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PROPOSAL

From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 25 November 2021

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

No. Cion doc.: COM(2021) 721 final

Subject: ANNEXES to the Proposal for a Directive of the European Parliament and of the Council amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services and loan origination by alternative investment funds

Delegations will find attached document COM(2021) 721 final.

Encl.: COM(2021) 721 final



Brussels, 25.11.2021
COM(2021) 721 final

ANNEXES 1 to 4

ANNEXES

to the

**Proposal for a Directive of the European Parliament and of the Council
amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements,
liquidity risk management, supervisory reporting, provision of depositary and custody
services and loan origination by alternative investment funds**

{SEC(2021) 570 final} - {SWD(2021) 340 final} - {SWD(2021) 341 final}

ANNEX I

In Annex I, the following points 3 and 4 are added:

‘3. Originating loans.

4. Servicing securitisation special purpose entities.’

ANNEX II

‘ANNEX V

LIQUIDITY MANAGEMENT INSTRUMENTS AVAILABLE TO AIFMs MANAGING OPEN-ENDED AIFs

- (1) Suspension of redemptions and subscriptions: suspension of redemptions and subscriptions implies that investors are temporarily unable to redeem or purchase fund’s shares.
- (2) Redemption gates: a redemption gate is a temporary restriction of the right of shareholders to redeem their shares. This restriction may be full, so that investors cannot redeem their shares at all, or partial, so that investors can only redeem a certain portion of their shares.
- (3) Notice periods: a notice period refers to the period of advance notice that investors must give to fund managers when redeeming their shares.
- (4) Redemption fees: a redemption fee is a fee charged to investors when redeeming their fund’s shares.
- (5) Swing pricing: swing pricing can be used to adjust the price of shares in an investment fund so that it reflects the cost of fund transactions resulting from investor activity.
- (6) Anti-dilution levy: an anti-dilution levy is a charge applied to individual transacting investors, payable to the fund, to protect remaining investors from bearing the costs associated with purchases or sales of assets because of large inflows or outflows. An anti-dilution levy does not involve any adjustment to the value of the fund’s shares.
- (7) Redemptions in kind: redemptions-in-kind allow the fund manager to meet a redemption request by transferring securities held by the fund, instead of cash, to the redeeming shareholders.
- (8) Side pockets: side pockets allow illiquid investments to be separated from remaining liquid investments of the investment fund.’

ANNEX III

In Annex I, Schedule A, the table, point 1.13 is replaced by the following:

| | | |
|--|--|--|
| <p>1.13. Procedures and conditions for repurchase or redemption of units, and circumstances in which repurchase or redemption may be suspended or other liquidity management tools may be activated.</p> | | <p>1.13. Procedures and conditions for repurchase or redemption of units, and circumstances in which repurchase or redemption may be suspended or other liquidity management tools may be activated. In the case of investment companies having different investment compartments, information on how a unit-holder may pass from one compartment into another and the charges applicable in such cases.</p> |
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ANNEX IV

‘ANNEX IIA

LIQUIDITY MANAGEMENT INSTRUMENTS AVAILABLE TO UCITS

- (1) Suspension of redemptions and subscriptions: suspension of redemptions and subscriptions implies that investors are temporarily unable to redeem or purchase fund’s shares.
- (2) Redemption gates: a redemption gate is a temporary restriction of the right of shareholders to redeem their shares. This restriction may be full, so that investors cannot redeem their shares at all, or partial, so that investors can only redeem a certain portion of their shares.
- (3) Notice periods: a notice period refers to the period of advance notice that investors must give to fund managers when redeeming their shares.
- (4) Redemption fees: a redemption fee is a fee charged to investors when redeeming their fund’s shares.
- (5) Swing pricing: swing pricing can be used to adjust the price of shares in an investment fund so that it reflects the cost of fund transactions resulting from investor activity.
- (6) Anti-dilution levy: an anti-dilution levy is a charge applied to individual transacting investors, payable to the fund, to protect remaining investors from bearing the costs associated with purchases or sales of assets because of large inflows or outflows. An anti-dilution levy does not involve any adjustment to the value of the fund’s shares.
- (7) Redemptions in kind: redemptions-in-kind allow the fund manager to meet a redemption request by transferring securities held by the fund, instead of cash, to the redeeming shareholders.
- (8) Side pockets: side pockets allow illiquid investments to be separated from remaining liquid investments of the investment fund.’