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The AMF is supplementing its policy on liquidity management tools

Following an update of its policy to clarify its requirements for the operation of liquidity management tools in collective investment undertakings (CIUs) and the approval of the amendments to its General Regulation, the Autorité des Marchés Financiers (AMF) has published a second update of its policy on liquidity management tools.

New disclosure obligations

This update provides for new obligations if the regulatory documentation of the CIU does not include a mechanism to cap redemption requests (gates) and/or a mechanism to offset or reduce the costs of portfolio reorganisation borne by all unitholders during subscriptions and redemptions (swing pricing or anti-dilution levies). As part of the measures aimed at encouraging management companies to incorporate such tools into the funds they manage, these new requirements shall apply immediately to new funds and must be complied with by 31 December 2023 at the latest for existing CIUs, if these new or existing funds do not mention these mechanisms in their regulatory documents.

Owing to their specific characteristics, these requirements do not apply to AIFs closed to redemptions, exchange-traded funds (ETFs), dedicated AIFs and money market funds (MMFs). They shall, however, apply to funds open to retail clients as well as to those reserved for professional clients.

Employee savings funds will be affected by the new requirements applicable to gates as from 1 January 2024. Until then, the AMF is urging employee savings providers to upgrade their tools to include features that will make it possible to activate gates.

The AMF's policy also sets out how the funds concerned can use swing pricing or anti-dilution levy mechanisms.

Lastly, the AMF encourages asset management companies wishing to introduce one of these liquidity management tools to contact their custodians and transfer agents to ensure that all stakeholders are informed as soon as the tool is introduced and to agree on the operational procedures for implementing it.

Measures applicable when no gates are introduced

Should a management company decide not to introduce gates in one of the funds it manages, and in order to rebalance the disclosure requirements, the General Regulation and policy strengthen the procedures for informing investors and making managers accountable for compliance with their professional obligations in terms of managing liquidity risk in CIUs.

In this regard, investment management companies will have to carry out the following formalities:

- state why they have not introduced gates and provide the AMF with a statement acknowledging the risks incurred by the fund and its investors;
- for existing funds, inform investors by all possible means of the absence of gates;
- insert a standard warning in the prospectus (or, where applicable, in the rules or articles of incorporation where there is no prospectus) to warn investors about the absence of gates and the increased risk of total suspension of subscriptions and redemptions.

Measures relating to the implementation or non-implementation of swing pricing mechanisms or anti-dilution levies

Until now, the AMF's policy did not provide a framework for investment management companies' use of swing pricing or anti-dilution levies in their CIUs. It dealt only with the conditions under which unitholders or shareholders are required to be informed when these tools are introduced or modified.

To improve the framework for the use of these mechanisms by investment management companies, the AMF has expanded Instruction DOC-2017-05 by adding new provisions relating to the introduction of swing pricing mechanisms or anti-dilution levies in the funds concerned.

Furthermore, to be able to justify that the most relevant funds have adequate liquidity management tools, investment management companies that do not introduce a swing pricing mechanism or anti-dilution levy in their funds' regulatory documents will have to:

- state why they have not introduced one of these mechanisms, and provide the AMF with a statement acknowledging the risks incurred by the fund and its investors, and
- periodically verify the validity of the analysis that prompted them decide not to introduce one of these tools as part of the liquidity stress tests that investment management companies are required to conduct in accordance with the ESMA guidelines with which the AMF complies.

Information to be provided to the AMF

Pursuant to these new provisions, investment management companies will have to submit several types of information to the AMF. The details of the relevant procedure will be posted on the ROSA extranet.

In order to assist professionals in understanding the changes made to the doctrine, some of these documents, in particular the instructions and standard templates for the prospectuses, are also published as apparent changes (in French only).

Read more


- ✚ AMF Instruction DOC-2011-19 : Apparent changes (in French only)
- ✚ Annex XIV - AMF Instruction DOC-2011-19 : Apparent changes (in French only)
- ✚ AMF Instruction DOC-2011-20 : Apparent changes (in French only)
- ✚ Annex XIV - AMF Instruction DOC-2011-20 : Apparent changes (in French only)
- ✚ AMF Instruction DOC-2011-21: Apparent changes (in French only)

- ✚ [Annex XIII - AMF Instruction DOC-2011-21 : Apparent changes \(in French only\)](#)
- ✚ [Annex XIII bis - AMF Instruction DOC-2011-21 : Apparent changes \(in French only\)](#)
- ✚ [Annex XIV - AMF Instruction DOC-2011-21 : Apparent changes \(in French only\)](#)
- ✚ [AMF Instruction DOC-2011-22 : Apparent changes \(in French only\)](#)
- ✚ [Annex VII - AMF Instruction DOC-2011-22 : Apparent changes \(in French only\)](#)

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- ✚ [AMF Instruction DOC-2011-23 : Apparent changes \(in French only\)](#)
- ✚ [Annex X - AMF Instruction DOC-2011-23 : Apparent changes \(in French only\)](#)
- ✚ [AMF Instruction DOC-2012-06 : Apparent changes \(in French only\)](#)
 - ✚ [Annex III-1 - AMF Instruction AMF DOC-2012-06 : Apparent changes \(in French only\)](#)
- ✚ [Annex III-1-1 - AMF Instruction DOC-2012-06 : Apparent changes \(in French only\)](#)
- ✚ [Annex IV - AMF Instruction DOC-2012-06 : Apparent changes \(in French only\)](#)
- ✚ [AMF Instruction DOC-2017-05 : Apparent changes \(in French only\)](#)
 - ✚ [The AMF updates its doctrine to facilitate the adoption of liquidity management tools](#)
- ✚ [DOC-2020-08: Requirements for liquidity stress testing in UCITS and AIFs](#)

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