

ESMA Consultation Paper on the Guidelines on Article 25 of Directive 2011/16/EU

[Consultation Paper on the Guidelines on Article 25 of Directive 2011/61/EU](#)

1.- Target participants

This paper is of interest to asset managers managing alternative investment funds and their trade associations.

The CNMV would appreciate it if all the above-mentioned potential stakeholders were to send a copy of their responses to the consultation to the following email address: documentosinternacional@cnmv.es

2. - Information Note

In April 2018, the European Systemic Risk Board (ESRB) published a set of recommendations to address liquidity and leverage risk in investment funds (the ESRB recommendations).

Of these, 'Recommendation E' requests ESMA to provide guidance on Article 25 of Directive 2011/61/EU and, *inter alia*, recommends ESMA to:

- provide guidance on the framework to assess the extent to which the use of leverage within the alternative investment fund sector contributes to the build-up of systemic risk in the financial system (ESRB Recommendation E(1): Assessment of leverage-related systemic risk);
- offer guidance on the design, calibration and implementation of macroprudential leverage limits (ESRB Recommendation E(2): Macroprudential leverage limits).

Therefore, these Guidelines are proposed in order to address leverage risk in the alternative investment fund sector.

ESMA seeks stakeholders' feedback on the proposed principles to set leverage limits under Article 25 of Directive 2011/61/EU. The Guidelines relate, in particular, to the assessment of leverage-related systemic risk and aim at ensuring that national competent authorities adopt a consistent approach when assessing whether the conditions for imposing leverage-related measures are met.

Section III explains the background to the proposal and outlines its legislative basis.

Section IV details ESMA's initial cost-benefit analysis concerning the draft Guidelines.

Annex I contains the list of questions addressed to stakeholders in Section III. The draft Guidelines are set out in Annex II.

After receiving and analysing the feedback, it is expected that ESMA will publish the final report with the Guidelines.

3.- Submission of comments

The deadline for submitting comments is 1 September 2020.

Respondents may send their comments through ESMA's website: www.esma.europa.eu. Both the paper of this consultation and the response form are available in the section [Consultations](#) (place the cursor on the word to obtain the link).

Likewise, please send a copy of your answers to the CNMV to the following email address: documentosinternacional@cnmv.es

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