



PUBLIC CONSULTATION ON THE DRAFT TECHNICAL GUIDE ON THE MANAGEMENT AND CONTROL OF THE LIQUIDITY OF COLLECTIVE INVESTMENT SCHEMES

9 September 2021

The Spanish National Securities Market Commission (CNMV) has submitted for public consultation a draft Technical Guide on the management and control of the liquidity of Collective Investment Schemes (CISs).

It is an initiative included in its 2021 Activity Plan aimed at unifying all the relevant supervisory criteria applicable in this area, which the CNMV has been requiring to firms in the past few years. The Guide also takes into account the results of the recent actions carried out at national and European levels (including most notably the Common Supervisory Action conducted by ESMA in 2020).

In doing so, the CNMV gives transparency to the criteria, methodologies and practices considered most appropriate for complying with the regulations in the area of control and management of the liquidity of CISs, which it applies in the exercise of its supervisory role. Firms that do not follow such criteria must justify their actions and must be able to prove that they fully comply with legal obligations.

In particular, [the draft Technical Guide](#) develops the necessary procedures to ensure an appropriate management and control of the liquidity risk of its collective investment schemes, in order to avoid conflicts of interest and harm to investors. Specifically, the Guide details:

- The analyses and limits to be set in the design phase of each CIS, as well as the verifications that must be carried out in the pre-investment phase.
- The controls and analyses necessary to ensure appropriate alignment between the liquidity profile of the assets and liabilities of each CIS. To this end, the slicing approach must be reasonably complied with. Detailed guidelines are included on methodologies to determine liquidity ratios or levels of financial instruments, the estimation of time horizons for sale, as well as redemption scenarios and other payment obligations, and stress testing.
- Management companies must include in their procedures the circumstances under which the liquidity management tools set out in the regulations would be applicable (notice periods, temporary borrowing, partial subscriptions/redemptions, side pockets, etc.), and also ensuring their appropriate implementation. Additionally, the use of anti-dilution mechanisms (such as portfolio valuation at bid or ask price, and swing pricing) in order to avoid conflicts of interest between unitholders who subscribe or redeem from those remaining.

- The roles assumed by the different areas of the management company, the involvement of the Board of Directors and further analyses relating to the delegation of tasks.

The public consultation on this Technical Guide will be open until 15 October 2021. Comments may be sent to the email address: supervisioniicecr@cnmv.es or via the CNMV's virtual office.

All comments received will be published after the end of the public consultation period. If anyone does not wish their comments, either in full or in part, to be made public, they should expressly state so in their own reply and properly identify, where appropriate, which part they do not wish to be made public. For this purpose, generic confidentiality warnings included in emails will not be considered as an express statement that the comments submitted are not intended to be made available to the public.