**AIFMD AND UCITS RTS AND GUIDELINES LMT CPs**

**Executive summary**

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

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

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

ICMA promotes well-functioning cross-border capital markets, which are essential to fund sustainable economic growth. It is a not-for-profit membership association with offices in Zurich, London, Paris, Brussels and Hong Kong, serving over 620 member firms in nearly 70 jurisdictions globally. Its members include private and public sector issuers, banks and securities dealers, asset and fund managers, insurance companies, law firms, capital market infrastructure providers and central banks. ICMA provides industry-driven standards and recommendations, prioritising three core fixed income market areas: primary, secondary and repo and collateral, with cross-cutting themes of sustainable finance and FinTech and digitalisation. ICMA works with regulatory and governmental authorities, helping to ensure that financial regulation supports stable and efficient capital markets.