

Chapter 3

Requirements for alternative investment fund managers

3.6 Liquidity

Application

- 3.6.1 **R** This section applies to a *full-scope UK AIFM* of:
- (1) a *UK AIF*;
 - (2) an *EEA AIF*; and
 - (3) a *non-EEA AIF*.

Alignment of investment strategy, liquidity profile and redemption policy

- 3.6.2 **R** An *AIFM* must ensure that the investment strategy, liquidity profile and redemption policy of each *AIF* it manages are consistent.
- [Note: article 16(2) of *AIFMD*]

Liquidity systems and procedures

- 3.6.3 **R** An *AIFM* must, for each *AIF* it manages that is not an unleveraged closed-ended *AIF*:
- (1) employ an appropriate liquidity management system and adopt procedures which:
 - (a) enable it to monitor the liquidity risk of the *AIF*; and
 - (b) ensure that the liquidity profile of the investments of the *AIF* complies with the *AIF*'s underlying obligations; and
 - (2) regularly conduct stress tests, under normal and exceptional liquidity conditions, which enable it to assess the liquidity risk of the *AIF* and monitor that risk.

[Note: article 16(1) of *AIFMD*]

Subordinate measures

- 3.6.4 **G** Articles 46 to 49 of the *AIFMD level 2 regulation* provide detailed rules supplementing this section.