IRISH FUNDS RESPONSE TO THE ESMA CONSULTATION -

Draft regulatory technical standards on open-ended loan-originating AIFs under the AIFMD

March 2025

Introduction

The Irish Funds Industry Association (Irish Funds) is the representative body for the international investment funds industry in Ireland. Our members include fund managers, fund administrators, transfer agents, depositaries, professional advisory firms, and other specialist firms involved in the international fund services industry in Ireland. By enabling global investment managers to deploy capital around the world for the benefit of internationally based investors, we support saving and investing across economies. Ireland is a leading location in Europe and globally for the domiciling and administration of investment funds. The funds industry employs over 19,519 professionals across every county in Ireland, with over 37,468 of a total employment impact right across the country[1] and provide services to almost 8,900 Irish regulated investment funds with assets of just under EUR 5 trillion[2].

Irish Funds welcomes the opportunity to respond to the European Securities and Markets Authority ("**ESMA**") consultation on the Draft Regulatory Technical Standards ("**RTS**") on open-ended loan-originating AIFs ("**OE LO AIFs**") under the Alternative Investment Funds Managers Directive ("**AIFMD**"). Irish Funds recognise the importance of the proposed RTS, and the requirements with which loan-originating AIFs are to comply in order to maintain an open-ended structure.

We welcome the introduction of a set of rules for loan-originating funds across the EU as this will facilitate greater harmonisation of the loan-origination market within the EU and enable lending to the real economy. The consultation states that based on an assessment of the existing AIFMD Level 2 provisions relating to liquidity management, no gaps were identified that would need to be addressed to account for the specificities of OE LO AIFs. The results of this assessment are a clear acknowledgement of the comprehensive requirements relating to liquidity management that all AIFMs must comply with under AIFMD. We are therefore of the view that the RTS for OE LO AIFs should not in any way differentiate these funds from other AIFs by introducing additional liquidity management requirements that are specific to OE LO AIFs. This concept is in keeping with some of the core principles of the Savings and Investments Union which aims to address Europe's relative global competitiveness as well as the proposed simplification of the regulatory framework for firms and businesses.

With regard to the availability of liquid assets, we agree that the AIFM is best placed and the most appropriate entity to determine whether any minimum proportion of liquid assets should be maintained by an OE LO AIF. However, we do not agree with the underlying assumption that each OE LO AIFs should indeed maintain a minimum proportion of liquid assets above zero. We strongly oppose the notion of a regulatory minimum amount of liquid assets to be held by an OE LO AIF.

[1] Assessment of the impact of the Funds & Asset Management Industry on the Irish Economy, Indecon, 2024

[2] Central Bank of Ireland, November 2024.

Irish Funds Response to ESMA Consultation on draft RTS on open-ended loan-originating AIFs under the AIFMD

Sound Liquidity Management

Q1: Are there any elements other than the redemption policy, the availability of liquid assets, the performance of liquidity stress tests and ongoing monitoring that AIFMs shall take account to demonstrate that the liquidity management system of the OE LO AIFs they manage is sound? If yes, please specify.

Firstly, we would make the point that the AIFMD regulates managers of alternative investment funds (AIFMs) as opposed to the funds themselves. The AIFM must go through the relevant authorisation process of the member state where it is established whilst there is no specific authorisation requirement for AIFs at a European level. Authorisation requirements and processes for AIFs depend on the fund structure and the rules put in place by each member state.

Article 16(2a) of the Amending Directive 2024/927[3] (the " Amending Directive") states "By way of derogation from the first subparagraph, a loan-originating AIF may be open-ended provided that the AIFM that manages it is able to demonstrate to the competent authorities of the home Member State of the AIFM that the AIF's liquidity risk management system is compatible with its investment strategy and redemption policy." This provision does not state when such a demonstration should take place (e.g. before a fund is set up or launched, or at any particular stage during the lifecycle of the fund) which therefore suggests that it is up to each NCA to implement this requirement using the supervisory tools available to them, with regard to the AIFMs and AIFs that they regulate. We would like to point out that paragraph 14 of the consultation paper is inconsistent with the provision referred to above and we would support an approach whereby AIFMs can automatically structure OE LO AIFs in compliance with the AIFMD Level 1 and 2 provisions.

As stated in the consultation, the provisions of the AIFMD Delegated Regulation 231/2013[4] (the "AIFMD Delegated Regulation") contain detailed rules and regulations for the implementation of comprehensive liquidity risk management frameworks by AIFMs for the AIFs they manage. These provisions relate to the redemption policy, the availability of liquid assets, liquidity stress testing and ongoing monitoring – ESMA therefore concludes that there are no gaps in the AIFMD level 2 requirements on liquidity management. In that regard, OE LO AIFs are no different to other AIFs and we believe that the imposition of additional regulatory requirements in these RTS is not required.

In relation to Article 1, 2(b), please refer to our response to question 4 below.

We would like to highlight that the Amending Directive introduced very specific rules in relation to the availability and use of liquidity management tools (LMTs) and these rules will be supplemented by the RTS and Guidelines that are currently being developed by ESMA. In our

[3] Directive (EU) 2024/927 of the European Parliament and of the Council of 13 March 2024 amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, the provision of depositary and custody services and loan origination by alternative investment funds

[4] Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervisionText with EEA relevance

view, Article 1(4) of the draft RTS is inconsistent with these rules and appears to go beyond the mandate given to ESMA under Article 16 (2f) of the Amending Directive.

Finally we would like to highlight certain types of AIFs in the market that are technically "open-ended" AIFs (in that investors may redeem their investments during the lifetime of the fund) but liquidity for investors is only available at the discretion of the fund (these AIFs are not obliged to offer liquidity in normal circumstances). These AIFs are generally referred to as "limited liquidity AIFs" and are provided for by the Central Bank of Ireland in their AIF Rulebook as follows:

Qualifying Investor AIFs which:

(a) offer redemption and/or settlement facilities on a less than quarterly basis; or

(b) provide for a period of greater than 90 days between the dealing deadline and the payment of redemption proceeds will not be subject to any regulatory parameters in terms of dealing frequency, minimum redemption quotas or timeframe for settlement, provided they classify themselves as open-ended Qualifying Investor AIFs with limited liquidity.

As these funds are structurally more similar to a closed-ended fund of a perpetual nature, we would request that ESMA considers excluding these funds from the scope of application of these RTS.

<u>Appropriate Redemption Policy</u>

Q2: Do you agree with the list of factors set out in Article 2 of the draft RTS to be considered by AIFMs to establish an appropriate redemption policy for an OE LO AIF? If not, please justify your position.

In principle we agree with the list of factors to be considered when establishing an appropriate redemption policy. However, the influence and applicability of these factors may vary depending on the investment policy and characteristics of the OE LO AIF. Therefore, we believe that these should be the factors to be 'considered' where appropriate and/or relevant to the OE LO AIF. The redemption policy should be based on the AIFM's assessment of the considerations and their inclusion and implementation where relevant to the specific facts and circumstances. This is consistent with the Financial Stability Board (FSB) policy recommendations as set out in the 'Revised Policy Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds' and specifically Recommendation 3 which states that: "In order to reduce material structural liquidity mismatches in open-ended funds, authorities should have requirements or guidance on funds' liquidity risk management. Such requirements or guidance should state that funds' investment strategies and the liquidity of their assets should be consistent with the terms and conditions governing fund unit redemptions both at the time of designing a fund and on an ongoing basis. The redemption terms that open-ended funds offer to investors should be based on the liquidity of their asset holdings in normal and stressed market conditions."

In summary, while we agree with the considerations, we do not believe that all AIFMs will need to consider all factors for each OE LO AIF and this point should be adequately reflected in the final RTS.

We would like to highlight the factor set out in point o) as in our view this can create a risk of disproportionate liability regarding the estimated value of the loans and other assets in the portfolio at the time of redemption. The term “realisable value” is interpreted differently across the NCAs.

Q3: Are there any other factors that AIFMs shall consider to demonstrate that the redemption policy of the OE LO AIFs they manage is appropriate? If yes, please provide a list of such factors and explain why they shall be included.

We do not believe there are other factors to be considered unless the AIFM has bespoke facts and circumstances relating to its OE LO AIF. The AIFM should adopt its policy to address these matters if not covered by the list above.

Availability of Liquid Assets

Q4: Do you agree that AIFMs that intend to manage OE LO AIFs shall determine an appropriate proportion of liquid assets to be able to meet redemption requests? If not, please justify your positions?

We agree that the AIFM is best placed and the most appropriate entity to determine whether any minimum proportion of liquid assets should be maintained by an OE LO AIF. However, we do not agree with the underlying assumption that each OE LO AIFs should indeed maintain a minimum proportion of liquid assets above zero. The terms of an OE LO AIF can be almost endlessly varied (with different redemption frequencies, notice periods, investor or fund level minimum holding periods, settlement periods for redemptions and any pre-determined redemption limits or gates). In addition, the investor type, potential investor concentration and their anticipated subscription and redemption behaviours will vary across OE LO AIFs. Accordingly, it may be appropriate for certain OE LO AIFs to maintain a specific level of liquid assets at particular times (e.g., approaching a redemption window), but not at other times (e.g., during a long lock up period where no redemptions are allowed). There may be other OE LO AIFs where it is not necessary or appropriate to maintain any minimum proportion of liquid assets (e.g., an OE LO AIF which grants short term loans whose maturity corresponds to the frequency of redemption opportunities for investors such that positions naturally mature to facilitate redemptions). We also note that liquid assets can include assets that are liquid now as well as on a look-forward basis (noting that the ELTIF Regulation allows liquid assets to be derived by a prudent look-forward analysis of expected cash-flows).

We would also point out that the ELTIF Regulation[5] (Article 18(2)(d)) requires a minimum proportion of liquid assets in order to meet redemption requests however the ELTIF Regulation regulates the product whereas the AIFMD regulates AIFMs as opposed to the funds themselves. Therefore, there is no specific requirement in the Amending Directive for AIFs to hold a proportion of liquid assets. As part of the product design process for any investment product, a comprehensive liquidity risk management strategy will be developed which should align the investment strategy, risk appetite and portfolio liquidity profile with the investor redemption rights. This strategy should take factors such as the characteristics of the investment assets, the fund dealing frequency and investor redemption rights into account. Effective liquidity planning begins with a full understanding of the assets including asset characteristics and potential sources of liquidity. For OE LO AIFs, the AIFM has discretion on the structuring of the funds (e.g. secondary interest in loans, defined cash flow and maturity

[5] Publications Office

dates) and the AIFM can for example ensure a mix of maturity dates in the portfolio of loans in order to be able to meet redemption requests as they arise.

Q5: Do you agree with the list of factors that AIFMs shall consider to establish the appropriate amount of liquid assets? If not, please justify your position. Shall AIFMs consider other factors, and if yes what are these factors?

We agree that these factors may be relevant to the consideration of the liquidity profile of an OE LO AIF, however, each factor will not always be relevant to each OE LO AIF, depending on the specific terms of each OE LO AIF. We would again emphasise the point that the AIFM is best placed and the most appropriate entity to determine whether any minimum proportion of liquid assets should be maintained by an OE LO AIF. In doing so, the AIFM will consider the list of factors set out in the RTS and determine if each factor is appropriate and/or relevant to the liquidity profile of the OE LO AIF.

Q6: Do you agree that cash flow generated by the loans granted by OE LO AIFs shall be considered as liquid assets? If not, please justify your position.

We agree that cash flow generated by loans should be considered as a liquid asset, noting that each OE LO AIF may or may not have a target to maintain a minimum proportion of liquid assets.

Q7: Do you agree that AIFMs may consider other assets as liquid if they can demonstrate that these assets can be liquidated within the notice period, to meet redemption requests, without significantly diluting their value? If not, please justify your positions.

Agreed, although we believe that all redemption terms of the OE LO AIF should be taken into account when determining whether an asset can be liquidated in order to meet redemption requests, without significantly diluting their value (e.g., in addition to the notice period for redemptions, the frequency of redemptions, any investor or fund level minimum holding periods, the settlement period for redemptions and any pre-determined redemption limits or gates which are in place). This is consistent with Article 49(1) of the AIFMD Delegated Regulation which states that the investment strategy, liquidity profile and redemption policy of each AIF are aligned when investors can redeem their investments in a manner consistent with the fair treatment of all investors and in accordance with the AIF’s redemption policy.

Q8: Are there any other types of assets that could be considered as liquid for the purpose of the availability of liquid assets? If yes, please give examples and explain why they could be considered as liquid for the purpose of the availability of liquid assets. Conversely, are there any other types of assets that shall not be considered as liquid? If yes, please specify.

We believe that the existence of any committed overdraft or borrowing facility which the OE LO AIF has in place as well as UCITS eligible assets should also be taken into account when assessing the appropriate proportion, if any, of liquid assets to be held by the OE LO AIF. We do not believe there are other assets which need to be deemed to be liquid and we do not think it is prudent to attempt to establish a list of “liquid” and “illiquid” assets, as the liquidity of any position or instrument type can change significantly over time due to changes in market conditions and investor sentiment. We believe that the EU's more targeted and dynamic framework governing liquidity risk management in OEFs is more appropriate and effective than the liquidity 'bucketing' approach proposed by the FSB.

Q9: In your practical experience, how do AIFMs that manage OE LO AIFs determine the level of liquid assets to be held by the fund to meet redemption requests? In particular, how do they calibrate the amount of liquid assets with respect to the maturity of the loans granted and the number of loans in the portfolio?

Market practice has been for managers to consider the relevant characteristics of a specific fund, including, the fund's assets, investor base and needs, the overall strategy and objectives in order to determine the liquidity management tools, including maintenance of a minimum amount of liquid assets, that are appropriate for that fund. Where a right of redemption is provided in an illiquid fund, the terms of such redemption mechanism are established at the outset of the fund and are consistent with the liquidity of the underlying assets and liquidity needs of investors. The introduction of a mandated minimum amount of liquid assets will make the OE LO AIF a substantially less attractive product to asset managers who have long established processes and procedures for managing the liquidity of funds that target similar asset classes.

Q10: Do you believe there should be a regulatory minimum amount of liquid assets to be held by an OE LO AIFs and, if yes, please specify it? Should this minimum apply across all types of OE LO AIFs, or should it differ among OE LO AIFs and, if yes, how?

Irish Funds does not agree that there should be a regulatory minimum amount of liquid assets to be held by an OE LO AIF.

AIFs within the scope of the definition of LO AIFs under AIFMD have the ability to invest in a wide range of loans and other asset classes. AIFMs also have the ability to employ a range of liquidity management tools.

Irish Funds' view is that while the maintenance of such minimum amount of liquid assets as determined appropriate by the AIFM can be an important tool to ensure the appropriate management of liquidity risks, the mandating of a regulatory minimum amount of liquid assets would give rise to a "one size fits all" approach, stifling the range of strategies and asset classes that OE LO AIFs could pursue. This would result in European asset managers being put at a competitive disadvantage to their peers from third countries, offering similar solutions. It would also limit the choice to European investors.

<u>Liquidity Stress Testing</u>

Q11: Do you agree with the draft provisions on liquidity stress testing set out in Article 4 of the draft RTS? If not, please justify your positions.

In our view, AIFMs should have the flexibility to determine the most appropriate frequency of liquidity stress testing (LST) for their open-ended LO AIFs. Article 48 1(e) of the AIFMD Delegated Regulation states that stress tests shall "be conducted at a frequency which is appropriate to the nature of the AIF, taking in to account the investment strategy, liquidity profile, type of investor and redemption policy of the AIF, and at least once a year." This is consistent with Section V.1.5 of the 'Guidelines on liquidity stress testing in UCITS and AIFs'[6] (the "ESMA stress testing guidelines") which states "LST should be carried out at least annually and, where appropriate, employed at all stages in a fund's lifecycle. It is recommended to employ quarterly or more frequent LST. The determination of a higher or lower frequency should be based on the fund's characteristics and the reasons for such a determination should be recorded in the LST policy. Flexibility is allowed for on this issue depending on the fund's nature, scale and complexity and liquidity profile."

While a significant portion of AIFs currently conduct quarterly stress testing in accordance with the ESMA stress testing guidelines, in our view other AIFs should be able to choose a lower or higher frequency.

We also deem it appropriate to stress test separately the assets and liabilities of the AIFs and for the results of these stress tests to be combined, to determine the overall effect on the liquidity of the AIFs. Liquidity stress testing focusses primarily on three distinct areas – Asset side liquidity, Liability side liquidity and a combination of asset and liquidity sides which is consistent with the ESMA stress testing guidelines. The most common driver for fund liquidity in open-ended funds is investors liabilities through the fund's redemption rights. The combination of asset and liability focussed LST will help to highlight funds with the largest liquidity risk thereby contributing to contingency planning as part of the overall liquidity risk management framework.

In our view, the term 'conservative scenarios' is too restrictive and misleading and could lead to divergence in the application of the liquidity stress testing requirements. We would therefore suggest that this term in Article 4(3) of the draft RTS is amended to "AIFMs shall apply reasonable scenarios in terms of….". We would also advocate against the prescription of particular scenarios in the RTS, as such approaches may not in general represent the true systemic risk or liquidity of the portfolio under the different scenarios. It may also be appropriate in certain instances to apply more generic scenarios not focusing on particular market forces (e.g., 50% reduction in daily volume) to effectively model pressure to sell. AIFMs should therefore have the flexibility to determine the most appropriate LST programme and more specifically the scenarios applied as part of the LST in line with the portfolios of the OE LO AIFs under management.

Q12: What other parameters, if any, AIFMs managing OE LO AIFs shall take into account when performing liquidity stress tests?

Irish Funds is of the view that the implementation of a LST programme and the parameters to be applied in this regard is at the discretion of the AIFM in accordance with the liquidity profile of the AIFs under management. We would also point out that the ESMA stress testing guidelines give sufficient guidance on which liquidity stress tests should be carried out. Therefore no further parameters are required to be included in the RTS for OE LO AIFs.

Q13: What could be the criteria that would justify a frequency of liquidity stress tests higher or lower than on a quarterly basis?

As stated in question 11 above, AIFMs should have the flexibility to determine the most appropriate frequency of liquidity stress testing for their OE LO AIFs taking into account the requirements of the AIFMD Delegated Regulation and the ESMA stress testing guidelines.

[6] esma34-39-897_guidelines_on_liquidity_stress_testing_in_ucits_and_aifs_en.pdf

The decision to carry out liquidity stress tests at a higher or lower frequency should depend on the valuation and investor liquidity terms of the relevant fund.

Ongoing Monitoring

Q14: Do you agree with ESMA's proposal on ongoing monitoring set out in Article 5 of the draft RTS? If not, please justify your position.

We broadly agree that OE LO AIFs should implement ongoing monitoring processes that are calibrated to the nature, scale and complexity of their loan assets.

The draft RTS should clarify that these ongoing monitoring obligations can be tailored proportionately based on the size and risk profile of the OE LO AIF. This means that AIFMs of smaller or less complex funds should be allowed to implement monitoring policies that are proportionately simpler; this would avoid a 'one-size-fits-all' approach that puts undue burden on smaller funds or those with simpler loan portfolios.

In our view, ESMA should aim to integrate these ongoing monitoring obligations with other AIFMD II or MiFID II reporting obligations in order to reduce the risk of conflicting or repetitive requirements across different regulatory regimes.

These ongoing monitoring requirements should align with standard loan and bond market practices (e.g., usually these are quarterly covenant testing and financial reporting), so AIFMs are not forced to construct entirely new frameworks that differ from existing market conventions.

In our view, the frequency of such ongoing monitoring should be at the discretion of the AIFM and will depend on factors including the OE LO AIF's redemption policy, NAV frequency, cash flow schedules, repayment schedules, concentration of investors etc.

Q15: What are the parameters that AIFMs managing OE LO AIFs shall monitor to ensure that the AIF has a sufficient level of liquid assets to meet redemption requests?

The following is a non-exhaustive list of parameters that AIFMs managing OE LO AIFs can monitor:

(i) Asset Liquidity: the percentage of the portfolio made up of less liquid assets, such as loans, will be derived by the redemption policy of the fund. To meet redemption requests, the portfolio must have sufficient liquid assets to meet all redemption requests (please also refer to our responses to questions 4 and 10 above). Given the nature of loans as an asset class (restrictive transfer provisions, general illiquidity and uncertain settlement times), the liquidity of loans held, the nature of coupons (payment in kind (PIK) v Cash) and the liquidity of the remaining portfolio should be monitored on an ongoing basis;

(ii) Unencumbered cash: the percentage of the portfolio held in cash which is not committed will be derived by the redemption policy of the fund. The fund will generally be required to hold a certain percentage of additional cash to meet margin requirements also;

(iii) Security financing/Credit facility availability: the fund will be required to hold assets which may be eligible for repo or to be used in an asset backed credit facility so it can draw cash if required. The asset quality and eligibility of the assets for these facilities will be required to be monitored;

(iv) Settlement times: Loan settlement timelines and correlation to investor redemption payment timelines;

(v) Credit quality: defaulting loans or loans which are restructuring and may require additional funding.

(vi) Level of investor activity i.e. subscriptions and redemptions during a dealing cycle and redemption patterns

(vii) Other factors such as Concentration of investors, Cash flow management, Borrowing capacity, Expected redemption demand under normal and stressed conditions, Notice period.

Q16: How do AIFMs that manage OE LO AIFs monitor the liquidity of the loans originated by the AIFs?

AIFMs may manage liquidity by deploying a multi-layered approach as follows:

- AIFMs usually receive and collect ongoing financial and operational data (e.g., cash flows, leverage ratios, covenant compliance) from borrowers in order to assess their capacity to service its debt. There are usually negative covenants in loans (e.g., loan-to-value (LTV) ratios, debt service coverage) that can signal potential liquidity concerns.

- AIFMs map the expected repayment profiles of all loans to align them with the fund's obligations.

- AIFMs may use independent valuation agents to estimate market prices or if a loan is traded on the secondary loan market, then broker dealers provide secondary market quotes.

- AIFMs have committees or analysts that regularly monitor and review credit exposures, borrower performance and overall liquidity.

Some factors to consider in monitoring the liquidity of the loans originated by the AIF include: Cash coupon v PIK; Transfer provisions/saleability of loans; Settlement times for loans are normally unknown and exceed the usual T+2 on other fixed income assets; Credit quality and likelihood of repayment; Expected incoming cash flows; Loan repayment schedule; Borrower financial health; Macroeconomic factors (e.g. interest rate changes, sector downturn); Secondary market demand and Collateral type (liquid or illiquid guarantee).

<u>**Questions for AIFMs managing OE LO AIFs (not related to proposals on the draft RTS)**</u>

Q17: If you are managing an open-ended loan-originating AIFs, please indicate:

a) the size of these funds, specifying the smallest size as well as the average size;

b) the number of loans originated by these funds, specifying the smallest number as well as the average number of loans;

c) the loan-origination strategy you implement (direct lending, mezzanine, distressed debt, venture debt, diversification strategy etc);

d) the policy of the fund regarding the management of non-performing loans;

e) the shortest, highest and average redemption frequency and, if any the notice period;
f) among the loans you granted, please indicate (as a % of the number of loans granted, and as a % of the total amounts of the loans):

> **i. the share of shareholders' loans9 ;**
>
> **ii. the share of non-performing loans;**
>
> **iii. the share of loans whose maturity has been extended;**

No response.

Q18: If you are managing an open-ended loan-originating AIFs, have you already sold loans to meet redemptions requests? What were the main characteristics of the secondary market you used to sell them (i.e.: types of counterparties, time required to achieve the sales process, liquidity, overall cost of transaction etc)?

No response.

Q19: If you are managing OE LO AIFs, what are the types of loans originated, how frequently do you value them and what is their level of liquidity?

No response.

Q20: If you are managing OE LO AIFs, what are the liquidity management tools you are using to comply with the obligations set out in Article 16 (1) and (2) of the AIFMD? Are you also using liquidity management tools other than those listed in Annex V of AIFMD, and if yes, what are these tools?

No response.

<u>**Cost-Benefit Analysis**</u>

Q21. 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 RTS on open-ended loan originating AIFs? Which other types of costs or benefits would you consider in that context?

No response.

Q22. Is there any ESG and innovation-related aspects that ESMA should consider when drafting the RTS under the AIFMD?

We would like to point out that specifically with regard to funds classified as Article 9 under the SFDR, any additional constraints on what can be understood as a liquid asset will come on top of an already very restricted pool of available assets.