

## Chapter 3

# Requirements for alternative investment fund managers

3.6 Liquidity

		<b>Application</b>
3.6.1	R	<p>This section applies to a <i>full-scope UK AIFM</i> of:</p> <ul style="list-style-type: none"><li>(1) a <i>UK AIF</i>; and</li><li>(2) [deleted]</li><li>(3) <i>non-UK AIF</i>.</li></ul>
3.6.2	R	<p><b>Alignment of investment strategy, liquidity profile and redemption policy</b></p> <p>An <i>AIFM</i> must ensure that the investment strategy, liquidity profile and redemption policy of each <i>AIF</i> it manages are consistent.</p> <p>[Note: article 16(2) of <i>AIFMD</i>]</p>
3.6.3	R	<p><b>Liquidity systems and procedures</b></p> <p>An <i>AIFM</i> must, for each <i>AIF</i> it manages that is not an unleveraged closed-ended <i>AIF</i>:</p> <ul style="list-style-type: none"><li>(1) employ an appropriate liquidity management system and adopt procedures which:<ul style="list-style-type: none"><li>(a) enable it to monitor the liquidity risk of the <i>AIF</i>; and</li><li>(b) ensure that the liquidity profile of the investments of the <i>AIF</i> complies with the <i>AIF</i>'s underlying obligations; and</li></ul></li><li>(2) regularly conduct stress tests, under normal and exceptional liquidity conditions, which enable it to assess the liquidity risk of the <i>AIF</i> and monitor that risk.</li></ul> <p>[Note: article 16(1) of <i>AIFMD</i>]</p>
3.6.4	G	<p><b>Subordinate measures</b></p> <p>Articles 46 to 49 of the <i>AIFMD level 2 regulation</i> provide detailed rules supplementing this section.</p>