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](http://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](http://www.esma.europa.eu) under the heading ‘[Data protection](https://www.esma.europa.eu/about-esma/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.

# General information about respondent

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

# Questions

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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 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>

1. 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>

1. 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>

1. Can you think of any further characteristics of redemption gates?

<ESMA\_QUESTION\_SLMT\_15>

No comment on this question.

<ESMA\_QUESTION\_SLMT\_15>

1. 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>

1. 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 that 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. Can you think of any characteristics of redemptions in kind?

<ESMA\_QUESTION\_SLMT\_37>

No comment on this question.

<ESMA\_QUESTION\_SLMT\_37>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>

1. 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>