



## ***Assogestioni's responses to the ESMA Consultations on Liquidity Management Tools (LMT)***

### **General remarks**

Assogestioni<sup>1</sup> welcomes the opportunity to contribute to the consultations to determine the characteristic of liquidity management tools (LMT) available to AIFMs managing open-ended AIFs and UCITS.

First of all, we welcome the recognition in several part of the proposals that the primary responsibility for the selection of LMTs remains within the manager. We also agree, in general terms, with the main characteristics of the LMT identified and we believe that their descriptions are adequate.

However, some part of the draft RTS and especially the Guidelines should better recognize, preserve and promote the manager's discretion in choosing and structuring liquidity management tools as well as the principle of proportionality, considering that the overall liquidity management system of the funds under management and the related responsibilities fall on the manager itself and that the manager is in the best position to know the characteristics of the funds it manages and identify the possible evolutions of the market sectors in which each fund operates.

In this regard:

- we are of the opinion that the Guidelines should not require to fund managers to consider the selection of at least one anti-dilution tool (ADT) and at least one quantitative LMT;
- we do not support the establishment of a definition of "exceptional circumstances" that could result in a supervisory expectation concerning the activation of LMT;
- we hold the view that systematically incorporating implicit transaction costs into anti-dilution frameworks is impractical and unnecessary;
- in our view the selection criteria for LMTs by managers should be applied consistently across all funds, avoiding any references to specific investment strategies;
- we believe that fund managers should not be subject to mandatory rules whereby LMTs have to be activated in any case where a threshold is exceeded. The decision to activate those tools should depend on an accurate and comprehensive analysis of the liquidity of the fund, market conditions and best interests of investors.
- we do not agree that suspensions should in all cases apply simultaneously to subscriptions, repurchases and redemptions;

Finally, as to disclosure, it is necessary to achieve a balance between the benefits of providing transparency and useful information to investors and any potential risk of unintended consequences. In this perspective, Assogestioni agrees 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, but sees some critical aspects in the

---

<sup>1</sup> Assogestioni is the trade body for Italian asset management industry and represents the interests of members who manage funds and discretionary mandates around € 2,406 billion (as of August 2024).



disclosure on calibration and conditions for activation/ deactivation, since it might allow sophisticated investors to circumvent the objective of the LMT and the relevant information might be exploited by competitors.