

## AMIC response to ESMA consultation on the draft regulatory technical standards under the revised ELTIF Regulation

Consultation paper [link](#)

### Executive Summary

AMIC welcomes the opportunity to comment on the ELTIF 2.0 level 2 proposed framework which represents an important occasion to strengthen the positive proposal agreed by the co-legislators at level 1. In order to ensure the success of ELTIF 2.0 and preserve the improvements agreed at level 1, we recommend the following considerations to be taken into account in the final RTS:

- **Building on the success of level 1 and considering the wider regulatory landscape impacting ELTIFs:** It is important for the final RTS to consider the wider ongoing workstreams on cost disclosures, liquidity management tools (LMTs) and redemption policies and not to go beyond the specific mandate which was given at level 1. This will also ensure that the final ELTIF level 2 measures will not generate conflicting requirements with any forthcoming updated requirements which will impact ELTIFs, such as AIFMD and the RIS, to ensure that there is a consistent approach across the regulations. This consistency will also help distributors and retail investors understanding of the ELTIF framework and liquidity management and redemption policies which will facilitate their uptake of the ELTIF.
- **The format of the Annex regarding the proposal on cost disclosures should not differ from the one of PRIIPs,** applicable to all EU retail funds, as ELTIFs are part of EU AIF retail funds to which the PRIIPs KID applies.
- **Liquidity management tools and redemption policies need to be considered holistically:** minimum holding periods, notice periods and redemption frequencies interact with one another and cannot be seen in isolation when assessing the liquidity profile of an ELTIF. If parameters are set too restrictively, the expected success of ELTIF 2.0 is likely to be adversely impacted. As ELTIFs are AIFs, they will also be subject to the future AIFMD level 2 provisions, which we anticipate ESMA to begin work on shortly, as well as the wider global considerations on LMTs and redemption policies in light of the current IOSCO and FSB consultations.
- **ELTIF managers are ultimately responsible for the LRM.** AIFMs are best placed to choose the most appropriate liquidity management tools and parameters to manage the ELTIF. Flexibility must be preserved in this level 2 legislative framework to facilitate the ELTIF manager to act in the best interest of investors in line with its fiduciary duty and take into consideration their specific profiles and needs. More specifically we advise that:
  - 1) **Minimum holding period:** the ELTIF manager should determine the minimum holding period on a case-by-case basis. If any holding period is to be set by the RTS, which would exceed the given level 1 mandate, then it should be on a **recommended basis only** (in line with PRIIPs requirements) and not on a compulsory basis.

- 2) **LMTs:** the ELTIF manager should continue to be permitted to choose to implement the most appropriate LMT, at their discretion, depending on the fund's specificities and on a case-by-case basis. We also strongly advise against strictly limiting redemption gates to "exceptional circumstances" as they are an important and commonly used tool, ex-ante, that fund managers opt to use in wider circumstances.
- 3) **Redemption frequency:** We consider setting a maximum redemption frequency as an inadequate option and advise against setting one in absolute terms – it should be at the fund manager's discretion to set the most appropriate redemption frequency in consistency with the rest of the fund parameters.
- 4) **Notice period:** We would advise against setting a minimum notice period. It is not necessary to set a mandatory minimum notice period when other provisions ensure a robust liquidity policy and it would be operationally very complex to combine any set mandatory notice period with a prescribed redemption frequency as they may not be compatible. It could also prove to be a severe obstacle for efficient retail distribution.

#### Existing ESMA empowerments under Articles 9 (3), 21 (3) and 26 (2)

**Q1: Do you agree with the proposed approach in relation to the RTS under the abovementioned Articles 9(3), 21, and 26(2) of the ELTIF Regulation?**

Regarding the valuation period for divestments, there should be some caution about the 6-month period for asset valuation: in given circumstances, this absolute limit should allow not to be applied due to given and duly justified circumstances, as one can never anticipate all specific circumstances.

#### ESMA empowerment under Article 25 (3) on cost disclosure

**Q2: Do you agree that the abovementioned pieces of legislation and regulatory material are relevant for the purpose of the RTS on Article 25(3) of the ELTIF Regulation? Which other pieces of legislation and regulatory material do you consider relevant for that purpose)?**

AMIC agrees that the abovementioned regulations are generally relevant however there are other pieces of legislation currently underway on cost disclosures which will impact ELTIFs. The industry is currently engaging with policy makers on the most appropriate cost disclosure framework in the context of the recently proposed EU Retail Investment Strategy (RIS).

It is therefore important to wait for the outcome of the RIS negotiations to ensure there is a consistent and coherent approach on cost disclosures as well as avoiding the risk of these ELTIF ESMA RTS requirements being short lived as the requirements of the other relevant legislations impacting cost disclosures come into force with which ELTIFs will need to comply.

**Q3: Do you agree with the abovementioned assumptions? In relation to the ELTIF cost ratio figures to be expressed as yearly percentages (of the capital of the ELTIF), would you see merit in expressing it instead in terms of maximum percentages (and, in the prospectus, only refer to the corresponding yearly figures included in the KID, or in the annual report of the ELTIF)?**

Cost ratio calculations are impacted by the actual fund raising and the final size of the fund. These calculations are also affected by the investment horizon of the fund, and whether it is closed-ended or semi-liquid.

The difference between the forecast scenario of the average annual fee and the actual annual fee is very complex to explain to retail investors and we do not see any added benefits in communicating these technical elements to them.

In order to address the complexity and inconsistency in the different disclosure documentations, we support a cost-ratio disclosure which includes:

- Ex-ante disclosure in the PRIIPs documentation of the expected costs and fees and their impact on the return on investment;
- Clear information on maximum costs for each cost components in the prospectus documentation (which could be expressed in ranges);
- Yearly disclosure of the actual costs in the annual report.

**Q4: Do you agree that the types of cost mentioned in the present paragraph are annual costs that could be expressed as a percentage of the capital? What are your views on the list of “other costs” referred to above in paragraph 31(b) which are suggested to be added, as compared to the list of “other costs” referred to in Article 25(1)(e) of the ELTIF Regulation?**

We agree with the drafting regarding what constitutes annual costs that could be expressed as percentage of the capital. As far as “other costs”, we would suggest making a clear distinction, with separate rows, between carried interests and performance fees.

**Q5: Do you agree that the types of cost mentioned in paragraph 32 are fixed costs and that an assumption on the duration of the investment is necessary to calculate these costs in the numerator of the overall cost ratio mentioned in Article 25(2), provided that this overall ratio is a yearly ratio? Would you see merit in specifying what is to be meant by the “setting-up” of the ELTIF, as referred to in Article 25(1)(a) of the ELTIF Regulation? If yes, could you indicate which elements of the “setting-up” of the ELTIF should be clarified?**

We see no merit in specifying what is meant by setting-up of the ELTIF. However, if this were to be clarified in the RTS, then it should be specified that “setting-up costs” are the costs linked to the launch of the fund (e.g. research, filing, costs incurred for the fund to go live).

**Q6: Do you agree that the types of costs mentioned in paragraph 35 may be considered as fixed costs in the case of an ELTIF?**

We disagree that acquisition costs should be considered as fixed costs as we consider acquisition costs to be mainly “one-off” costs. However, depending on the duration of the ELTIF and its portfolio diversification, the concept of main asset might not be predictable and a new investment cycle may take place incurring new acquisition costs.

**Q7. Would you see merit in including a specific grand-fathering clause (in relation to the RTS under Article 25(3) of the ELTIF Regulation) for ELTIFs benefitting from the grand-fathering clause provided for in Article 2 of Regulation 2023/606?**

We support the inclusion of a grandfathering clause in relation to the RTS under Article 25(3). Without this provision, ELTIFs would have to modify the cost disclosure methodology in the prospectus which could be misleading and confusing for existing investors.

#### **ESMA empowerment under Article 18 on redemption policy**

**Q8: Do you agree with the proposed amendment to the existing RTS under the first paragraph of Article 18(6) of the ELTIF Regulation?**

AMIC considers that the list of circumstances, as described in Article 2, in which the life of an ELTIF is considered compatible with the life-cycle of each of its individual assets is fair and comprehensive.

However, the circumstances described in point “g” may be difficult to foresee by nature as the behaviour of investors cannot be used as a reference for the calculation of the portfolio model and liquidity approach.

**Q9: Do you agree with the proposed criteria to determine the minimum holding period (referred to in point (a) of paragraph 2 - Article 18(6)(a)) of the ELTIF Regulation? What are your views on the setting of a minimum of X years for all ELTIFs, irrespective of their individual specificities (with X equal to 3, for example), with respect to the abovementioned minimum holding period?**

AMIC considers the criteria to determine a minimum holding period referred to in Article 3 of the draft RTS as generally relevant, however:

In the context of “*aggregate concentration of retail investors*”, it would be very difficult to be able to anticipate and set this precise aggregate concentration in advance:

- Managers can only anticipate and set an *expectation* of this concentration at fund launch;
- This *ex ante expected* concentration will also be linked to the manager’s work in determining the target market.

We therefore propose the following drafting amendment to take these considerations into account:

*{...} If the ELTIF can be marketed to retail investors, and if so, the **expected** aggregate concentration of retail investors **in conformity with the setting of the target market**, or whether {...}*

Regarding the minimum holding period, we agree with ESMA's assessment that the minimum holding period could be different from one type of ELTIF to another as asset classes, sectors and markets will have an impact on the duration of the minimum holding periods. We support the proposed criteria which recognize ELTIF's variety of fund terms, asset classes, and investment strategies and are based on qualitative rather than quantitative considerations.

We have reservations towards setting a **compulsory** minimum holding period of three years for all ELTIFs as it would be inconsistent with existing market practice – when designing retail AIFs, an absolute minimum holding period is not usually imposed.

When ELTIFs are marketed to retail investors, they will need to provide a PRIIPS KID which includes a recommended holding period. It would therefore be helpful if the requirements on the holding period between the new ELTIF Regime and PRIIPs are aligned to ensure consistency and avoid confusion for the end-investors. A compulsory minimum holding period also risks retail investor participation as they would not be able to exit the fund in the case of any adverse personal circumstances.

In addition, setting an absolute and compulsory minimum holding period for *ALL* ELTIFs would limit the fund managers' ability to design the best possible fund parameters based on the specific fund specificities. Moreover, Article 18 (2) of the amended ELTIF Regulation allows for the possibility of redemption during the life of the ELTIF, provided that redemptions are not granted before the end of the minimum holding period or before the end of the ELTIF ramp-up period specified in the rules or instruments of incorporation of the ELTIF.

More generally, **no reference is made to a mandatory minimum holding period in the revised level 1 ELTIF Regulation and thus ESMA would be exceeding the given level 1 mandate by proposing restrictions regarding the minimum holding period as compared to level 1 provisions.**

**It should be the responsibility of the ELTIF Manager, the AIFM, to determine the minimum holding period on a case-by-case basis, depending on the specificities of the fund.** We would recommend that ESMA should not add further details on the RTS for the minimum holding period to allow for adaptation to various ELTIF strategies (e.g. linked to secondary markets, or local individual lock-up period mechanisms) and as to not exceed the level 1 ELTIF Regulation mandate.

**If the RTS are to include any minimum holding period, then it is critical that it is on a recommended basis only and not compulsory.** This will ensure alignment with PRIIPS' regulation wording and allow the ELTIF manager to factor in fund specificities.

**Q10: Do you agree with the proposed approach in relation to the minimum information to be provided to the competent authority of the ELTIF (referred to in point (b) of paragraph 2 - Article 18(6)(b) of the ELTIF Regulation)?**

AMIC generally agrees with the proposed list of minimum information that managers should provide to the competent authorities. However, AMIC members would have difficulty in providing the updated information no later than 10 days from “*the date the respective material change became known or should have become known to the ELTIF manager*” as it is a very short time period for any material data gaps to become apparent. We propose a more reasonable 30 business day period instead, which is inspired by the AIFMD rules on breach of investments of 30 days.

Moreover, the drafting of the proposal with the wording “*should have become known*” to the ELTIF manager is tricky and should be removed as it is difficult to update information that the manager is not aware of and risks the manager being prosecuted ex-post due to the occurrence of an expectable event.

**Q11: a) Do you agree with the proposed approach in relation to the requirements to be fulfilled by the ELTIF in relation to its redemption policy and liquidity management tools, referred to in points (b) and (c) of Article 18(2) - Article 18(6)(c) of the ELTIF Regulation)?**  
**b) What are your views on the setting of a maximum redemption frequency on a quarterly basis, for all ELTIFs, irrespective of their individual specificities, as suggested in paragraph 83?**  
**c) What are your views on the setting of a notice period of Y months for all ELTIFs (with Y equal to 12, for example)? What are your views on the options 1 and 2, set out in paragraphs 87 to 90, in relation to the specific requirements/circumstances where the notice period could be less than one year, and the numerical values of the parameters Z(1) to Z(4), under option 1, and Y, under option 2?**

The EU regulatory framework provides for the possibility to choose between different types of LMTs better to tailor the liquidity management of the fund to the specific case. Managers should be able to choose the most appropriate mandatory LMT depending on the fund's design and series of parameters, and on a case-by-case basis – which is being recognized in the context of the current level 1 AIFMD review.

**Most crucially, redemption policies and LMTs need to be considered holistically. Minimum holding periods, minimum notice periods and redemption limits interact with one another and cannot be considered in isolation when assessing the liquidity profile of an ELTIF.**

#### **Liquidity Management Tools**

ESMA indicates that ELTIFs shall select and implement at least one anti-dilution LMT while, only during exceptional circumstances (which include stressed market conditions), implement redemption gates to reduce the possibility of selling assets at discounted prices.

While we agree that where market infrastructure allows it, implementing an anti-dilution LMT may be the most suitable approach, as a matter of principle, the EU regulatory framework provides for the possibility to choose between different types of LMTs better to tailor the

liquidity management of the fund to each specific case. As such, managers should continue to be allowed to choose to implement the most appropriate mandatory LMT, at their discretion, depending on the fund's specificities and on a case-by-case basis.

Moreover, we strongly advise against limiting redemption "gates" to "exceptional circumstances" only. Redemption "gates" are an important risk management tool which fund managers may opt to use beyond exceptional circumstances. We note that redemption "gates" are a quantity based LMT usually implemented ex post, however we would like to draw attention to the mechanism introduced in ELTIF 2.0 level 1 Article 18(2) (d) & (e), where the mechanism to restrict redemptions quantitatively is defined ex-ante, in order to use it beyond "exceptional circumstances".

As a matter of fact, Option 2, proposed by ESMA, on redemption notice periods also defines "gates" ex-ante as there is an explicit requirement for managers to assess ex-ante the level of available liquidity and to cap the amount of redemptions by linking it to availability on an ongoing mechanism. This capping mechanism operates in the usual course of market events rather than in extraordinary market circumstances.

These ex-ante quantity based LMTs, while frequently used in institutional fund structures, are still uncommon in retail funds. Caution for using "gates", as defined by AIFMD ie ex-post, in the context of retail investors is understandable, but the manager must be able to make use of ex ante quantity based LMTs such as ELTIF Articles 18 (2) (d) and (e) in the context of wider circumstances as per their liquidity risk management framework. We would therefore welcome ESMA recommendations that both ELTIF managers and their distribution partners not only disclose the existence of these periodic liquidity mechanisms but focus resource on advisor training around liquidity mechanisms used in ELTIF structures, for example with hypothetical case studies, to ensure their smooth implementation, avoiding any stigma. The usual suitability and appropriateness tests are particularly critical in this context to ensure that retail investors are fully informed of the given specific ELTIF fund liquidity provisions.

We expect ESMA to take into account the obligations that will be imposed on all AIFMs in the context of the recently agreed AIFMD review and propose the following drafting amendment, acknowledging that the "exceptional circumstances" are to be determined by the AIF/ELTIF manager to take any wider considerations into account, which is based on the latest agreed AIFMD level 1 text Article 16 (2b):

ELTIF Article 5 RTS:

8. In ~~certain exceptional~~ circumstances **determined by the AIFM**, the manager of the ELTIF shall ~~may~~ also implement redemption gates. These circumstances **will be based on the assessment of the liquidity management tools in relation to the pursued investment strategy, liquidity profile and redemption policy of the ELTIF and be detailed in the policies and procedures which the AIFM shall be implementing and communicating to the competent authorities pursuant to [amended Article 16, (2b) following the review of Directive 2011/61/EU]** ~~include, but are not limited to, the situations when redemptions gates are needed to mitigate any potential risk to financial stability, and, in stressed market conditions, where numerous or voluminous redemption requests could be received by the manager of the ELTIF at the same redemption point, and/or where the sale of assets to meet those requests is either impossible or implies a sale at a highly discounted price.~~

## **Redemption Frequency**

We consider that setting a maximum redemption frequency is not an adequate option and would be inappropriate to set on a quarterly basis for all ELTIFs as it would not take into account the needs of all investors and the diversity of ELTIF investment strategies.

We would advise against setting a maximum redemption frequency in absolute terms – it should be at the fund managers discretion to set the most appropriate redemption frequency in consistency with the rest of the fund parameters. In France, for example, many national Long Term Investment Funds have shorter or no maximum redemption frequencies. For example, retail OPCI (real estate funds) and retail FCPR evergreen funds (private equity, private debt or infrastructure assets) in France have long had two-week/fortnightly redemption frequencies..

## **Notice Period**

Regarding the setting of a Notice Period of 12 months it would be difficult to put this in place for all ELTIFs and the duration seems excessively long, given that funds already have sufficient LMTs in place to manage their liquidity without having to rely on a long notice period.

We would advise against setting a minimum notice period - it is not necessary to set a mandatory minimum notice period when other provisions ensure a robust liquidity policy. The extension of the notice period is one LMT among others and needs to be considered as part of the full toolkit and the fund manager needs to have discretion to set the most appropriate standard notice period in consistency with the rest of the fund parameters. Operationally, a mandatory 12 months notice period would complicate longer redemption frequencies, such as quarterly (as proposed by ESMA), and be potentially very confusing for investors.

For example in France, many national Long Term Investment Funds have no Minimum Notice Periods, under national designs regulated by the French regulator. Due to the rest of the parameters of those retail investment funds, it was not considered necessary to set absolute minimum notice periods and these funds have successfully operated for many years.

As far as minimum portion of liquid assets are concerned (option 1), this proposed approach does not reflect the reality of portfolio construction for these types of products and too high a percentage would not be suitable for all ELTIFs. Option 1 would put the majority of retail AIFs outside of the scope for the ELTIF structure which would hamper the goal of making ELTIF a successful brand. Thus, as a second-best option (i.e vs no individual specific prescription on the length of the notice period) we would prefer option 2 since it seems to be much closer to current market practice.

As noted in the point on redemption frequencies, the extension of the notice period is an LMT which is part of a comprehensive list in the framework of the current review of AIFMD (Annex V) which ELTIF RTS should be consistent with. There does not seem to be a need to set a specific long standard notice period, provided the redemption policy provides that when it is needed, and as approved by the AIFMs governance body, a significant extension of the notice period can be imposed.



d) In your view, how do these requirements on the redemption policy and liquidity management tools of the ELTIF would compare to those applying to existing long-term investment AIFs which would be similar to ELTIFs (e.g. in terms of eligible assets)?

Where possible, please support your answers by providing examples of current liquidity set-up for similar long-term funds marketed to retail investors, analyses of the data available to assess the value of ELTIF long term assets and the length of the valuation process.

#### **ELTIF redemption policies and LMTs vis-à-vis existing long-term AIFs**

The liquidity management tools under the revised ELTIF Regulation should not differ from those under the revised AIFM Directive. The different elements (extension of notice period, redemption frequency or the minimum liquidity) need to be considered holistically as part of the full LMT toolkit. NCAs should take the responsibility to assess the overall environment pursuant to Article 4 of the proposal.

**Q12: Do you agree with the proposed criteria to assess the percentage referred to in point (d) of Article 18(2) - Article 18(6)(d))?**

The proposed criteria are flexible and aligned with existing market practice. There are indeed cases where the percentage may vary over time (such as in debt funds, when a period of the investment strategy occurs with significant amortization) which is helpful for the RTS to acknowledge.

In paragraph 102, and Article 6.2 of the RTS, we suggest for the amount of liquid assets to be set at the launch of the fund, in line with the investment strategy and the liquidity stress tests, and to remove the reference to the term “used up”.

This drafting is ambiguous and unnecessary. To match and fulfil the terms of their redemption policy which has been approved by the NCA, ELTIF managers would ensure that they are disposing of enough liquid assets throughout the life of the ELTIF: “2. ELTIF managers shall ensure that a minimum amount of the assets referred to in Article 9, paragraph 1, point b), of Regulation 2015/760 is preserved, in line with the investment strategy **and the liquidity stress tests of the ELTIF**. ~~These assets shall not be used up to meet redemption requests during the life of the ELTIF.~~

## ESMA empowerment under Article 19 on the matching mechanism

### **Q13: Do you agree with the principle-based approach suggested above, in relation to the ESMA RTS under Article 19(2a)?**

ESMA suggests adopting a principle-based approach, given the absence of any existing similar matching request mechanism at the EU level, to provide a certain level of flexibility for the industry when designing their matching policy.

As the impact of the use of the matching mechanism is still unknown, we support ESMA's principle-based approach which will provide the necessary flexibility to apply – or not - the mechanism to a wide variety of ELTIFs. We consider this mechanism would complement the redemption policy, if needed. In this regard, it seems to be inspired by some existing national fund market practices that must be preserved in order to make such funds eligible for the ELTIF label and could provide additional liquidity for the investors and would be taken as a part of the liquidity toolkit of the ELTIFs. In this respect, the matching mechanism should be further described in the fund documentation.

However, it appears that ESMA moves beyond the ELTIF Regulation in specifying the circumstances for the use of matching.

ESMA suggests that the matching mechanism and redemption windows could be used during the same period. It will be however important to explain the difference between the two instruments to investors while avoiding arbitrage between the redemption and the matching price.

In any case, given the nascency of the ELTIF market, we expect redemptions under Article 18 to remain the primary tool used when retail investors wish to exit their ELTIF fund (recognizing that redemptions will be extraordinary given the ability to access more liquid assets in their portfolio to meet their needs). ESMA will be able to review whether the matching mechanism is fit for purpose once the number of ELTIF funds increases over the years and the secondary market develops.

### **Q14: Do you agree with the proposals suggested above and corresponding draft RTS, in relation to the transfer process for both exiting and potential investors, and the role of the manager of the ELTIF or the fund administrator in conducting transfers, and the matching of respective requests?**

We agree to a certain extent with the proposals and would like to note that there are different types of liquidity for investors in ELTIF in the process in question, namely three:

- Liquidity linked to redemptions (regulated and organized on art 18);
- The matching operational offset of the exit request with the subscriptions;
- A secondary organized market of the shares/units of an ELTIF.

We believe it is important to highlight that matching isn't a secondary market and orders should be offset with subscription at a price related to the NAV.

Additionally, we stress the need to take the system in France for “sociétés civiles de placement immobilier à capital variable” (SCPI) (or real estate variable capital investment company) as a reference for ESMA, which could be interesting for the matching mechanism as the compensation mechanism is inherent to this vehicle.

**Q15: Do you agree with the proposed approach and corresponding draft RTS, in relation to the periods of time during which exiting and potential investors may request transfer of shares or units of the ELTIF? If both systems under Article 18(2) and 19(2a) coexist, how could the risk of arbitrage between different prices in the primary and the secondary markets be, in your view, mitigated? How could (retail) investors be ensured that the purchase or sale of shares on the secondary market will be executed at prices that reflect the value of the ELTIF?**

Regarding the matching operations and as mentioned above, matching should be made clear in the fund documentation to the client.

We believe the matching mechanism can be implemented during the valuation dates of the ELTIF as long as the execution price is based on the corresponding NAV. It may only deviate from the NAV between the valuation dates. This should mitigate the risk of arbitrage and should allow longer period of time of operation of this mechanism.

On secondary markets it is a different situation: it is supply and demand and thus the market which sets the price and this cannot be determined in advance nor in the fund documentation. (e.g listing on an MTF or regulated exchanges).

**Q16: Do you agree with the proposals above and the corresponding draft RTS, in relation to the determination of the execution price and the proration conditions and the level of the fees, costs and charge, if any, related to the transfer process?**

Yes, we agree with the principles set out above.

**Q17: Do you agree with the proposals above, and the corresponding draft RTS, in relation to the timing and the nature of the disclosure of information with respect to the transfer process conditions?**

Yes, we generally agree with ESMA’s proposals in relation to the timing and the nature of the disclosure of information with respect to the transfer process conditions.

## Cost-benefit analysis

**Q18: Are you of the view that any of the requirements of the draft RTS under the amending ELTIF Regulation should be adjusted to take into account the specificities of listed ELTIF? If yes, could you specify which requirement should, in your view, be amended?**

The most relevant issue to be taken into consideration is to guarantee that the final RTS make clear distinctions between rules applicable to matching and rules application to secondary markets.

If this principle is observed we do not see any problematic requirements at this stage.

**END**