of investor and redemption policy when applying LST on the liabilities sides of the balance sheet.*”

This will ensure they are applied in a proportionate manner and in the most appropriate way for the specific type of fund.

<ESMA\_QUESTION\_LST\_14>

1. : Do you agree with the considerations specifying the LST of redemptions and other types of liabilities may need to be considered distinctly, given a fund could potentially limit redemptions but not other sources of liquidity drain?

<ESMA\_QUESTION\_LST\_15>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_15>

1. : Do you agree with the requirement to reverse stress test items on the liabilities side of the fund balance sheet?

<ESMA\_QUESTION\_LST\_16>

Please see our response to question 8 above. The AIC **recommends** the Guidelines specify that the requirement to perform reverse stress testing does not apply to closed-ended AIFs which do not have to meet redemption requests.

<ESMA\_QUESTION\_LST\_16>

1. : Do you agree with the requirement to incorporate investor behaviour considerations into the LST model ‘where appropriate’? Are there cases which you believe it would not be appropriate, and should these be detailed in these Guidelines?

<ESMA\_QUESTION\_LST\_17>

The AIC **recommends** the Guidelines specify that the requirement to consider investor behavioural models does not apply to closed-ended AIFs which do not have to meet redemption requests.

<ESMA\_QUESTION\_LST\_17>

1. : What do you think about ESMA’s Guideline stating that managers should combine LST results on both sides of the balance sheet?

<ESMA\_QUESTION\_LST\_18>

Please see our comments above. The AIC **recommends** the proposed Guidelines do not apply to closed-ended AIFs which do not have to meet redemption requests and do not have significant commitments.

Where the Guidelines apply, the AIC **recommends** there is a statement in the explanatory notes section stating that:

“*These explanatory considerations are to be applied where applicable to the AIF or UCITS. They should be adapted to fit the nature, scale and complexity of the fund including the investment strategy, liquidity of assets held, type of investor and redemption policy when combining LST on the assets and liabilities sides of the balance sheet.*”

This will ensure they are applied in a proportionate manner and in the most appropriate way for the specific type of fund.

<ESMA\_QUESTION\_LST\_18>

1. : What are your views on ESMA’s Guideline that aggregated LST should be undertaken where deemed appropriate by the manager?

<ESMA\_QUESTION\_LST\_19>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_19>

1. : What is your experience of performing aggregated LST and how useful are the results?

<ESMA\_QUESTION\_LST\_20>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_20>

1. : What are your views on ESMA’s considerations concerning the use of LST during a fund’s lifecycle?

<ESMA\_QUESTION\_LST\_21>

Please see our comments above. The AIC **recommends** the proposed Guidelines do not apply to closed-ended AIFs which do not have to meet redemption requests and do not have significant commitments.

The AIC **recommends** there is a statement in the explanatory notes section stating that:

“*These explanatory considerations are to be applied where applicable to the AIF or UCITS. They should be adapted to fit the nature, scale and complexity of the fund including the investment strategy, liquidity of assets held, type of investor and redemption policy in determining the appropriate use of LST during a fund’s lifecycle.*”

This will ensure they are applied in a proportionate manner and in the most appropriate way for the specific type of fund.

<ESMA\_QUESTION\_LST\_21>

1. : What is your experience of the use of LST in determining appropriate investments of a fund?

<ESMA\_QUESTION\_LST\_22>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_22>

1. : In your view, has ESMA omitted any key uses of LST?

<ESMA\_QUESTION\_LST\_23>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_23>

1. : Do you agree with ESMA’s Guideline that LST should be undertaken in all cases annually, but that it is recommended to undertake it at least quarterly, unless a different frequency can be justified? What is the range of frequency of LST applied on funds managed by stakeholder(s) you represent?

<ESMA\_QUESTION\_LST\_24>

The AIC supports paragraph 66 on page 49 which states that:

“*The manager should assess the nature, scale and complexity of the fund, including the investment strategy, liquidity of assets held, type of investor and redemption policy in determining the appropriate frequency of LST.*”

The AIC has **recommended** that similar paragraphs are inserted at the beginning of each section of the Guidelines. Please see our responses to questions 5, 7, 14, 18, 21 and 27.

<ESMA\_QUESTION\_LST\_24>

1. : Should ESMA provide more prescriptive Guidelines on the circumstances which can justify a more/less frequent employment of LST?

<ESMA\_QUESTION\_LST\_25>

The AIC **recommends** the Guidelines specify that the recommended frequency of LSTs is annually, unless a higher frequency is justified by the characteristics of the fund, for example the requirement to meet redemption requests.

This will ensure that the Guidelines are adopted in a proportionate manner, and funds, such as closed-ended investment companies, will not be required to justify a lower frequency than that set out in the Guidelines as a result of their characteristics.

<ESMA\_QUESTION\_LST\_25>

1. : Do you agree that LST should be employed outside its scheduled frequency (ad-hoc) where justified by an emerging/imminent risk to fund liquidity?

<ESMA\_QUESTION\_LST\_26>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_26>

1. : What are your views on the governance requirements regarding LST?

<ESMA\_QUESTION\_LST\_27>

The AIC **recommends** the first bullet point in paragraph 68 on page 51 is deleted. This states that the LST policy should include a “*Clear definition of the role of senior management in the process, including the governing board (Board of Directors/Trustees).*”

This goes beyond the requirements of the AIFMD which apply to the AIFM, rather than to the governing board of the AIF. The bullet point addressing the circumstances requiring escalation, such as when liquidity/limit thresholds are breached is more applicable. This requires issues to be escalated where if they arise.

The AIC **recommends** there is a statement in the explanatory notes section stating that:

“*These explanatory considerations are to be applied where applicable to the AIF or UCITS. They should be adapted to fit the nature, scale and complexity of the fund including the investment strategy, liquidity of assets held, type of investor and redemption policy in determining the appropriate governance of LSTs.*”

This will ensure they are applied in a proportionate manner and in the most appropriate way for the specific type of fund.

<ESMA\_QUESTION\_LST\_27>

1. : Should more information be included in the UCITS RMP and AIF RMP?

<ESMA\_QUESTION\_LST\_28>

No. The information set out in paragraph 69 on page 51 is sufficient and appropriate.

<ESMA\_QUESTION\_LST\_28>

1. : Do you have any views on how managers which delegate portfolio management can undertake robust LST, independently of the portfolio manager, particularly when the manager does not face the market?

<ESMA\_QUESTION\_LST\_29>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_29>

1. : Do you agree with the proposed Guideline for depositaries on carrying out their duties regarding LST?

<ESMA\_QUESTION\_LST\_30>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_30>

1. : In your experience do depositaries review the UCITS RMP and AIF RMP as a matter of course?

<ESMA\_QUESTION\_LST\_31>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_31>

1. : Do you see merit in ESMA publishing further guidance on the reporting of results of liquidity stress tests? If so, in your view how should ESMA require that results be reported?

<ESMA\_QUESTION\_LST\_32>

The AIC has no comment on this question.

<ESMA\_QUESTION\_LST\_32>