Monetary Authority of Singapore

Response to Feedback Received on Updates to the Guidelines on Liquidity Risk Management Practices (Fund Management Companies)

Contents

1. Preface

1.1. On 17 December 2025, MAS issued a consultation paper to seek feedback on proposed updates to the Guidelines on Liquidity Risk Management Practices for Fund Management Companies ("LRM Guidelines").

1.2. The consultation closed on 28 February 2026. MAS thanks all respondents for their contributions. The list of respondents is at Annex A, and the full submissions are at Annex B.

1.3. MAS has considered carefully the feedback, and will incorporate them where it has agreed with the feedback. Comments that are of wider interest, together with MAS' responses, are set out below in five parts:

(a) Part I: Alignment between redemption terms and liquidity of fund assets

(b) Part II: Use of anti-dilution liquidity management tools ("ADTs") and incorporation of liquidity costs

(c) Part III: Strengthen governance and enhance disclosures on the design and use of liquidity management tools

(d) Part IV: Additional guidance on eligible deposits made by money market funds ("MMFs")

(e) Part V: Implementation and transition period

2. Part I: Alignment between redemption terms and liquidity of fund assets

2.1. MAS sought comments on the scenario-based examples which were provided to facilitate implementation of the requirement for fund management companies ("FMCs") to ensure consistency between the liquidity of a collective investment scheme and the redemption terms. MAS also sought views on whether there were other common scenarios that may be useful.

2.2. Most respondents supported a principles-based approach, complemented by scenario-based examples and found the scenarios to be helpful in facilitating consistent implementation. A few respondents requested that the scenarios cover a wider range of fund structures and include examples where ADTs may be inappropriate.

2.3. Two respondents sought clarification on what constitutes "lower frequency than daily" and "long" notice or settlement periods. The respondents also enquired whether MAS intends to align the definitions of liquid, less liquid and illiquid assets with the Code of Collective Investment Schemes ("CIS Code").

MAS' Response

2.4. MAS will incorporate additional scenarios in Annex A of the LRM Guidelines to cover other fund types and structures which were highlighted by respondents.

2.5. In line with MAS' principles-based approach, MAS does not intend to prescribe specific thresholds or definitions for the terms in paragraph 2.3. MAS notes the suggestion by respondents to align with the CIS Code and will add a reference to Chapter 1.2(i) of the CIS Code for guidance on the factors relevant to determining whether a financial instrument may be considered "liquid". The FMC is ultimately responsible for determining the appropriate liquidity classifications and notice or settlement periods for their funds, having regard to the best interests of their investors.

3. Part II: Use of ADTs and incorporation of liquidity costs

Adoption of ADTs

3.1. MAS proposed that an FMC should generally adopt a diversified approach to liquidity risk management by considering the use of ADTs and not rely solely on quantitative-based tools such as suspension and gating. MAS sought comments on the specific scenarios where ADTs would be inappropriate or ineffective.

3.2. Most respondents highlighted that ADTs may not be suitable for certain types of funds, particularly those which invest in highly liquid or illiquid assets such as private equity or real estate. For funds primarily invested in highly liquid assets, the risk of investor dilution is negligible, so the advantages of using mechanisms like swing pricing are limited. The operational costs and complexity of implementing these tools may outweigh their minimal protective benefits. Conversely, ADTs may not be practical for funds primarily invested in highly illiquid assets due to lack of observable pricing data.

3.3. A few respondents highlighted that ADTs may be unsuitable for fund-of-funds structure as the main fund manager lacks control and visibility over the liquidity management tools and redemption terms set by the underlying funds. This makes it difficult to accurately pass dilution costs or implement swing pricing at the feeder fund level, limiting the effectiveness of ADTs.

MAS’ Response

3.4. MAS clarifies that the adoption of at least one ADT is most relevant to an FMC managing open-ended CIS that are constituted in Singapore and have been authorised by MAS. Notwithstanding this, to allow an FMC to respond more effectively to varied market conditions, the FMC managing other CIS should have provisions for at least one suitable tool – preferably ADT – and not rely solely on suspension or gating.

3.5. MAS expects an FMC to adopt a diversified approach to liquidity risk management and consider the merits of having both quantitative-based tools and ADTs which may be used under varied market conditions, as part of robust liquidity risk management practices. Where the use of ADTs under normal market conditions may not be suitable, an FMC should nonetheless make provisions for at least one

ADT as a contingency measure during stressed market conditions and be prepared to deploy such tools in the event of a contingency.

Imposition of liquidity costs to transacting investors

3.6. To safeguard investors' interests especially during times of market stress, MAS proposed that an FMC put in place appropriate arrangements to impose the liquidity costs on transacting investors which include both explicit and implicit costs of subscription or redemptions. MAS sought views on the current approaches for imposing liquidity costs on transacting investors, including implicit costs.

3.7. Most respondents supported the principle that transacting investors should bear liquidity costs. However, they highlighted practical challenges in estimating implicit costs, particularly market impact costs, given data limitations, uncertainty during stressed market conditions, differences across asset classes, and the operational burden of developing and maintaining robust methodologies.

3.8. Some respondents called for a principles-based and proportionate approach, with flexibility for an FMC to apply judgement based on fund characteristics, and sought guidance on methodology, governance, and implementation expectations.

MAS' Response

3.9. MAS notes the broad support for the principle that transacting investors should bear the full liquidity costs of their transactions. MAS wishes to clarify that the requirement to impose implicit and explicit costs is most relevant to open-ended CIS that are constituted in Singapore and have been authorised by MAS. Nonetheless, an FMC managing other CIS that have ADTs in place should also have provisions to factor in liquidity costs when calibrating the liquidity management tools.

3.10. MAS acknowledges the practical challenges by respondents in estimating implicit costs, particularly market impact costs. Having considered these challenges, MAS clarifies that the requirement to estimate implicit costs, including market impact costs, should be adopted on a best-efforts basis. MAS expects an FMC to be able to demonstrate that its estimation of implicit costs is reasonable and reflective of the portfolio characteristics. An FMC should continue to refine the methodology for estimating such costs over time, as more data and experience become available.

4. Part III: Strengthen governance and enhance disclosures on the design and use of liquidity management tools

Strengthening governance

4.1. MAS sought views on the governance requirements on the use of liquidity management tools, which include setting out the circumstances under which liquidity management tools may be activated, as well as defining the roles and responsibilities of the decision makers overseeing the design and use of such tools.

4.2. Most respondents recognised the need for robust governance frameworks for liquidity management tools and highlighted the importance of proportionate governance arrangements that strike a balance between effective oversight and practical implementation. Most respondents also cautioned against overly prescriptive requirements, observing that a one-size-fits-all approach may not adequately account for the diverse nature, size, and complexity of different fund structures and business models.

MAS' Response

4.3. MAS clarifies that the expectation is for an FMC to apply and adopt the liquidity risk management practices set out in the LRM Guidelines in a manner that is proportionate to its size, scale and complexity of its business and the profile of the funds it manages.

Enhancing disclosures

4.4. MAS sought views on the key areas that an FMC would need to disclose to investors on the liquidity of the CIS, the objectives of the liquidity management tools that are provided for, and the circumstances under which such tools may be activated.

4.5. Most respondents supported principles-based, qualitative disclosures and cautioned against mandating quantitative disclosures such as detailed calibrations of liquidity metrics and activation thresholds. They expressed concerns that such detailed quantitative disclosures could enable gaming behaviour or trigger premature redemptions.

MAS' Response

4.6. MAS acknowledges the concerns over detailed quantitative disclosures on liquidity management tools. MAS clarifies that an FMC is expected to provide qualitative disclosures on the methodology and approach for the design and activation of liquidity management tools. To provide further guidance, MAS will include illustrative examples of good disclosure practices in Annex A of the LRM Guidelines.

5. Part IV: Additional guidance on eligible deposits made by MMFs

5.1. MAS sought views on the additional guidance in relation to eligible deposits that MMFs may invest in under the CIS Code. Respondents were generally supportive of the proposal to provide further clarity on the liquidity of deposits held by MMFs.

5.2. Some respondents sought clarification on the treatment of deposits which are redeemable at a fee. Specifically, they requested for guidance on how deposits should be treated where early redemption is permitted but subject to an early termination fee. One respondent highlighted the importance of ensuring that MMFs can access and receive funds from deposits in a timely manner when required, in line with the expectation for deposits to be repayable on demand.

5.3. One respondent asked whether funds that invest into MMFs are expected to ensure that their underlying MMFs comply with the guidance note.

MAS' Response

5.4. MAS will proceed with the proposal to introduce the guidance note on eligible deposits for MMFs in the CIS Code.

5.5. MAS recognises that the terms of early withdrawal of deposits are subject to commercial negotiations between an MMF and its banks, and that the MMF may incur penalties or other costs as a result of such early withdrawal. In addition, the receipt of the proceeds by an MMF from early withdrawal of deposits could take more than a day, due to factors such as the bank's cut-off timing for processing withdrawals. Therefore, it could be unduly limiting if MMFs were to confine themselves to placing deposits that can be terminated without any fee and where proceeds can be made available to an MMF immediately.

5.6. The intent of the guidance note is to ensure that MMFs are able to meet large redemptions in a timely manner. Having considered the feedback received, MAS would like to clarify that deposits which are subject to a penalty fee for early termination are not precluded as eligible deposits. An MMF should, however, take into account any penalties or other costs associated with early withdrawal when assessing how the deposit fits within the MMF's broader suite of liquidity management tools. MMFs should seek to negotiate with banks to ensure that such fees are not prohibitive. They should satisfy themselves that the deposit proceeds, net of fees and penalties, are adequate to meet their liquidity needs. MMFs should also ensure that they are able to receive repayment on their deposit proceeds in a timely manner that meets their liquidity needs. To this end, once notice of early withdrawal is given, the proceeds from the deposits should be available to the MMF as soon as practicable.

5.7. In addition, MAS would like to clarify that the guidance note only applies to deposits placed by an MMF. Funds that invest in MMFs are not expected to ensure that the deposits placed by their underlying MMF investments comply with the guidance note.

6. Part V: Implementation and transition period

6.1. MAS proposed that the updates to the LRM Guidelines and CIS Code come into effect six months after the revised LRM Guidelines and CIS Code are published.

6.2. Two respondents called for a longer transition period of at least one year to implement the changes, such as incorporating ADTs and developing appropriate methodologies, particularly for market impact cost estimation.

MAS' Response

6.3. MAS notes that most FMCs have already adopted or commenced work to adopt the updated practices and requirements. In this regard, MAS will proceed with a transition period of six months.

6.4. MAS recognises that prospectus submissions are made on an annual basis. In this regard, FMCs may update their offering documents and prospectuses (e.g. to incorporate ADT provisions) at the time of the next annual prospectus submission, even if this falls after the six-month transition period.

Annex A

List of respondents to the Consultation Paper on Updates to the Guidelines on Liquidity Risk Management Practices (Fund Management Companies)

1. Alternative Investment Management Association
2. Asset Management Group of Asia Securities Industry & Financial Markets Association
3. Bloomberg
4. CFA Society Singapore
5. FIL Investment Management (Singapore) Limited
6. IQ-EQ Regulatory Compliance (Singapore) Pte. Ltd., which requested confidentiality of submission
7. Investment Company Institute
8. Investment Management Association of Singapore
9. Lion Global Investors Limited, which requested confidentiality of submission
10. MSCI Inc.
11. Singapore Venture & Private Capital Association
12. Respondent A, which requested confidentiality of identity
13. Respondent B, which requested confidentiality of identity
14. Respondent C, which requested confidentiality of identity

One respondent requested confidentiality of both identity and submission.

Please refer to Annex B for the submissions.

Annex B

Submissions from respondents to the Consultation Paper on Updates to the Guidelines on Liquidity Risk Management Practices (Fund Management Companies)

Note: The table below only includes submissions where respondents did not request confidentiality of submission.

S/N	Respondent	Responses from respondent
1	Alternative Investment Management Association ("AIMA")	**Question 1:** AIMA agrees that it is important for there to be consistency between the assets being managed and the redemption terms offered to investors. It is also key that managers of non-retail funds are offered the widest range of LMTs possible to allow them to manage their funds in the best interests of their investors. Otherwise, the scenario-based examples are generally effective in facilitating implementation. The concepts in 4.3 to 4.7, particularly assessing underlying asset liquidity under normal and stressed conditions, appear to be sound and practical. However, real-world application will inevitably involve subjectivity or fluidity as asset compositions, liquidity profiles, and stressed conditions evolve. As a result, redemption terms of open-ended CIS need to be reviewed from time to time, and may need to be adjusted or supplemented with other tools. The profile of the fund investors, whether they are long-term or short-term can also be a factor when designing the liquidity framework and liquidity tools. However, we note that the scenarios themselves are orientated towards assets commonly held in retail CIS, which, as we have already pointed out, is the intention of the IOSCO LMT recommendations. On the basis that the changes are intended for retail, CIS AIMA has no comments on the two scenarios, other than to underline that they are unsuitable for level 3 assets which AIMA members often invest in. The final paragraph says the manager: "... should design a comprehensive framework with preventive tools (such as notice period and anti-dilution mechanisms) used proactively, and quantitative-based liquidity management tools (such as gating or suspensions) **reserved for exceptional circumstances**." (AIMA's emphasis added.) We do not agree that tools such as notice periods or anti-dilution mechanisms should be reserved for exceptional circumstances

		only. There may be circumstances where the use of such tools is appropriate outside of the kind of stressed events MAS seems to be contemplating. Managers should have the widest range of tools available at all times, not just in exceptional circumstances, to allow them to manage the liquidity risks of their funds in the interests of investors. This speaks to a wider point which is that LMTs have not been designed as financial stability tools. Their key purpose has always been and will remain to be to allow funds to be managed in the best interests of all classes of investors in them. Categorising them as crisis tools to be used only in exceptional circumstances risks undermining their primary purpose. **Question 2:** The information required by retail investors to ensure they are properly informed is very different to that required by institutional investors. The due diligence potential investors carry out with AIMA members before committing capital will typically go on for a number of months. During that time all aspects of a fund as well as the business itself will be scrutinised. Given that all the relevant information on LMTs as well as all other aspects of a fund will be disclosed in the offering memoranda, there is no need to enhance disclosure for institutional investors. This is in line with MAS’ risk-based approach to consumer protection. In the May 2025 consultation on enhancing Product Highlights Sheets for complex products MAS noted: “MAS’ objective is to strengthen the effectiveness of a disclosure-based regime for investors to make informed choices on their own, while requiring an appropriate level of intervention for consumers who need more assistance.” If there are any further disclosures, they should be calibrated carefully to avoid excessive workload on FMCs or information overload on investors. **Question 3:** We agree with the overall intent for fund managers to improve the liquidity robustness of the funds managed through the thoughtful use of liquidity management tools (LMTs), including anti-dilution tools (ADTs). However, there are specific scenarios where ADTs may be irrelevant or not appropriate, especially for non-retail funds that do not deal on a daily basis. As such, while we support a requirement to consider the appropriateness of ADTs and appreciate MAS’ guidance on situations where ADTs may be appropriate (e.g. Scenarios A and B under para 4.6, as well as para 4.11 and 4.12), we would appreciate MAS’ clarification that FMCs will ultimately have the discretion to assess whether ADTs should be implemented. Example 1, an open-ended fund-of-funds (Fund A) that invests into other open-ended funds (Underlying Funds). The LMTs and redemption/subscription

		profiles of Fund A would have been designed to accommodate that of the Underlying Funds. In assessing whether ADTs are appropriate however, Fund A would be able to buy and/or sell units of Underlying Funds at the same price, i.e. no bid-ask spread considerations. There are hence no benefits from implementing ADT in Fund A. Example 2, an open-ended multi-asset fund (Fund B) with many line items, mostly in very liquid exchange traded instruments with very small bid-ask spread but also has some exposure to instruments that are more illiquid. Data inputs used to set the ADT parameters, such as the bid-ask spread, can be challenging, time-consuming and costly to obtain and define. The benefits of ADT in this case would be limited and the cost of implementing may outweigh the benefits. For both the above examples, the implementation of ADTs may impose a significant administrative burden and cost (especially for smaller FMCs), from requiring a more robust governance framework to maintain clear documentation to ensure consistency in application and be audit-ready to withstand external scrutiny. **Question 4:** Fair treatment of all classes of investors in a CIS requires the fair allocation of costs incurred by a range of activities. AIMA does not object to the high-level approach MAS is taking on this issue. However, it is important that the discretion to use LMTs and apply costs remains with the manager. Any mechanistic or formulaic approach risks forcing managers to apply liquidity tools inappropriately and to the detriment of some investors. Not every subscription or redemption leads to extra costs. For example, a CIS receiving regular subscriptions will not necessarily need to dispose of assets to fund a redemption. **Question 5:** AIMA agrees that robust and proportionate governance is key to a well-run CIS. The CP does not appear to add any requirements that are not already best practice for CIS and their managers. We would expect issues relating to issues such as margin calls and the use of derivatives and leverage to be factors in the design and execution of stress tests for CIS where they are relevant issues. Again, AIMA cautions against creating inflexible or mechanistic rules that may force managers to carry out unneeded or inappropriate stress testing or put in place disproportionate governance requirements. MAS is currently receiving periodic returns from FMCs containing information about liquidity management tools such as the Investment Fund Survey and Significant redemption filing. MAS can leverage such returns to get more information, such as the points mentioned in Question 2. **Others:**

		Section 2.7 of the current LRM Guidelines (last revised on 1 August 2024) states that the LRM Guidelines are "*not applicable to segregated mandates and funds-of-one which are set up for a single institutional investor*". However, we note that the same provision under the proposed LRM Guidelines in the CP has been revised such that the reference to "funds-of-one" has been removed. AIMA would appreciate clarification that there will be no change to the position that the LRM Guidelines are not applicable to funds-of-one which are set up for single institutional investors (similar to segregated mandates). For most AIMA members, a fund-of-one structure is typically only set up for sophisticated institutional investors with substantial bargaining power, and the structure's terms are normally negotiated between the AIMA member and institutional investor. Therefore funds-of-one which are set up for a single institutional investor should continue to be excluded from the scope of the LRM Guidelines.
2	Asset Management Group of Asia Securities Industry & Financial Markets Association ("ASIFMA")	**Question 1:** On behalf of the Asset Management Group ("AAMG") of ASIFMA, we would like to submit our response to the Monetary Authority of Singapore ("MAS") Consultation Paper on Updates to the Guidelines on Liquidity Risk Management Practices (Fund Management Companies) ("LRM Guidelines"). Before responding to the specific questions in the Consultation Paper, we would like to suggest that the updated LRM Guidelines set out upfront what is in scope and what is not as currently these are spread out in different sections of the LRM Guidelines which led to a number of questions from our members. For example, we discern from the Consultation Paper (section 2) and the Proposed Updates to the LRM Guidelines and CIS Code (section 5 – Annex), the following: In scope of the LRM Guidelines 1. Open-ended collective investment scheme ("CIS") that is constituted in Singapore and has been authorised by Singapore; 2. Open-ended CIS where the Singapore FMC is involved in its product design or responsible for its portfolio management and has discretionary authority for making investment decisions therefor; and 3. Singapore FMC which delegates investment management to sub-managers outside Singapore (but is still responsible for monitoring and managing the overall liquidity profile of the CIS) with respect to open-ended CIS mentioned in 1 and 2 above. Out of scope of the LRM Guidelines 1. CIS over which the Singapore FMC does not have discretionary authority; 2. CIS over which the Singapore FMC is a sub-manager which manages only a portion of the CIS portfolio or is not involved in the CIS design

		(but the sub-manager is expected to operate the portfolio in line with the LRM parameters set out by the main manager). 3. Recognised CIS over which the Singapore FMC acts as a representative (but Singapore FMC should provide adequate disclosure and updates to investors on the liquidity approach adopted by the CIS as per paragraphs 4.16 and 4.17 of the LRM Guidelines) 4. Segregated mandates managed by Singapore FMC which are set up for a single institutional investor (which we suggest should also include a single individual investor) 5. Exchange-traded funds ("ETFs") (but Singapore FMC should consider incorporating recommendations set forth for responsible entities in IOSCO's Final Report on Good Practices Relating to the Implementation of the IOSCO Principles for ETFs published in May 2023) **Question 1(a):** Yes, the scenario based examples included in the proposed LRM Guidelines are helpful in illustrating MAS' expectations on ensuring alignment between a CIS' liquidity profile and its redemption terms. These examples provide useful practical context to facilitate implementation and reinforce the importance of considering liquidity characteristics at both the product design stage and on an ongoing basis. However, given the diversity of fund structures, asset classes and investor profiles across the industry, these scenario-examples should be illustrative only and non exhaustive and it would be helpful if the LRM Guidelines make this clear. Liquidity is not a single measurable attribute as it will vary depending on market depth, trading size, stress conditions and portfolio composition, among others. Because liquidity is dynamic, we strongly suggest that it be left to the fund manager's reasonable judgement to align each CIS' liquidity with its redemption frequency. We do not agree that where frequent redemption (e.g., daily or weekly) is to be offered by the open-ended CIS, the FMC should always provide for ADTs. **Question 1(b):** In general, supplementing the existing guidance with a broader range of practical examples, spanning different asset classes, fund structures and market conditions, would assist FMCs in demonstrating compliance with the principles based expectations set out in the LRM Guidelines, while preserving the necessary flexibility to respond appropriately to evolving liquidity risks. Specifically, we would suggest that MAS consider incorporating further examples where certain liquidity management tools, particularly ADTs, may be inappropriate or ineffective, notwithstanding the general expectation for a diversified liquidity management toolkit. In this regard, please refer to our response to Question 3, which outlines specific scenarios where ADTs may not be suitable or effective, including, for example, highly liquid funds, money market funds, funds invested predominantly in highly illiquid assets, closed

		ended funds with no redemption rights, and fund of funds structures. Including these scenarios or similar illustrative examples in the final guidance would provide additional clarity for effective implementation and help reinforce a proportionate, risk based approach to aligning liquidity with redemption terms. Other comments in relation to CIS' redemption terms: Paragraph 4.5 of the proposed LRM Guidelines states that CIS that allocates a significant portion of holdings to illiquid assets should have "lower redemption frequency than daily dealing, and/or implement longer notice or settlement periods". It would be helpful if MAS can clarify what they would consider as "lower frequency than daily" and "long" notice or settlement periods. For example, would "lower frequency than daily" include weekly, bi-weekly or monthly and would "long notice or settlement periods" include one month or longer? We suggest MAS adopt a more flexible approach so that redemption frequencies of funds investing a significant portion in illiquid assets can align with that of the respective underlying assets, rather than a prescribed frequency. Separately, we would also like to seek clarification on the definition of liquid, less liquid and illiquid assets referred to in the LRM Guidelines. We note that Footnote 11 refers to the definition of "less liquid" as set out in the IOSCO's Final Report on Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes issued in May 2023, which also sets out definitions for liquid and illiquid assets. Chapter 1.2 (i) of MAS' CIS Code sets out the definition of liquid financial instruments, which includes additional factors that managers should consider to determine if a financial instrument is liquid. For the purpose of the LRM Guidelines, we would like to understand if the definition used will be aligned with Chapter 1.2 (i) of the MAS CIS Code, or will MAS expand the definition under Chapter 1.2 (i) to also reference what is a "less liquid" financial instrument. We suggest that the relevant definitions should be consistent across the different MAS guidances. **Question 2:** We support the principle of providing investors with meaningful information on the liquidity profile of a CIS, including the types of liquidity management tools ("LMTs") that a fund manager may utilise and a high-level description of their key characteristics. We also agree that disclosure requirements relating to liquidity should remain principle based, focused on clarity and usability for investors, and expressed in simple and understandable language. In this regard, we believe disclosures should be descriptive and qualitative rather than overly detailed or quantitative, so that they are informative without being overwhelming or creating false precision. In fact, we would caution against requiring disclosures of details such as calculation methodologies, triggers or specific circumstances (e.g., see proposed new paragraph 4.17) under which a LMT would be invoked or when it would be activated or deactivated so as to avoid counter-productive behaviors by sophisticated investors or other unintended consequences.

		With respect to disclosures on "the objective and circumstances under which the tools may be activated" as provided in the new paragraph 4.17((c), we would highlight that certain information should not be disclosed for the reasons mentioned above: 1. Activation thresholds should not be disclosed, for example, in the case of redemption gates or similar quantitative tools. Disclosure of specific thresholds could be exploited by sophisticated investors who monitor fund flows and may incentivise pre-emptive redemptions, thereby exacerbating liquidity stress and undermining the intended purpose of the tools. 2. In the case of ADTs, offering documents should not disclose detailed calculation or estimation methodologies for liquidity costs. As set out in our response to Question 4, the estimation of implicit liquidity costs is subject to significant practical challenges and uncertainty. Providing granular methodological detail may also risk disclosing sensitive or proprietary information without materially enhancing investor understanding. 3. Similarly, quantitative parameters such as caps on swing factors, percentages of anti-dilution levies, or thresholds and calculation methodologies for redemption fees should not be disclosed. In particular, for swing pricing, disclosure of swing thresholds or the progression of swing factors under a tiered approach could enable investors to anticipate and potentially game fund pricing, reinforcing first mover advantages rather than mitigating dilution. We also agree that disclosure requirements relating to liquidity should remain principle. We also see no need to disclose the process behind the activation / deactivation besides noting, from a governance perspective, who makes such decision (e.g., the Board or Investment Manager). We are of the view that, for example, the following disclosure is sufficient for purposes of the new paragraph 4.17 and would appreciate if MAS could confirm that it agrees with our view. "Although the Fund invests predominantly in publicly listed equities that are generally considered liquid under normal market conditions, investors should note that the liquidity of such securities may vary over time. Liquidity conditions may deteriorate due to factors such as market stress, reduced trading volumes, sharp price movements, or exchange-specific disruptions. In such circumstances, it may take longer for the Fund to liquidate positions at reasonable prices, which may adversely affect the Fund's ability to meet redemption requests in a timely and orderly manner. The liquidity of the Fund may also be affected during periods of exceptional market volatility, geopolitical events, economic shocks, or when trading is suspended or restricted in specific markets or securities. Where the Fund invests in securities that form a significant weight in a particular index or sector, temporary liquidity pressures may arise if market participants withdraw simultaneously."

		Finally, it is important that liquidity disclosures do not unduly constrain a manager's ability to exercise judgement or use particular LMTs in response to prevailing market conditions. Preserving such flexibility is essential to ensuring that LMTs can be applied effectively and in the best interests of investors, particularly during stressed or rapidly evolving market environments. Therefore, we suggest that MAS do not prescribe specific disclosure requirements on the liquidity of a CIS but rather provide illustrative examples of the kind of disclosures that it expects of an FMC. **Question 3:** We note that paragraph 4.10 of the proposed LRM Guidelines suggests that an FMC managing CIS should have provisions in place for at least one appropriate LMT, preferably ADTs, and should not rely solely on suspension or redemption gating. While we support the objective of promoting a diversified liquidity management toolkit, we would emphasise that there are specific scenarios where the use of ADTs would be inappropriate or ineffective and where other LMTs may be more suitable. Scenarios where ADTs may be inappropriate or ineffective a. Highly liquid funds For funds investing predominantly in highly liquid assets, such as large capitalisation developed market equities, the risk of investor dilution is typically de minimis. In such cases, the benefits of implementing ADTs, particularly swing pricing, are limited, as any market impact costs arising from transactions are minimal. Given that swing pricing would be rarely activated and, if activated, would likely involve very small swing factors, the operational complexity and costs of maintaining such mechanisms may outweigh the marginal investor protection benefits b. Money Market Funds (MMFs) MMFs generally meet redemption requests through natural liquidity, such as cash flows from maturing short-term instruments, rather than active secondary market sales. While secondary markets for short term funding instruments do exist, liquidity in these markets for certain instrument types can be significantly impaired during periods of stress. In such circumstances, swing pricing becomes impractical as it may be impossible to transact at any meaningful price and, consequently, impossible to calibrate swing factors effectively when liquidity evaporates abruptly. However, there are other forms of ADTs such as liquidity fee that can be used as provided in the EU MMF Regulations. In addition, quantitative-based LMTs, such as suspension of redemptions or gating, may also be appropriate In addition, we wish to note that the redemption costs associated with MMFs are generally from (i) bid-ask spread and (ii) forfeit of interest / penalty due to early termination of deposits (if any). For (i), the bid-ask

		spreads of MMFs are considered low in general and thus applying a discount in NAV to the redeeming investor, on low transaction cost trades, may not be appropriate as it may over-penalize redeeming investors. For (ii), ADTs such as swing pricing are not designed to account for these deposit related costs. Estimation will be difficult for penalty charge / loss of accrued interest, and applying swing pricing to compensate for such costs may over-penalize redeeming investors. However, in special circumstances (e.g., during a period of market stress) when bid-ask spreads may be wider and penalties incurred on termination of term deposits may be material, MMF managers should have the discretion on the use of tool(s) and the type of tool to be used (e.g., a liquidity fee, which could be an effective way of ensuring that the cost of liquidity is appropriately borne by the redeeming investors in times of market stress) based on the need. c. Open-ended funds predominantly invested in highly illiquid assets For funds investing mainly in highly illiquid assets such as private equity or real estate, these asset classes typically lack observable market prices, bid-ask spreads or sufficient transactional data, all of which are essential inputs for calibrating ADTs, particularly swing pricing. As a result, liquidity and liquidation costs are not readily quantifiable, making the determination of meaningful ADT parameters impractical. Moreover, given the long-term, low-turnover nature of such investments, investor-driven dilution is unlikely to arise in the way observed in more liquid asset funds, further reducing the relevance of ADTs. These limitations have been recognised by IOSCO in its Guidance on ADTs published in December 2023. d. Closed ended funds with no redemption rights For closed ended funds where investors do not have the right to redeem their interests in the fund, ADTs are not relevant. Such funds are not exposed to redemption-driven liquidity risk or dilution, and investor liquidity, if any, is achieved through secondary market trading rather than fund level transactions. e. Feeder fund or Fund-of-funds structures Similarly, ADTs may be inappropriate or ineffective in feeder fund structures, where the feeder fund invests into an underlying fund that independently determines whether and how ADTs are applied. The manager of the feeder fund has no visibility, authority or control over the redemption terms, timelines and ADTs exercised by the underlying fund's manager at the point of pricing its own subscriptions or redemptions. Therefore, it is challenging for the feeder fund manager to pass on dilution costs to its investors as it is not able to look through to identify or assess the liquidity tools used by underlying fund. In particular, if swing pricing is applied by the underlying fund of a feeder fund, it would not be feasible to aggregate individual swing factors to derive a meaningful global swing factor for the feeder fund. While

		feeder funds may maintain certain top-level tools such as suspension or gating, the complexity, opacity and timing constraints inherent in underlying fund liquidity management limit the appropriateness and effectiveness of ADTs at the feeder fund level. For example: • Scenario A: A feeder fund receives a large redemption on T day (priced at T day NAV) and redeems its holdings in the underlying fund on T+1, where the underlying fund applies an ADT. In this scenario, the feeder fund's own ADT could, in principle, pass on the underlying fund's dilution impact to the redeeming investor. • Scenario B: The same redemption occurs but the underlying fund does not apply an ADT (e.g. due to offsetting subscriptions from other investors). If the feeder fund nonetheless applies an ADT, the redeeming investor may bear a reduction in proceeds that does not reflect actual costs incurred, resulting in an unfair outcome. The application of ADTs at the underlying fund level depends on factors beyond the feeder fund's control, such as flows from other investors, and may often not be known at the time a feeder fund wants to apply its own ADT, due to operational constraints (including time zone differences). As a result, ADTs at the feeder fund level may not effectively achieve the objective of fair allocation of dilution costs. Conclusion In light of the above, we strongly believe that FMCs should be given the flexibility to determine whether ADTs, other LMTs (such as suspension or gating), a combination of both, or none at all, are appropriate for a particular CIS, rather than being required to implement tools uniformly across all funds. Liquidity risk profiles vary significantly depending on investment strategy, asset class, investor composition and market conditions. Managers are best placed to assess these factors and to justify the selection of tools that are most effective in managing liquidity risk under both normal and stressed conditions. In certain circumstances, such as periods of severe market dislocation, market closures, or redemptions by large or concentrated investors, quantitative based tools may be more effective than ADTs in mitigating liquidity risk, preventing fire sale dynamics and protecting the collective interests of investors. Where costs and potential adverse impacts of applying ADTs outweigh their benefits, FMCs should be given the discretion not to implement ADTs for the CIS. Separately, we would like to point out that if for FMCs that do not use LMT or ADT for their CIS at the moment, the proposed implementation timeline of 6 months may be operationally challenging. We suggest MAS consider a longer

		timeline, e.g., at least one year from the effective date of the updated LRM Guidelines, to ensure a smooth implementation and avoid any unnecessary risk that may be created for investors. **Question 4:** We appreciate MAS' recognition that implicit liquidity costs, including market impact costs, are inherently difficult to estimate, and note that the proposed Guidelines appropriately allow such costs to be assessed on a best efforts basis (paragraph 4.14). At the same time, we note MAS' expectation that FMCs should be able to demonstrate that the calibration of liquidity costs is reasonable and reflective of the portfolio characteristics of the CIS (paragraph 4.15). While we fully support the policy objective of ensuring a fair allocation of liquidity costs between transacting and remaining investors, we wish to highlight the significant practical and methodological challenges associated with estimating and implementing market impact costs. In this context, we are of the view that the inclusion of market impact costs should be optional and proportionate, rather than a systematic requirement across all funds and asset classes. In practice, market impact costs can only be estimated, and such estimates are often subject to a high degree of uncertainty. Reliable and sufficiently granular data is frequently unavailable, particularly for less liquid asset classes such as fixed income, emerging market debt or alternative investments, and especially during periods of market stress. Indicative prices obtained from brokers or commercial databases may not reflect actual execution prices, while historical transaction data may be sparse, outdated or not representative of prevailing market conditions. As recognized by IOSCO in its Guidance on ADTs published in December 2023, information sources used to determine bid ask spreads or market impact may become less reliable or unavailable during stressed market conditions, and even with best efforts, market impact estimates remain subject to material uncertainty. Estimating market impact typically requires sophisticated quantitative models that rely on assumptions regarding trading volumes, market participation rates and prevailing liquidity conditions. Developing, maintaining and recalibrating such models is operationally complex and resource intensive, and their outputs may be highly inaccurate at the individual trade level. For example, methodologies such as arrival price analysis are only applicable to equity orders traded on an agency basis and do not capture transactions executed with broker dealers acting on a proprietary basis, as is common in fixed income markets. Applying such models uniformly across asset classes, therefore, risks either under estimating or over estimating liquidity costs, potentially leading to unfair outcomes for either transacting or remaining investors. Moreover, for highly liquid funds, market impact costs are often de minimis, as trade sizes typically remain well below market participation thresholds even under stressed conditions. In such cases, the costs and operational complexity

		of attempting to estimate market impact may outweigh any marginal benefit to investors. For certain asset classes, particularly fixed income securities, liquidity costs are already embedded in dealer quoted bid ask spreads, and there is neither a clear need nor a practical method to separately identify and add market impact costs on top of these spreads. We, therefore, agree that FMCs should assess whether the funds under their management are exposed to material market impact under both normal and stressed market conditions. However, we do not believe that FMCs should be systematically required to incorporate market impact costs into anti dilution frameworks in all cases. Where there is insufficient reliable data, or where trade sizes are unlikely to result in meaningful price impact, FMCs should not be expected to rely on imprecise modelling or assumptions. This consideration is particularly relevant for asset classes where historical transaction data is limited, or where liquidity costs are already reflected through observable pricing mechanisms. In light of the above, while we support MAS' emphasis on the fair allocation of liquidity costs and the incorporation of both explicit and implicit costs in principle, we respectfully suggest that the proposed LRM Guidelines more clearly recognize proportionality and flexibility in practical implementation. Specifically, FMCs should only be expected to incorporate implicit costs, including material market impact costs, into their anti dilution frameworks where this is appropriate, feasible and meaningful, and strictly on a best efforts basis, consistent with IOSCO guidance. Greater clarity on this point would help promote consistent implementation across the industry while avoiding unnecessary complexity or unintended adverse outcomes for investors. Similar to our response to Q3, we are concerned that the proposed implementation timeline of 6 months may be operationally challenging for FMCs. We suggest MAS consider a longer timeline, e.g., at least one year from the effective date of the updated LRM Guidelines, to ensure FMCs have sufficient time to put in place necessary processes. **Question 5:** We support MAS' continued emphasis on strong governance and effective Board and senior management oversight of liquidity risk management and the use of LMTs. It is well established practice for FMCs to ensure that both financial and non financial risks, such as liquidity, credit, market, operational, legal, reputational and strategic risks, are identified, monitored and reported to senior management and the Board through established risk governance frameworks. However, with respect to the expectation set out in paragraph 3.5, which requires the Board and senior management to have an adequate understanding of the interactions between liquidity risk and other risk types

		and to consider these interactions in decision making, we would like to highlight the significant complexity and practical challenges associated with implementing this requirement at the level of specificity implied. In practice, while individual risk types are monitored and escalated through appropriate governance channels, the dynamic and non-linear interactions between liquidity risk and other risks, particularly during stressed market conditions, are inherently complex and difficult to model or assess in a systematic and consistent manner. These inter-dependencies often depend on a wide range of evolving external factors, including market structure, investor behaviour, asset specific liquidity conditions and operational constraints, which may not be fully observable or quantifiable at the time decisions are required. Expecting Boards or senior management to meaningfully integrate and evaluate all such interactions on an ongoing basis may, therefore, be challenging and may exceed what is reasonably achievable in practice. We also note that Boards and senior management typically rely on risk summaries, dashboards and escalation frameworks, rather than detailed cross risk attribution analyses, in the course of their oversight and decision making. From an implementation perspective, further clarity would be helpful on the practical pathway for FMCs to meet this expectation, including whether MAS envisages that qualitative oversight and judgement based considerations would be sufficient, as opposed to formalised or model driven analytical linkages across all risk categories. Absent such clarification, there is a risk that the requirement could be interpreted inconsistently across the industry or result in unduly complex governance processes that may not meaningfully enhance investor outcomes. Accordingly, while we agree with the principle that liquidity risk should not be assessed in isolation, we respectfully suggest that MAS consider clarifying that compliance with paragraph 3.5 may be achieved through proportionate, qualitative and judgement based governance, supported by appropriate risk reporting, escalation and challenge, rather than prescriptive or highly analytical assessments of all cross risk interactions. This would help ensure that governance expectations remain practical and scalable, and appropriately calibrated to the size, complexity and business models of FMCs, while continuing to support sound decision making under both normal and stressed market conditions. **Question 6:** The penalty charge and forfeiture of accrued interest (partial / full) differ from case to case when it comes to early withdrawal of deposits. Different banks and different deposits are subject to different penalty charges, and thus generalization on penalty charges is challenging. It would be practical for MAS to allow FMCs the discretion to determine what are the relevant pertinent

		factors when contemplating penalties for early withdrawals instead of prescribing definitive ones.
3	Bloomberg	**Question 1:** We agree that the scenario-based examples provided are helpful and broadly effective in illustrating MAS's expectations on aligning portfolio liquidity with redemption terms, particularly at the product design stage. Scenarios A and B clearly distinguish between CIS investing predominantly in liquid assets and those investing mainly in less-liquid assets, and appropriately highlight the need to consider market stress and the use of liquidity management tools. In addition, we would like to suggest that MAS include an additional illustrative scenario in the guidance to address a common liquidity risk that is not explicitly covered. *Proposed additional scenario: position concentration in otherwise liquid securities* While Scenario A recognizes that normally liquid assets may become illiquid during periods of market stress, it does not explicitly address situations where a CIS holds highly concentrated positions in securities that are generally considered liquid, such that the effective liquidity of the position is constrained even under normal market conditions. This is aligned to the ESMA Liquidity Stress Testing guidelines which specifies the size of the trade/order as key input to liquidity risk stress testing (V.1.10 Product development #42). For example, an investment-grade corporate bond may typically trade in volumes of SGD 10–25 million per day. However, if a CIS holds a position of SGD 100 million in that bond, it may be difficult to liquidate the position quickly without incurring material market impact, even outside stressed market conditions. In such cases, liquidity risk arises from position size relative to normal market depth. *Clarification on Scenario B to reference stressed conditions* We also suggest that MAS explicitly reference market stress conditions in Scenario B, as assets that are less liquid under normal conditions are often disproportionately impacted during stress, with sharper declines in market depth and increased sensitivity to trade size. The addition of this scenario will support more consistent application of existing principles by encouraging FMCs to ensure their liquidity assessment methodologies account for position size and market depth, under both normal and stressed conditions. This will also help promote consistency in how stress testing is applied across CIS investing in liquid and less-liquid assets. In addition, explicitly recognizing position-size-driven liquidity constraints is aligned with common international supervisory expectations and prevailing industry practice, and can be operationalized using observable market data and analytics. **Question 2:** No comments.

		Question 3: No comments. **Question 4:** We agree with MAS' framing that liquidity costs associated with subscriptions and redemptions comprise both explicit and implicit components, and that FMCs should have a clear and consistent approach to identifying and estimating these costs (paragraphs 4.12–4.15). We also agree that distinguishing implicit costs into bid-ask spread and market impact provides a practical structure for implementation across different asset classes and market conditions (paragraph 4.13) *Methodology and practical implementation considerations* MAS appropriately recognizes that implicit liquidity costs (particularly market impact) can be challenging to estimate, especially under stressed market conditions (paragraphs 4.14–4.15). In practice, this highlights the importance of robust governance and validation around the assumptions and methodologies used, including regular review to confirm that calibrations remain reasonable and aligned with prevailing market conditions. This is particularly relevant as market liquidity can change over time due to shifts in market structure and investor demand. For example, instruments associated with a particular sector may experience reduced market depth and higher execution costs during periods of sector-specific or systemic stress, even if they were previously more liquid under normal conditions. Periodic review and recalibration help ensure that assumptions keep pace with such changes. While MAS refers to a "best-efforts" basis in estimating components such as bid-ask spreads where data may be less observable (paragraph 4.13(b)), we suggest clarifying that "best-efforts" should be understood as undertaking a structured and data-supported approach rather than reliance on qualitative judgement alone. In our view, methodologies should, to the extent practicable, be grounded in observable inputs (e.g., executed transaction data, executable and indicative quotes, and observations from similar instruments), supported by documented assumptions and periodic validation. This is also aligned to the ESMA Liquidity Stress Testing guidelines on data availability (V.1.9 Data availability). We also note that, under normal market conditions, actual execution prices may occur within quoted bid-ask spreads, particularly in OTC markets such as corporate bonds. Therefore, estimation of bid-ask costs should allow for reasonable calibration using observable transaction data, while recognizing that quoted spreads remain an important reference point, especially during stress. A strong emphasis on documentation, periodic reassessment, and data-driven estimation reinforces disciplined implementation and supports more consistent industry practices as liquidity conditions change.

		Overall, MAS' approach provides useful clarity without prescribing specific models or data sources. It supports practical implementation by setting out the key cost components firms should consider while leaving room for methods that reflect different strategies, asset classes, and market conditions. Emphasizing documentation, periodic review, and data-supported estimation should help promote more consistent practices over time, particularly as liquidity conditions evolve. **Question 5:** No comments. **Question 6:** No comments.
4	CFA Society Singapore	**Question 1:** We are broadly supportive of the proposal to mandate alignment between fund asset liquidity and redemption frequency. This requirement will strengthen investor protection and improve market transparency. However, we offer the following observations and recommendations. The two scenarios presented (Scenario A: highly liquid securities with daily redemption; Scenario B: primarily illiquid instruments with less frequent redemptions) provide useful bookend examples and effectively communicate the principle that redemption frequency should reflect asset liquidity. However, we believe they represent an overly simplified dichotomy that does not capture the full spectrum of real-world fund structures. (a) Effectiveness of current scenarios Areas for enhancement: 1. Principle-based guidance: While the principle-based approach allows for proportionate implementation across different FMC sizes and fund types, we recommend that MAS provide greater clarity on key interpretation thresholds, in particular: • The definition of "significant proportion" for illiquid assets – the current threshold of approximately 50% is a useful bright line, but intermediate cases (e.g., 40–50% illiquid assets) would benefit from explicit guidance. • The concept of "reasonable timeframe" for asset conversion under normal and stressed market conditions, with suggested calibration metrics such as indicative days to liquidate benchmarks by asset class. 2. Transition and competitive considerations FMCs managing funds with existing daily redemption terms and mixed portfolios may face implementation challenges. A sharp change to less frequent redemption terms could:

		• Signal heightened risk to investors, potentially triggering redemption waves. • Create competitive disadvantages versus peers who maintain daily redemptions without similar regulatory signals. • Require significant changes to fund documentation and investor communication. We recommend that MAS provide guidance on appropriate transition periods for FMCs to adjust redemption terms, potentially allowing 12–24 months to implement changes while setting clear interim liquidity management requirements. (b) Additional scenarios for guidance We recommend that MAS expand the guideline examples to include the following common fund structures: 1. Barbell portfolios: Many liquid focused strategies intentionally combine core highly liquid holdings with smaller allocations to opportunistic or specialist illiquid positions. Current guidance does not adequately address how FMCs should classify and manage redemption terms for such funds. We suggest: • Clarification on whether the 50% threshold applies to the entire portfolio or specific sleeves or tranches. • Guidance on stress testing redemption scenarios where both liquid and illiquid positions experience simultaneous liquidity stress. • Discussion of how to communicate dual risk profiles (liquid vs. illiquid components) to investors. 2. Private credit and alternative asset funds: With the growth of private credit and private markets allocations, FMCs increasingly manage open ended vehicles investing primarily in less liquid instruments. These funds would benefit from explicit examples addressing: • Appropriate redemption frequency (e.g., quarterly vs. semi-annual) as well as redemption notice period for private credit exposures. • Suitable combinations of lock up periods, notice periods and settlement timelines for such strategies. • Interim liquidity arrangements or tools for handling large, unexpected redemptions. 3. Master feeder and fund of funds structures: These structures present unique liquidity cascades: • Liquidity constraints at the underlying master or sub fund level should inform feeder fund redemption terms. • Guidance would be helpful on managing timing mismatches between feeder redemptions and master fund dealing cycles and settlement.

		• Stress scenarios where underlying funds apply gates or suspend redemptions will affect feeder level liquidity and should be explicitly addressed. 4. Hybrid and multi strategy funds: For funds combining multiple asset classes with different liquidity profiles, we recommend guidance on: • Portfolio composition thresholds that should trigger more conservative redemption terms. • Dynamic approaches to adjusting redemption frequency or notice periods as portfolio composition evolves. We recommend that MAS could include 3 - 4 additional illustrative scenarios in the final guidelines to reduce ambiguity and encourage consistent industry implementation, accompanied by commentary on practical implementation and transition approaches. **Question 2:** Meaningful disclosure is essential for investors to make informed decisions about whether a fund's liquidity risk profile aligns with their own needs and constraints. We agree with the principle of enhanced disclosure and recommend that MAS consider at least the following elements for open ended CIS. This is particularly key for funds investing in illiquid assets as well as investors who are retail and vulnerable investors. Core disclosure elements (offering documents) 1. Investment strategy and liquidity risk profile • A clear description of the fund's investment strategy and how it aligns with the stated redemption frequency. • An explicit statement on the fund's exposure to liquid vs. illiquid assets, including indicative percentage ranges. • Identification of asset classes expected to face liquidity challenges under both normal and stressed market conditions. • Discussion of how geopolitical or market specific factors (e.g., emerging market focus, sector concentration, small cap bias) may affect portfolio liquidity. 2. Redemption terms and lock up conditions • Clear specification of redemption frequency (daily, weekly, monthly, etc.). • Any applicable lock up periods, minimum holding periods, notice periods and settlement periods. • Operational details on how redemption requests are processed (cut off times, dealing days, settlement standards). • Where available, high level historical information on redemption patterns (e.g., largest single day or single investor redemption as a percentage of AUM). 3. Liquidity management tools and activation criteria

		• A comprehensive overview of liquidity management tools available to the fund (e.g., swing pricing, anti-dilution levies, dual pricing, redemption gates, suspensions). • For each tool: i. Objectives – why the tool exists and what investor protection or fairness goal it serves. ii. Activation triggers – the specific market conditions, redemption thresholds or fund metrics that may cause the tool to activate. iii. Illustrative examples – hypothetical scenarios where tools might be used (e.g., “swing pricing could apply if net daily redemptions exceed x% of NAV”). iv. Impact on investors – how the tool affects pricing, timing of redemptions and investor rights. 4. Liquidity cost methodology (where applicable) For funds that impose explicit or implicit liquidity costs (e.g., via swing pricing, anti-dilution levies or dual pricing), disclosures should include: • A clear explanation, at a non-technical level, of how costs are calculated and their typical magnitude. • A description of the methodology for estimating bid ask spreads and market impact costs. • The frequency with which the methodology is reviewed and recalibrated. • A simple numerical example showing the impact of liquidity costs on a hypothetical subscription or redemption. 5. Risk factors specific to fund liquidity • Discussion of how historical stress events (such as the Global Financial Crisis or COVID 19 market dislocation) could affect the fund’s liquidity. • Identification of potential constraints that may impede immediate redemptions (e.g., market closures, settlement delays, counterparty failures). • Key concentration risks (e.g., large holdings in a few issuers, sector concentrations, or significant investor concentration) that may impair liquidity under stress. 6. Valuation and pricing practices • Explanation of valuation methodologies and frequency for illiquid or less frequently priced assets. • Any circumstances under which NAV may be adjusted for liquidity or stressed market conditions. Operational considerations 1. Plain language and accessibility MAS could encourage a tiered disclosure structure, for example: • A concise, investor friendly summary of key liquidity features for retail investors.

		• Detailed technical disclosures in the full prospectus or offering memorandum. • Visual aids (tables or charts) to illustrate redemption terms and potential activation of liquidity tools. 2. Pre investment confirmation For funds with non-standard liquidity features (e.g., annual redemptions, long lock ups, or significant notice periods), we recommend requiring explicit investor acknowledgement that they understand these constraints before investing. This could be implemented via a brief questionnaire or electronic acknowledgment. 3. Ongoing disclosure Beyond offering documents, FMCs could: • Provide regular factsheets (e.g., quarterly) outlining key liquidity metrics and recent redemption activity. • Disclose in annual reports whether liquidity management tools were activated during the reporting period, and, in general terms, why. • Give prior notice (where practicable) of any material changes to redemption terms or the suite of liquidity management tools. We recommend MAS could consider issuing a standard liquidity disclosure template or minimum content checklist to promote consistency and reduce uncertainty about what constitutes "adequate disclosure". **Question 3:** We support the requirement for FMCs managing open ended CIS, particularly those investing in less liquid assets, to implement at least one anti-dilution tool (ADT). ADTs promote fairness by ensuring that redeeming investors bear the liquidity costs they generate, rather than passing those costs to remaining investors. ADT redemption fees should be paid back to the fund to be fair to existing investors. Nonetheless, we identify several scenarios where ADTs may be ineffective or impractical. 1. Extreme market stress and price distortions: In periods of systemic stress (e.g., the 2008 Global Financial Crisis or the March 2020 COVID 19 dislocation), markets can experience severe volatility, sharp spread widening, evaporating depth and substantial valuation uncertainty. Why ADTs may be ineffective in such conditions: • Swing pricing relies on reasonably stable and representative market data; during extreme stress, bid ask spreads may reflect distressed or disorderly trading rather than fundamental values. • NAV determination for illiquid assets becomes challenging, undermining the robustness of swing adjustments. • Operationally, recalibrating swing factors or other ADTs intraday in highly volatile conditions may be difficult.

		• Very large swing factors may be perceived as punitive, exacerbating investor anxiety and precipitating further redemptions. Under such conditions, more blunt quantitative tools such as temporary suspensions or redemption gates may be more appropriate as a last resort, while the FMC reassesses market conditions and portfolio liquidity. We suggest MAS explicitly acknowledge that ADTs may need to be supplemented or temporarily replaced by quantitative tools in extreme market dislocations where reliable pricing inputs are unavailable. 2. Contractual or structural limitations on ADTs: Certain fund structures or mandates may restrict the use of specific ADTs. Examples include: • Sharia compliant funds, where dual pricing or certain fee structures could raise religious or mandate related concerns. • Master feeder structures, where the feeder cannot practically operate swing pricing if the master fund does not support it. • Legacy funds without existing provisions for swing pricing, dual pricing or levies in their constitutive documents, where amendments would be operationally or legally complex. In such situations, the FMC may not be able to implement all ADTs even if it recognises their conceptual benefits. Alternative approaches, such as longer notice periods, conservative liquidity buffers and earlier use of quantitative tools, may be more suitable. We recommend MAS clarify that while FMCs should implement at least one appropriate ADT wherever feasible, it recognises that contractual, regulatory or structural constraints may limit the availability of particular tools. In such cases, FMCs should document their rationale and use alternative combinations of preventive and quantitative tools proportionate to the fund’s risk profile. 3. Extreme redemption scenarios exceeding ADT capacity: Where a single investor or group seeks to redeem a very large proportion of a fund (e.g., 40–60% of AUM) on short notice, ADTs may not fully mitigate the impact. Reasons include: • Even sizeable swing factors may be insufficient to offset the liquidity costs and market impact of liquidating such a large portion of the portfolio. • Forced sales, particularly in less liquid markets, may cause price dislocations far beyond modelled costs. • The time needed to liquidate positions in an orderly manner may exceed investors’ expectations for redemption proceeds, creating a timing mismatch. In such cases, redemption gating – limiting redemptions to a set percentage of AUM per dealing period – is likely to be more effective in protecting remaining investors and facilitating orderly asset sales.

		We suggest MAS clarify that while ADTs are preferred as a first line of defence in many situations, quantitative tools such as gating or suspension may be more appropriate when redemption requests exceed specified material thresholds. 4. Small FMCs with limited operational capabilities Smaller or boutique FMCs may lack the infrastructure, data and specialist expertise required to implement sophisticated ADTs (e.g., dynamic swing pricing models that incorporate market impact estimates). Potential issues include: • Elevated model risk due to limited internal quantitative resources. • Operational risks from complex daily or intraday calculations. • Challenges in establishing independent model validation and risk oversight. • Disproportionate cost of system and data investments relative to fund size. • Technical implementation of implicit Costs for certain over-the-counter (OTC) or thinly traded assets, finding "more than one pricing source" for bid-ask spreads may be impossible. For such FMCs, simpler ADTs – such as flat subscription/redemption fees, longer notice periods, or straightforward tiered levies based on redemption levels – may be more appropriate and proportionate. We recommend MAS explicitly emphasise proportionality in the implementation of ADTs, acknowledging that smaller FMCs may use simpler tools provided they can demonstrate that these adequately address their funds’ liquidity risks. We request a "safe harbour" or more flexible "best-efforts" guidance for specific asset classes where data is notoriously opaque. 5. Extremely volatile or uncorrelated asset classes: In asset classes such as emerging market debt, high yield credit or certain commodities, reliable estimation of implicit costs (such as market impact) can be especially challenging due to limited data, frequent regime shifts and nonlinear liquidity dynamics. In these cases, heavy reliance on complex ADT models may be less effective than a conservative combination of: • Wider notice periods and longer settlement timelines; • Flat anti-dilution levies calibrated to average historical costs; • Earlier use of redemption gates under stress conditions. We suggest MAS provide asset class sensitive guidance, acknowledging that simpler, more conservative approaches may be warranted where data and modeling limitations are material **Question 4:** We support the principle that investors whose transactions drive liquidity usage should bear the associated costs, in order to prevent cross subsidisation by remaining investors.

		At the same time, we recognise that implementing implicit cost methodologies presents practical challenges, particularly for smaller FMCs and for funds investing in illiquid assets. 1. Explicit transaction cost: Explicit transaction costs (including brokerage, settlement fees, trading levies and similar charges) are comparatively straightforward to identify, measure and pass through. We recommend that MAS clarify that: • Explicit costs used in liquidity adjustments should be based on actual transaction costs incurred for the relevant dealing period, or, where necessary, on transparent, market observable fee schedules. • FMCs should maintain adequate records and supporting documentation for these cost allocations for audit and supervisory review. 2. Implicit transaction costs: Bid ask spreads The guidelines envisage estimating bid ask spreads using multiple pricing sources, commercial databases or internal/third party models. Key implementation issues include: • Limited or unreliable direct spread observations for illiquid instruments, leading to reliance on indicative quotes or proxy instruments. • The need for fund or strategy specific calibrations, given differences in asset mix, geography and credit quality. • Significant variability of spreads between normal and stressed market environments. Where scale and sophistication allow, we support the use of dynamic spread estimates that adjust for prevailing market conditions (e.g., volatility, credit spreads). For smaller FMCs, simpler, conservative spread estimates may be more appropriate, particularly where explicit costs and conservative liquidity buffers are already in place. 3. Implicit transaction costs: Market impact Estimating market impact costs is likely the most data intensive and model dependent aspect of liquidity cost calculation. Practical challenges include: • Limited historical transaction data in many markets and for many strategies. • Strong dependence of impact on trade size, urgency and contemporaneous market liquidity. • The need for specialist quantitative expertise, robust model validation and ongoing recalibration. Practical implementation recommendations • Implementation timeline: allow a transitional period (e.g., 12–24 months) for FMCs to develop and refine appropriate

		methodologies, particularly for market impact estimation. • Proportionality: explicitly state that proportionality applies to liquidity cost modelling expectations. • Model governance: provide high level expectations on model governance (validation, backtesting, documentation) appropriate to the firm's size and complexity. • Documentation and transparency: encourage FMCs to keep detailed records of methodologies, data sources, recalibration practice and backtesting results, and to explain liquidity cost practices in plain language to investors. We also see value in MAS facilitating an industry working group or issuing supplementary technical guidance on best practices for market impact estimation across different asset classes. **Question 5:** 1. Clear activation triggers and thresholds: The guidelines state that FMCs should set out the circumstances under which liquidity tools may be activated and define the roles and responsibilities of decision makers. We recommend that MAS expand this to require FMCs to establish explicit quantitative and qualitative triggers for the activation of liquidity tools, and examples of triggers may include: • Quantitative triggers i. Redemption level triggers (e.g., swing pricing activates if daily net redemptions exceed a specified percentage of AUM; gating activates beyond a higher threshold). ii. Liquidity ratio triggers (e.g., activation when the proportion of highly liquid assets falls below a defined level). iii. Market condition triggers (e.g., significant widening of credit spreads, sharp increases in volatility indices, or other recognised stress indicators). iv. Concentration related triggers (e.g., where one or a few investors hold a large share of AUM and seek to redeem a material portion). • Qualitative triggers i. Significant market stress events or systemic risk indicators. ii. Counterparty credit or settlement events affecting key positions or derivatives. iii. Material operational disruptions, such as market closures, settlement system failures or cyber incidents. iv. Geopolitical events with material impacts on the fund's underlying assets or markets. These triggers should be codified in internal risk and liquidity policies and, where material, explained at a high level in offering documents so investors can understand the circumstances under which tools might be used

		2. Escalation protocols and decision-making timeframes: We recommend that FMCs implement written escalation and decision-making frameworks that specify: • Which roles or committees are responsible for decisions at each level of severity (e.g., portfolio management, risk management, CIO, Board or dedicated emergency committee). • What information is required at each stage (e.g., details of trigger breaches, scenario analysis, alternative options and their impacts). • Indicative timeframes for decisions in normal, elevated risk and crisis conditions. • Documentation requirements for decisions, including rationale, time, participants and approvals. • Investor and regulator notification timelines following activation of tools. The framework should also address after hours and weekend decision making processes where rapid action may be required. 3. Side pockets as liquidity management tools – governance expectations Given the increasing prevalence of private credit and other less liquid strategies, side pockets are likely to become an important tool in some strategies. We recommend that MAS explicitly recognise side pockets as a potential liquidity management mechanism and set out minimum governance expectations over their use. Key elements could include: • Side pocket creation should be tied to pre defined and objective trigger conditions, rather than ad hoc or purely discretionary decisions. Examples of such conditions include sustained market closures, inability to obtain reliable pricing from independent vendors, or demonstrated valuation uncertainty beyond a defined tolerance level. • The potential use of side pockets, together with the methodology, rationale and governance over side pocketing, should be clearly articulated in the fund's constitutive and offering documents at inception. • The Board should periodically review side pocketed positions and the continuing appropriateness of maintaining them in a segregated structure, without necessarily prescribing a fixed review frequency in regulation. • There should be an expectation of regulatory reporting when side pockets are established or materially changed. • An exit plan and expected realisation timeline should be documented for side pocketed assets, to avoid side pockets becoming open ended segregation mechanisms without structured oversight.

		4. Integration of liquidity risk with other risk types: The guidelines appropriately note that liquidity risk interacts with other risks. We recommend that MAS encourage FMCs to formalise an integrated risk governance approach by, for example, maintaining a risk interaction matrix that considers: • Liquidity–credit interactions (e.g., how credit spread widening or downgrades affect saleability and margin requirements). • Liquidity–market interactions (e.g., volatility, correlation breakdowns, basis risk and hedge effectiveness under stress). • Liquidity–operational interactions (e.g., settlement system issues or cyber events affecting redemption processing). • Liquidity–reputational interactions (e.g., the impact of deploying gates or suspensions on investor confidence and future flows). This matrix should inform both the design of tools and the conditions for activation. 5. Early warning indicators and monitoring framework: The guidelines refer to internal thresholds as early warning indicators. MAS can consider sharing good practices of such internal thresholds which can take the form of a tiered monitoring framework, for example: • Tier 1 – Green (Normal): high liquid asset ratios, modest and stable redemption levels, normal credit spreads and no significant concentration issues. • Tier 2 – Yellow (Elevated risk): moderate decline in liquid asset ratios, increased redemptions, noticeable spread widening or growing investor concentration. • Tier 3 – Orange (High risk): further declines in liquidity metrics, double digit daily redemptions, pronounced market stress indicators. • Tier 4 – Red (Crisis): very low liquidity buffers and/or very large redemptions, alongside clear signs of systemic stress. Each tier should be associated with pre-defined management actions (e.g., intensified monitoring, preparation or activation of specific tools, escalation to senior management and the Board, enhanced investor communications). Thresholds and actions should be reviewed at least annually and whenever there are material changes in the fund's profile or market conditions, ideally supported by backtesting. 6. Empirical benchmarking and back testing of thresholds: When FMCs establish quantitative thresholds we encourage FMCs to empirically justify and benchmark their chosen thresholds. We suggest that FMCs be expected to backtest their proposed thresholds against historical stress episodes (such as the 2008 Global Financial Crisis and the March 2020 COVID 19 dislocation) and seek Board approval for their calibration. Back testing should, at a minimum, assess:

- Whether the proposed gate or threshold would have been triggered, and how frequently.
- Whether the chosen illiquidity reference would have correctly identified funds most vulnerable to redemption pressure.
- Whether thresholds would likely have activated too late to prevent disorderly asset sales, or too early in a way that might unnecessarily signal distress. Requiring managers to document, retain and periodically reassess these back testing results would strengthen both governance and supervisory confidence in the chosen calibration of liquidity tools.

7. Governance documentation, Board oversight and committees We recommend that MAS encourage FMCs to maintain comprehensive written documentation covering:
    - The suite of liquidity management tools, associated triggers and thresholds.
    - Escalation protocols and decision-making responsibilities.
    - Back testing results, periodic reviews and rationale for any changes to thresholds or tools.
    - Any structural or mandate related constraints on tool usage and how these are mitigated. Boards should receive regular liquidity risk reports (for example, quarterly or semi-annually) and approve material changes to liquidity thresholds or tool policies, as well as any extraordinary measures such as suspensions. Existing risk or liquidity committees should have explicit responsibility for overseeing liquidity risk and tool usage, and internal audit should periodically test adherence to established governance procedures.

Question 6:
We support MAS's clarification that eligible deposits must be repayable on demand, or withdrawable by the MMF at any time, in order to support the liquidity resilience expected of money market funds.

However, the reference to "penalties or other costs associated with early withdrawal" would benefit from further clarification to ensure consistent interpretation and application.

We suggest that MAS consider clarifying:

- The broad categories of deposits that should typically be regarded as eligible (e.g., on demand accounts such as CASA, shorter tenor fixed deposits with contractual early withdrawal rights, plain vanilla certificates of deposit with reasonable early redemption terms), versus deposits that should generally be out of scope (e.g., long dated time deposits with no early withdrawal option, structured deposits with significant embedded optionality or performance features, or products better characterised as investment securities rather than deposits).

		- High level quantitative or qualitative principles for what constitutes a "reasonable" early withdrawal penalty, calibrated such that the effective cost of early withdrawal does not negate the MMF's ability to access funds when needed to meet redemptions. - Expectations for MMFs to perform an annual eligibility assessment of their deposit holdings, including consideration of withdrawal feasibility, penalty levels and counterparty risk, with appropriate documentation of the assessment and conclusions. - Considerations specific to deposits with foreign institutions, including minimum standards for the regulatory regime, treatment of foreign currency risk and appropriate concentration limits across counterparties and jurisdictions. We also see merit in MAS encouraging: - Sensible concentration limits (for example, at the single bank and top five banks level) to avoid excessive exposure to any one institution. - Periodic testing of operational processes related to deposit withdrawals, including under stressed conditions, to ensure that MMFs can access liquidity in a timely manner when required. Recommendation: MAS may wish to issue supplementary guidance or illustrative examples to clarify the treatment of different deposit types and penalty structures, thereby supporting consistent application of the CIS Code and reinforcing the intended conservative, liquidity focused profile of money market funds.
5	FIL Investment Management (Singapore) Limited	**Question 1:** We agree with the principle of managing liquidity mismatch and maintaining consistency between a CIS' liquidity and its redemption terms. However, the scenarios being provided in the Guidelines appear to be based solely on the liquidity of a CIS' assets, which we generally find unhelpful due to the dynamic nature of liquidity risk. We are of the view that MAS should not mandate redemption terms of a CIS. The redemption terms and liquidity measures are best left to the FMCs to decide based on all relevant factors at the time of the event. **Question 2:** The proposed areas listed under Para. 4.17 appear reasonable. However, we would caution against having too detailed description on specific ADT activation threshold. Instead, we would recommend that the activation process/mechanism for ADTs be kept sufficiently general. This is to prevent investors from gaming the system by keeping the capital flow activity below the activation thresholds. **Question 3:** We believe that requirements for a CIS with master/feeder structure should be carefully considered as the feeder funds often rely on the ADTs being applied

		at the master fund level, which is sufficient in most cases Giving FMCs explicit flexibility not to apply ADTs at feeder fund level would be helpful. **Question 4:** No comments. **Question 5:** We would caution against prescribing the governance requirements, but we support the need for FMCs to document the governance. With respect to para. 4.5, the classification of funds based on liquidity (e.g. a CIS with significant proportion of its holdings in illiquid assets) and correspondingly mandating redemption frequency, notice or settlement have not been directly implemented by ESMA. Funds domiciled in Europe generally have redemption terms, including notice and settlement, being decided upon by the FMC based on an overarching principle of minimising liquidity mismatch. With respect to scenarios A and B in the Guidelines, neither ESMA nor FCA have included fund liquidity categorisation in their recent guidelines/consultation. We support this derogation from IOSCO recommendations given that fund liquidity is dynamic, size dependent and mandating the redemption terms and/or liquidity management tools solely on liquidity of the portfolio without taking other factors into consideration e.g. size of the fund, shareholder concentration/distribution model etc may not be appropriate. With respect to para. 4.10, the wordings are slightly ambiguous. It appears to mandate at least one liquidity management tool, but then expresses preference to have an ADT, in addition to suspension or redemption gating. Would the interpretation be that if the CIS only has suspension or redemption gating then having at least one additional liquidity management tool would be preferable? With respect to para. 4.11, we would argue that it is better to allow the manager to decide on implementation of ADTs without imposing the fund categorisation model (i.e. CIS that invests mainly in less liquid assets). **Question 6:** No comments.
6	Investment Company Institute	**Question 1:** The Investment Company Institute (ICI) appreciates the opportunity to provide feedback on the Monetary Authority of Singapore (MAS) consultation on updates to the guidelines on liquidity risk management practices for fund management companies ("Consultation"). ICI's mission is to strengthen the foundation of the asset management industry for the ultimate benefit of the long-term individual investor. Our members have significant experience and expertise in serving more than 125 million retail

		investors with US$54.2 trillion in assets under management in jurisdictions around the world, including in the United States, Singapore, Japan, Australia, the United Kingdom, and the European Union. These investors rely on regulated investment funds to achieve important financial goals, including saving for retirement and education. ICI has engaged extensively with the International Organization of Securities Commissions (IOSCO) on issues related to liquidity risk management for open-ended funds. We have been broadly supportive of the focus on safeguarding the interests and protection of investors, as well as maintaining the orderliness and robustness of markets. In this context, we have also stressed that fund managers are best positioned to manage liquidity risk and need the flexibility to access a broad set of tools to effectively do so in the best interest of investors. We broadly welcome that in incorporating the latest recommendations issued by IOSCO into its Guidance on Liquidity Risk Management Practices for Fund Management Companies ("LRM Guidelines") MAS continues to provide flexibility to fund managers to put in place effective liquidity risk management frameworks and practices, taking into account the heterogeneity and profile of the funds that they manage. We also appreciate that in updating the LRM Guidelines on the use of liquidity management tools, MAS does not mandate the use of any specific liquidity management tool nor set specific parameters or calibrations for activation of such tools. To further enhance the alignment with international standards and global practices on liquidity risk management, we encourage MAS to incorporate the following recommendations as it updates the guidelines on liquidity risk management. • Focus on establishing a framework that encourages the consideration of a wide range of tools in managing liquidity risks of collective investment schemes (CIS) and avoid elevating a specific type of liquidity management tool above other tools. • Clarify that the expectation for fund managers to use at least one anti-dilution liquidity management tool (ADT) applies only in cases of material investor dilution. • Strengthen the scenario-based examples, while also clearly indicating that these examples are illustrative only and non-exhaustive. • Indicate that the expectation is for fund managers to disclose the general circumstances under which liquidity management tools may be activated, and that disclosure of detailed calibrations and activation thresholds are not required. • Specify that estimates of implicit transaction costs (including both for bid-ask spread and for market impact) in the context of applying ADTs should be made on a best-effort basis, and that fund managers are not limited to using the methodologies or approaches indicated in the LRM Guidelines in making implicit transaction cost estimates.

		• Clarify that the LRM Guidelines are relevant only in the cases of CIS that are authorised or recognised in Singapore. Below please find our responses to questions MAS raised in the Consultation. A. We recommend strengthening the scenario-based examples by: (i) illustrating a case in which the fund manager determines that ADTs are not in the best interest of investors, and (ii) avoiding predetermining liquidity characteristics for specific asset classes in the scenario-based examples. We further recommend clearly indicating that the scenario-based examples are illustrative only and non-exhaustive. ICI appreciates MAS' efforts in providing certain scenario-based examples to facilitate fund managers' implementation of the liquidity risk management requirements. To further facilitate industry understanding of MAS' expectations, we recommend including in proposed Scenario A the potential outcome of a case in which fund managers determine that ADTs are not in the best interest of investors. We also recommend to avoid predetermining the liquidity characteristics for specific asset classes in these scenarios. For instance, proposed Scenario B categorises OTC derivatives and unrated and non-investment grade corporate debt securities as "less liquid instruments." Liquidity of a given asset class may vary significantly across jurisdictions and can evolve over time due to market developments, including through the deepening of secondary market trading. It is important that the scenario-based examples are developed in a manner that is adaptable to evolving market conditions and to a variety of CIS circumstances. Further, liquidity risk management is inherently fund-specific, involving multi-faceted and highly individualised determinations by each fund manager. It will therefore not be practical to capture all relevant scenarios. As such, in addition to the above recommended changes, we recommend MAS to clearly indicate that the scenario-based examples in the LRM Guidelines are illustrative only and non-exhaustive, and that fund managers retain the flexibility to select and implement liquidity management tools based on their specific context. Such clarification will also be consistent with the approach in the IOSCO Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes ("Revised IOSCO Recommendations"). B. Beyond the scenario-based examples, more broadly, we recommend clarifying that the revised LRM Guidelines are relevant only in the cases of CIS that are authorised or recognised in Singapore. Beyond the scenario-based examples, we recommend MAS to clarify that the revised LRM Guidelines apply only to CIS that are authorised or recognised in Singapore. In particular, the revised LRM Guidelines should not apply to funds managed in Singapore but offered overseas and that are neither authorised nor recognised for offer to Singapore retail investors. For example, a Singapore-based fund management

		company may be delegated discretionary investment authority over an offshore fund that is offered only outside Singapore. In such cases, the fund operator or sponsor typically controls product design, offering documentation, distribution, and investor-facing disclosures in accordance with the applicable overseas regulatory regime. It would therefore be inappropriate and operationally impractical to apply the revised LRM Guidelines, including the disclosure requirements, to the Singapore investment manager in respect of those offshore products. Similarly, we recommend MAS to clarify that the revised LRM guidelines do not apply to open-ended restricted schemes and segregated mandates established for a single investor, whether that investor is institutional or an individual. As currently drafted, the revised LRM guidelines appear to provide an exemption only for institutional segregated mandates. A clearer statement of scope would provide needed regulatory certainty for Singapore-based fund management companies managing offshore products and other non-CIS portfolios. **Question 2:** To avoid potential unintended negative consequences, we recommend specifying that the expectation is for fund managers to disclose the general circumstances under which liquidity management tools may be activated, and that disclosure of detailed calibrations and activation thresholds is not required. ICI supports the objective of promoting transparency through disclosures to investors regarding the potential use of liquidity management tools and measures. It is crucial, however, that these disclosures do not unintentionally trigger counterproductive investor behaviour. Further, they should not constrain the ability of fund managers to exercise discretion in the use of liquidity management tools. Disclosure of detailed calibrations and activation thresholds could have significant negative consequences, such as premature redemption in anticipation of liquidity management tool activation or permitting investors to circumvent thresholds or time trades systematically. To avoid these counterproductive scenarios, we recommend MAS to clarify in paragraphs 4.16 and 4.17 that fund managers would be expected to disclose the "general circumstances" under which liquidity management tools may be activated. This approach will also be in line with the guidance on the implementation of the Revised IOSCO Recommendations. **Question 3:** We welcome the general focus on encouraging the consideration and use of a wide range of tools in managing CIS' liquidity risks. In doing so, we recommend (i) avoiding elevating a specific type of liquidity management tool above other tools, and (ii) clarifying that the expectation for fund managers to use at least one ADT applies only in cases of material investor dilution.

		ICI welcomes the general focus of the proposed paragraph 4.10 on establishing a framework for the consideration and use of a diverse range of liquidity management tools as part of a CIS' overall liquidity risk management framework. To further strengthen this proposed paragraph, we recommend MAS to remove from paragraph 4.10 the preference for ADTs as the liquidity management tools that fund managers should have in place. While fund managers consider a range of approaches to managing liquidity risk, including in some cases ADTs, there is no one-size-fits-all approach for all CIS. The appropriateness of a liquidity management tool or measure varies based upon the characteristics of the fund. Fund managers, who are professionals and fiduciaries, should be empowered to manage liquidity using tools they identify as appropriate in their specific context in the best interest of investors. In line with the approach in the Revised IOSCO Recommendations, MAS' liquidity risk management guidance should focus on encouraging the consideration and use of a wide range of tools in CIS' liquidity management frameworks, rather than elevating a specific type of tool (e.g., ADTs) above others (e.g., quantitative-based tools). In addition, we recommend MAS to clarify in proposed paragraph 4.11 that the expectation for fund managers to use at least one ADT applies only in cases where fund managers determine that dilution of a CIS is material. As illustrated by ICI research, dilution can vary by type of fund, among funds of a given type, and with market conditions, and in some cases may be negligible. In cases where dilution is not material, fund managers may determine that adopting ADTs is not in the best interest of investors. This clarification is in line with the recognition that the appropriateness of ADTs and other type of liquidity management tools varies based on the specific context of a fund. **Question 4:** We recommend clarifying that (i) implicit transaction cost estimates (including both for bid-ask spread and for market impact) in the context of applying ADTs should be made on a best-effort basis, and (ii) fund managers are not limited to using the methodologies or approaches indicated in the LRM Guidelines in making these estimates. Estimating implicit transaction costs involves subjective assessments, sometimes in the absence of robust or consistent data. Fund managers should retain the flexibility to incorporate into the cost of liquidity these implicit transaction costs where such estimates are practicable and can be performed with a high degree of confidence based on sufficiently reliable data. Consistent with the Revised IOSCO Recommendations, we recommend MAS to explicitly state in proposed paragraph 4.13 that implicit transaction cost estimates in the context of applying ADTs should be made on a best-effort basis, including as it relates both for bid-ask spread and for market impact.

		Further, we recommend MAS to clarify that fund managers are not limited to using the methodologies or approaches indicated in the LRM Guidelines in making these estimates. These clarifications will reinforce the alignment with the Revised IOSCO Recommendations. **Question 5:** We recommend maintaining the flexibility for fund managers to adopt governance arrangements that are proportionate to their size and portfolio profiles of the CIS. ICI welcomes the emphasis on effective governance and oversight of liquidity risk management and taking a holistic approach in integrating liquidity risks into the broader risk oversight of the Board and senior management. We recommend that the proposed governance requirements maintain the flexibility for fund managers to adopt governance arrangements that are proportionate to their size and the portfolio profiles of the CIS. **Question 6:** ICI supports the clarification that deposits redeemable with fee meet the criteria of "repayable on demand or with the right to be withdrawn by the money market fund at any time." This clarity is important for fund managers using term deposits, certificates of deposits, and commercial paper, which can typically be redeemed with a fee at any time under certain break clauses.
7	Investment Management Association of Singapore	**Question 1:** The intention to better align CIS liquidity with redemption terms is sound. The scenario-based examples are helpful. We would appreciate if MAS could further clarify or expand on the following to ensure practical and proportionate implementation across diverse fund structures: a) On scenario-based examples: • Suggest that MAS clearly state that the scenario-examples are illustrative, non-exhaustive, and that FMCs must use judgment given the diversity of fund types. This is because while the scenarios are helpful in demonstrating high-level principles that can be translated into practical considerations, the actual situation in reality could be very different from the scenarios provided in the consultation paper (section 4). • The applicability and interpretation e.g., paragraphs 4.3 to 4.7 whether certain paragraphs apply only to open-ended CIS constituted in Singapore and authorised by MAS, and not close-ended or not to funds where a Singapore-based FMC acts solely as portfolio manager for funds not authorised/recognised in Singapore? • Paragraph 4.5 states that "an FMC managing a CIS that allocates a significant proportion of the CIS' total holdings to illiquid assets should have lower redemption frequency than daily dealing, and/or implement longer notice or settlement periods." We would like to

		enquire if such CIS i) can have lower redemption frequency than daily dealing only; or ii) can implement longer notice or settlement periods only; or iii) can implement a combination of the 2 abovementioned measures? • Using the bid-ask spread as an ADT in real estate funds can be an impediment for investors to subscribe since the acquisition costs (on a weighted-average basis) are 5-6%. This would put an investor in a 5-6% loss position immediately upon investing in the fund. We would propose that ADTs and bid-ask spread should be factors considered but not mandatory. (b) Additional scenario-examples that can be considered include: (i) Applicability of Liquidity Tools: As rightly pointed out in the Consultation Paper, many different factors, both external and internal, could have an impact on the liquidity risks of the portfolio e.g. portfolio asset mix and asset concentration, profile of unit trust holders (e.g. retail vs institutional), market volatility, credit events etc. Hence different ADTs (including gating or suspension of fund dealing) may well be the most appropriate tool to be utilised. It would be helpful if MAS can clarify that certain tools (e.g., ADTs like bid-ask spreads or swing pricing) should be considered but are not mandatory in all cases, and that portfolio managers are expected to exercise their professional judgement in assessing liquidity redemption alignment consistent with the specific characteristics of each CIS and deploy the most appropriate ADT to manage these risks. For reference, Luxembourg CSSF has also introduced new rules on liquidity management tools to be adopted but ADTs are optional under the CSSF framework and not mandatory. (ii) Portfolio Complexity: Conversely, there are scenarios where such tools may be inappropriate or ineffective, and it would be helpful if MAS could provide scenario-examples where ADT may not be suitable such as: • Mixed liquidity portfolio scenarios where the fund holds both highly liquid and less liquid assets to provide guidance on calibration of redemption frequency, notice periods in hybrid portfolio settings. • Fund-of-funds structures where the ADT is applied at the underlying fund level, including expectations on aligning redemption terms with upstream liquidity to mitigate the risk of structural mismatches. • Highly liquid funds where ADTs add unnecessary costs or complexity. • Money market funds with distinct liquidity features. • Closed-ended CIS where redemption rights do not exist. Including these scenarios or similar illustrative examples in the final guidance would provide additional clarity for effective implementation and help reinforce a proportionate, risk-based approach to aligning liquidity with redemption terms. **Question 2:**

		IMAS recognises the value in transparency around liquidity risk management and that investors should be made aware of the range of liquidity risks in a portfolio. We support comprehensive disclosure of such risks and feel that current level of disclosure requirements is quite adequate. Disclosure requirements relating to liquidity should remain principle based, focused on clarity and usability for investors, and expressed in simple and understandable language. It should be predominantly descriptive and qualitative, rather than overly detailed or quantitative, in order to be informative without overwhelming investors, become counterproductive or creating false precision. It is also important that liquidity disclosures do not unduly constrain a manager's ability to exercise judgement or adapt the use of particular LMTs in response to prevailing market conditions. Preserving such flexibility is essential to ensuring that LMTs can be applied effectively and in the best interests of investors, particularly during stressed or rapidly evolving market environments. We would like to suggest that MAS consider the following additional liquidity management events to be actively managed: • Expiry of debt that cannot be refinanced (in times of stress), as this could lead to foreclosure on an asset by the lender and cause losses to investors in the CIS. • Risks of restricted or elevated liquidity of the respective fund, and risks associated with increased subscription or redemption (liquidity risk), covering risk from investing in assets, risk from borrowing, and risk that counterparty will not execute transaction as agreed due to liquidity problem. • There is also disclosure on liquidity management tools to manage temporary constrained market liquidity, including deferral of redemption requests or implementation of redemption gate, temporary suspension of the issue, redemption and conversion of shares, swing pricing. • Disclosure in the prospectus that the management board of the Management Company will review the risk management policy at least annually and as and when required. Conversely, a member specifically highlighted that with respect to disclosures on "the objective and circumstances under which the tools may be activated", certain information should not be disclosed, as doing so may be counterproductive or create unintended risks. Such information includes: (i) Activation thresholds should not be disclosed, for example in the case of redemption gates or similar quantitative tools. Disclosure of specific thresholds could be exploited by sophisticated investors who monitor fund flows and may incentivise pre-emptive redemptions, thereby exacerbate liquidity stress and undermine the intended purpose of the tools.

		(ii) Anti-dilution tools (ADTs), offering documents should not disclose detailed calculation or estimation methodologies for liquidity costs. The estimation of implicit liquidity costs is subject to significant practical challenges and uncertainty. Providing granular methodological detail may also risk disclosing sensitive or proprietary information without materially enhancing investor understanding. (iii) Quantitative parameters such as caps on swing factors, percentages of anti-dilution levies, or thresholds and calculation methodologies for redemption fees should not be disclosed. In particular, for swing pricing, disclosure of swing thresholds or the progression of swing factors under a tiered approach could enable investors to anticipate and potentially game fund pricing, reinforcing first mover advantages rather than mitigating dilution. For MAS' clarification: Would the proposed disclosure requirements apply only to open-ended CIS incorporated in Singapore and authorised by the MAS, and not to close-end funds or funds where a Singapore-based FMC acts solely as portfolio manager for funds not authorised/recognised in Singapore? As recognised CIS is already in compliance with the foreign regulator's disclosure requirements, this distinction would avoid impractical disclosure expectations for vehicles outside MAS's supervisory remit, where disclosure content is set by other regulators and fund governing documents. **Question 3:** While IMAS supports the objective of promoting a diversified liquidity management toolkit (reference paragraph 4.10), there are specific scenarios where the use of ADTs would be inappropriate or ineffective, and where other liquidity management tools may be more suitable. Such scenarios are: a. Highly liquid funds For funds investing predominantly in highly liquid assets, such as large capitalisation developed market equities, the risk of investor dilution is typically de minimis. In such cases, the benefits of implementing ADTs—particularly swing pricing—are limited, as any market impact costs arising from transactions are minimal. Given that swing pricing would be rarely activated and, if activated, would likely involve very small swing factors, the operational complexity and costs of maintaining such mechanisms may outweigh the marginal investor protection benefits. b. Money Market Funds (MMFs) MMFs generally meet redemption requests through natural liquidity, such as cash flows from maturing short term instruments, rather than active secondary market sales. While secondary markets for short term funding instruments do exist, liquidity in these markets can become binary during periods of stress—

		market makers are either providing liquidity or withdrawing entirely. In such circumstances, swing pricing becomes impractical, as it may be impossible to transact at any meaningful price and, consequently, impossible to calibrate swing factors effectively when liquidity evaporates abruptly. In these scenarios, quantitative based liquidity management tools, such as suspension of redemptions or gating, may be more appropriate. It was noted that MMFs domiciled in jurisdictions such as Ireland and Luxembourg typically rely on such tools rather than swing pricing, reflecting prevailing industry practice. c. Funds predominantly invested in highly illiquid assets For funds investing mainly in highly illiquid assets such as private equity or real estate, ADTs are generally inappropriate and of limited effectiveness. These asset classes typically lack observable market prices, bid ask spreads or sufficient transactional data, all of which are essential inputs for calibrating ADTs, particularly swing pricing. As a result, liquidity and liquidation costs are not readily quantifiable, making the determination of meaningful ADT parameters impractical. Moreover, given the long term, low turnover nature of such investments, investor driven dilution is unlikely to arise in the way observed in more liquid asset funds, further reducing the relevance of ADTs. These limitations have been recognised by IOSCO in its Guidance on ADTs published in December 2023. d. Closed ended funds with no redemption rights For closed ended funds where investors do not have the right to redeem their interests with the fund, ADTs are not relevant. Such funds are not exposed to redemption driven liquidity risk or dilution, and investor liquidity, if any, is achieved through secondary market trading rather than fund level transactions. e. Fund of funds structures In fund of funds (FoF) structures, the application of ADTs at the top-level fund is of limited practicality and effectiveness because liquidity management is fundamentally determined at the level of the underlying funds. Redemption terms, timelines and liquidity management tools are established and exercised by the underlying fund managers, over whom the top-level manager has no visibility, authority, or control. As a result, the top-level fund is fully dependent on the redemption mechanics of the underlying funds and cannot impose additional or overriding ADTs beyond those applied at the underlying level. Furthermore, the portfolio manager typically cannot look through to identify or assess the liquidity tools used by underlying funds, making it difficult to calibrate ADTs or capture indirect dilution costs. In particular, where underlying funds apply swing pricing, it would not be feasible to aggregate individual swing factors to derive a meaningful global swing factor for the FoF. While FoFs may maintain certain top-level tools such as suspension or gating, the complexity, opacity and timing constraints inherent in underlying fund liquidity management limit the appropriateness and effectiveness of ADTs at the FoF level.

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We strongly feel that FMCs should have the flexibility to determine whether ADTs, other liquidity management tools (such as suspension or gating), or a combination of both are appropriate for a particular CIS, rather than being required to implement tools uniformly across all funds. Liquidity risk profiles vary significantly depending on investment strategy, asset class, investor composition and market conditions. Managers are best placed to assess these factors and to justify the selection of tools that are most effective in managing liquidity risk under both normal and stressed conditions. In certain circumstances — such as periods of severe market dislocation, market closures, or redemptions by large or concentrated investors — quantitative based tools may be more effective than ADTs in mitigating liquidity risk, preventing fire sale dynamics and protecting the collective interests of investors.
Question 4:
We appreciate MAS’ recognition that implicit liquidity costs, including market impact costs, are inherently difficult to estimate, and note that the draft Guidelines appropriately allow such costs to be assessed on a best-efforts basis. We note too that MAS expects fund management companies (“FMCs”) to be able to demonstrate that the calibration of liquidity costs is reasonable and reflective of the portfolio characteristics of the CIS (paragraph 4.15).
There are however challenges, both practical and methodological changes associated with estimating and implementing market costs.

Market impact costs are often subject to a high degree of uncertainty as reliable and sufficiently granular data is usually not available, particularly less liquid asset classes such as fixed income, emerging market debt or alternative investments, and especially during periods of market stress. Indicative prices obtained from brokers or commercial databases may not reflect actual execution prices, while historical transaction data may be sparse, outdated or not representative of prevailing market conditions. Hence, information sources used to determine bid ask spreads or market impact may become less reliable or unavailable during stressed market conditions, and even with best efforts, market impact estimates remain subject to material uncertainty.
Market impact costs are highly uncertain because reliable, detailed data is often unavailable—especially for less liquid assets like fixed income, emerging market debt, or alternatives, and during market stress. Broker quotes and commercial data may not reflect actual execution prices, while historical data can be limited or outdated. As a result, estimates of bid-ask spreads and market impact become less reliable in stressed conditions and remain subject to significant uncertainty even with best efforts.
Estimating market impact relies on complex quantitative models based on assumptions about trading volumes, participation rates, and liquidity. These models are costly and difficult to maintain and can be

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		inaccurate at the individual trade level. Certain methods, like arrival price analysis, apply only to specific markets (e.g., agency-traded equities) and not others (e.g., fixed income traded with broker-dealers). Applying a single approach across asset classes can misestimate liquidity costs and create unfair outcomes for either trading or remaining investors. • For highly liquid funds, market impact costs are usually negligible because trade sizes stay below levels that would significantly affect the market, even in stress scenarios. In these cases, the effort and cost of estimating market impact may outweigh any benefit. Additionally, in asset classes like fixed income, liquidity costs are typically already reflected in dealer bid-ask spreads, making separate estimation of market impact unnecessary and impractical. • FMCs should assess potential market impact under normal and stressed conditions, but we would argue against requiring all funds to systematically include market impact costs in anti-dilution frameworks. Where data is unreliable or price impact is immaterial, FMCs should not rely on imprecise models—especially in asset classes with limited transaction data or where liquidity costs are already reflected in prices. While supporting fair allocation of liquidity costs in principle, we recommend that the Guidelines allow proportionality and flexibility, requiring implicit costs to be included only where appropriate, feasible, and meaningful, on a best-efforts basis, to ensure consistent and practical implementation. For clarification: • Paragraph 4.14, please provide further detailed guidance on the methodology to "analyse the variations in spread and/or price volatilities (based on the underlying assets of the CIS) under stressed and normal market conditions to better proxy actual transaction costs across time and different market developments"? • What is MAS' expectation of the follow up actions FMCs could take after the variation analysis is performed to ensure meaningful imposition of liquidity costs? • Footnote 11 refers to "less liquid" which is a concept introduced in the latest round of IOSCO fund LRM principles in IOSCO fund. On the other hand, Chapter 1.2 (i) of the MAS Code on CIS defines "liquid" and the factors managers consider determining if a financial instrument is liquid. For purpose of the MAS Update to the Liquidity Risk Management Guidelines, will MAS be aligning the definition with the Chapter 1.2 (i) of the MAS Code on CIS or otherwise expand the definition to also reference what is a "less liquid" financial instrument. **Question 5:** We are broadly supportive of MAS' emphasis on strengthening governance requirements for the use of liquidity management tools ("LMTs") and would

		like to emphasise the importance of proportionality, practical implementation and transparency. We support appropriate disclosure of the LMT toolkit by FMCs, that LMTs should be disclosed in fund documentation that is accessible to investors prior to their investment decision. This reflects the principle that robust governance over LMTs should be accompanied by upfront transparency, so that investors are aware of the tools that may be applied under various market conditions. For clarification: (i) MAS' expectations regarding the calibration of LMT activation mechanisms. Guidance is requested on whether FMCs are expected to establish predefined and detailed quantitative and/or qualitative activation triggers, or whether a principles-based approach would remain acceptable, provided that the decision-making process and underlying assessments are appropriately documented. There should be flexibility in implementation, while ensuring that governance processes are robust and well-evidenced. (ii) Expected review frequency of LMT governance arrangements – we seek clarity whether MAS intends to prescribe a minimum review interval or would a risk-based review cadence would be considered sufficient. The underlying concern is that a rigid review requirement may not be appropriate for all FMCs, and that supervisory expectations should allow for proportionality based on the size, complexity and risk profile of the funds managed. We would like to suggest that MAS provide an illustrative example of an LMT design or governance framework to support consistent and sound industry implementation of the proposed requirements. This is intended to promote clarity and reduce the risk of divergent interpretations across the industry. Board oversight and governance We support MAS' continued emphasis on effective Board and senior management oversight of liquidity risk management and the use of LMTs. There are concerns however regarding the expectation in paragraph 3.5 that Boards and senior management have an adequate understanding of the interactions between liquidity risk and other risk types (such as liquidity, credit, market, operational, legal, reputational and strategic risks) and consider these interactions in decision-making. While we agree with the principle that liquidity risk should not be assessed in isolation, there are practical complexity of modelling and systematically assessing dynamic, non-linear interactions between liquidity risk and other risks to consider. The interdependencies between the different risk types are often dependent on a wide range of evolving external factors, including market structure, investor behavior, asset specific liquidity conditions and operational constraints, which may not be fully observable or quantifiable at the time decisions are required.

		In practice, Boards and senior management typically rely on risk summaries, dashboards and established escalation frameworks, rather than detailed cross-risk attribution analyses. Members therefore requested clarification on the practical pathway for compliance with paragraph 3.5, including whether MAS envisages that qualitative oversight and judgement-based considerations, supported by appropriate risk reporting and challenge, would be sufficient. Absent such clarification, the requirement may be interpreted inconsistently across the industry or result in unduly complex governance processes that may not meaningfully enhance investor outcomes. We therefore recommend that MAS clarify that compliance may be achieved through proportionate and scalable governance arrangements, rather than prescriptive or highly analytical assessments of all cross-risk interactions. In summary, members are supportive of the objectives underpinning MAS' proposed governance requirements for LMTs. Nevertheless, a clearer articulation of supervisory expectations, explicit recognition of proportionality and qualitative judgement in implementation, and enhanced guidance to promote consistency and practicality across the industry is requested. **Question 6:** We do not object to the disclosure of reinvestment risks in relation to eligible deposits in the MMFs. Other comments / observations: A number of consistent themes emerge which we respectfully highlight for the Monetary Authority of Singapore's consideration. First, members seek greater clarity regarding the scope and applicability of the proposed Guidelines. In particular, there is uncertainty as to whether the Guidelines apply solely to Singapore-constituted and authorised open-ended CIS, or whether they extend to other types of schemes such as Restricted Schemes, including recognised schemes and overseas-domiciled funds managed in whole or in part by Singapore-based FMCs. Clarification is also sought on the treatment of delegated portfolio management arrangements, where a Singapore FMC manages a sleeve of an overseas fund pursuant to the primary manager's liquidity risk management framework. Members request confirmation that, in such cases, duplication of liquidity risk management policies in Singapore would not be required where appropriate reliance is placed on the primary manager's LRM framework which is in compliance with its home regulators' requirements. Second, respondents consistently emphasise the importance of proportionality and a risk-based approach. There is broad support for the objectives of sound liquidity risk management and fair treatment of investors. However, we note

		that the Guidelines should reflect differences in product structure, asset class and investor base. For example, segregated mandates established for a single investor—whether institutional or individual—do not present the same dilution or first-mover risks as pooled funds and therefore may warrant exclusion on a consistent basis. Similarly, recognised schemes subject to comparable overseas regulatory standards could be expected to apply the Guidelines in a proportionate manner rather than through strict replication. Third, members raised a number of operational and practical implementation concerns. Certain provisions would benefit from clarification of terms such as "lower frequency than daily" and "long" notice or settlement periods. Respondents also suggest refining references to international standards to ensure technical accuracy—for example, distinguishing between IOSCO "recommendations" and "requirements" in the context of ETF guidance. Such clarifications would help promote consistent interpretation and implementation across the industry. In addition, IMAS members highlight the need for flexibility in the application of liquidity management measures, particularly for funds investing in less liquid asset classes. For instance, in the context of real estate or other illiquid assets, a blanket prohibition on accepting subscriptions during a suspension of redemptions may not always support the restoration of liquidity and could produce counterintuitive outcomes. Similarly, prescribing redemption frequencies without regard to the liquidity profile of underlying assets may not be risk proportionate. Overall, while there is broad alignment with MAS' policy intent and support for strengthening liquidity risk management standards, respondents encourage clearer articulation of scope, greater proportionality in application, and practical flexibility in implementation. Addressing these areas would help ensure that the Guidelines achieve their supervisory objectives while avoiding unnecessary complexity, duplication, or unintended consequences for funds and investors.
8	MSCI Inc.	**Question 1:** MSCI agrees with the proposed scenario-based examples and considers them necessary and appropriate to support consistent implementation of the guidance. The inclusion of practical illustrations will assist market participants in interpreting expectations around the alignment of asset liquidity and redemption terms. In addition to the proposed scenarios, MAS may consider additional scenario guidance: 1. Fund-of-Funds Structures In a fund-of-funds structure, underlying funds may hold a combination of liquid and illiquid assets, and the liquidity profile of the investing fund depends on the redemption terms and liquidity management practices of the underlying funds. Additional guidance on how managers should assess and classify the liquidity of third-party funds—particularly where transparency into underlying holdings may be limited—would be helpful. 2. Foreign Currency Assets and Currency Conversion

		Risk Certain foreign currency assets may be converted into cash in the local market within a short timeframe. However, converting such proceeds into the base currency of the fund (i.e., the currency in which redemptions are met) may take longer or may be constrained by foreign exchange controls, market disruptions, or sanctions. Clarification on whether “conversion to cash” refers to conversion into the asset’s local currency or into the fund’s base currency would enhance consistency in implementation. Explicit consideration of currency conversion risk within liquidity assessments may also be beneficial. 3. Assets with Extended Settlement Cycles (e.g., Liquid Loans) Certain instruments, such as syndicated loans or other “liquid” loan exposures, may be tradeable within a short timeframe but subject to extended settlement periods (e.g., 8-30 days). Guidance on how to treat such assets—particularly whether liquidity should be assessed based on trade execution or final settlement—would provide useful clarity. **Question 2:** No comments. **Question 3:** MSCI considers the description of the use of anti-dilution tools (ADTs) in the LRM Guidelines to be appropriate. MAS may, however, consider providing additional clarification on how transaction costs should be determined when implementing ADTs such as swing pricing or anti-dilution levies. In particular, clarification would be helpful on whether: • Transaction costs may be based on model-driven, ex-ante estimates; or • Charges should reflect ex-post transaction costs derived from actual execution prices. Transaction cost models necessarily rely on historical data and lookback periods. In periods of sudden liquidity stress—such as disorderly market sell-offs—model-based cost estimates may diverge materially from realised transaction costs. In such circumstances, the economic impact of ADTs may differ significantly depending on whether the adjustment is based on pre-determined model estimates or actual execution prices. For example, during a sharp sell-off, realised transaction costs may increase rapidly due to widening bid-ask spreads and reduced market depth. If ADTs rely solely on historical model inputs, they may underestimate the true cost of liquidation and fail to fully mitigate dilution or first-mover advantage. Conversely, if adjustments are based strictly on ex-post realised costs, operational complexity and timing considerations may arise, particularly where asset sales occur over multiple days. While ADTs can be effective in mitigating dilution and reducing first-mover incentives during stressed market conditions, fund management companies may need flexibility to adjust model parameters or override model outputs to

		reflect prevailing market conditions. Clarifying supervisory expectations around such adjustments would promote consistency in implementation while preserving the effectiveness of ADTs during stress events. **Question 4:** MSCI considers the proposed approach appropriate and agrees that implicit costs should be included when imposing liquidity costs on transacting investors. In particular, market impact costs associated with larger transactions may materially exceed quoted bid-offer spreads and therefore represent a significant component of the true cost of liquidity. When calculating implicit costs, it is important to distinguish between market impact under normal market conditions and under stressed or disorderly market conditions. If market impact is estimated on an ex-ante basis using models calibrated to historical data from normal market environments, liquidity costs may be materially underestimated during periods of market stress or sell-offs. This may result in insufficient protection against dilution and reduced effectiveness of anti-dilution mechanisms. Conversely, if a CIS is permitted to apply stressed market impact estimates—potentially derived from stress testing frameworks—certain practical considerations arise: a. The responsibility for determining whether prevailing conditions constitute “stressed market conditions” would likely fall on the FMC. Clear supervisory expectations may be needed to ensure consistent application across market participants. b. The stressed cost estimates would need to be justifiable with reference to observable market indicators (e.g., spread widening, reduced depth, volatility metrics), to mitigate the risk of over-adjustment or inconsistent treatment of investors. This approach contrasts with an ex-post methodology, where liquidity costs are calculated using actual execution prices once trades have occurred. While ex-post approaches may improve accuracy, they may introduce operational complexity and timing considerations, particularly where redemptions are processed before asset disposals are completed. Overall, clarity on supervisory expectations regarding the use of normal versus stressed cost assumptions, model governance, and potential use of management judgement would enhance consistency and operational feasibility in the application of liquidity cost adjustments. **Question 5:** No comments. **Question 6:** MAS may consider extending the guidance to address the treatment of investments by a CIS into money market funds (MMFs), particularly where such MMFs are managed by an external FMC.

		For example, an open-ended CIS may allocate part of its liquidity buffer to units in an MMF managed by a third party. In such cases, the investing CIS may not have full transparency into the underlying holdings, liquidity profile, or detailed terms and conditions of the MMF. This may be particularly relevant where the MMF is domiciled in a foreign jurisdiction and subject to regulatory requirements that differ from the eligible deposit criteria set out in the Guidelines. Clarification would therefore be helpful on: • Whether an investment in an MMF may be treated as liquid from the perspective of the investing CIS, based on the MMF's redemption terms; or • Whether the investing CIS is expected to "look through" to the MMF's underlying holdings and assess their liquidity characteristics against the eligible deposit framework. In practice, a full look-through assessment may be challenging where detailed portfolio data is not available, particularly in the case of third-party liquidity solution providers or cross-border arrangements. Clear guidance on supervisory expectations in such circumstances would promote consistency in liquidity risk management practices while remaining operationally feasible.
9	Singapore Venture & Private Capital Association	**Question 1:** (a) Effectiveness of Scenario-Based Examples. The CP invites views on whether the scenario-based examples facilitate implementation, and we consider that, whilst the two scenarios included offer a helpful starting point for traditional open-ended funds, they do not capture the full spectrum of fund structures that may fall within the scope of the Guidelines, in particular, semi-liquid fund structures. In preparing these responses to the questions in this CP, we have referenced Invest Europe's Response to IOSCO Consultation on its Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes, which we thought was particularly salient for this exercise. Neither scenario fully addresses the particular characteristics of semi-liquid funds. Semi-liquid private equity funds represent a comparatively recent category of investment vehicle, designed to occupy a middle ground between traditional, illiquid private equity funds and more liquid public market investments. They aim to give investors exposure to the higher return potential characteristic of private equity whilst affording them a level of liquidity that would not ordinarily be available in a purely closed-ended structure. These funds typically operate on a semi open-ended basis, allowing investors to invest and withdraw capital at specific intervals such as monthly or quarterly, subject to pre-agreed caps on the amount of capital that can be withdrawn in any given period, with other features including long notice and settlement periods and a generally more diverse investment strategy than regular private equity funds. Such structures

		do not sit neatly under either Scenario A or Scenario B. They hold primarily illiquid underlying assets, yet are structured with a range of open-ended liquidity management features — including redemption caps, soft locks, and extended notice periods — that are specifically designed to bridge the liquidity gap between the fund's assets and investors' need for periodic access to capital. Applying the requirements of Scenario B to semi-liquid funds in a rigid manner (in particular, the obligation to implement ADTs) risks being unworkable in practice, as discussed further under Question 3 below. The SVCA endorses the view that open-ended funds with significant exposure to illiquid investments should consider low redemption frequency and/or implementing long notice or settlement periods. In practice, this is the approach that such funds already follow as a matter of course, which reflects the well-established understanding that redemption periods should be calibrated to the nature of the underlying assets and the profile of the investors involved. (b) Additional Scenarios to be Included We recommend that MAS include an additional scenario to address semi-liquid structures: Proposed Scenario C: Semi-Liquid Open-Ended CIS with Closed-Ended Features Where an open-ended CIS invests primarily in illiquid asset classes such as private equity, private credit, real estate or infrastructure, but is structured with a combination of features specifically designed to manage the inherent liquidity mismatch — including periodic dealing windows (e.g. monthly or quarterly, rather than daily or weekly redemption), a formal redemption cap programme limiting aggregate redemptions as a percentage of NAV per dealing period, extended notice periods, and early redemption disincentives such as a time-limited soft lock fee — MAS should recognise that this combination of structural tools constitutes a coherent and robust liquidity management framework calibrated to the nature of the underlying assets. We therefore recommend that Scenario C be included as a distinct category with tailored guidance, rather than requiring semi-liquid funds to comply with the existing framework designed for more conventional open-ended structures. **Question 2:** Disclosures relating to the liquidity of the CIS allow investors to make an informed determination as to whether their liquidity risk appetite matches the liquidity risk profile of the fund, and the FMC should include clear and simple-to-understand disclosures in the CIS' offering documents to explain the general approach that the FMC may take, the objectives of the liquidity management tools, the circumstances under which such tools may be activated, and the impact that such tools may have on investors' redemption rights. We support this disclosure framework. For semi-liquid funds in particular, we submit that the following areas of disclosure are of heightened importance: 1. Nature of the underlying assets: Investors should receive a clear and accessible explanation of the illiquid nature of the fund's portfolio and the rationale for adopting a semi-liquid structure. This will allow

investors to understand why the fund's redemption terms differ from those of more conventional open-ended products.

2. Redemption programme mechanics: Semi-liquid products already employ highly effective liquidity management techniques, including what is known as a "redemption programme", which is a mechanism to cap redemptions in a given period (such as, for instance, 5% of NAV per quarter), with the manager able to limit redemptions to that cap if aggregate requests exceed it, typically redeeming pro rata to each redeeming shareholder's interest. Investors should receive full disclosure of how this programme operates, including the cap level, the dealing frequency, and the treatment of requests that exceed the cap in any given period.

3. Lock-up and soft lock arrangements: A common feature of semi-liquid fund structures is the imposition of a time-limited early exit charge — for example, 2% of the redemption value where an investor seeks to withdraw capital within the first year of their investment. This arrangement, known as a "soft lock", acts as an effective deterrence to redeem, in lieu of a more restrictive hard lock-up period. Investors should be informed clearly of both any hard lock-up period and the terms of any soft lock arrangement, including the fee level and the period during which it applies.

4. Settlement timelines: Whilst the typical settlement period for open-ended funds investing in liquid assets is around one to three days, the settlement period for open-ended funds investing in illiquid assets can be far longer, typically up to 60 days. Disclosure should make this clearly apparent so that investors have realistic expectations about the time it will take to receive proceeds following a redemption request.

5. Circumstances for activation of extraordinary liquidity management tools: An FMC should disclose the objectives and circumstances under which liquidity management tools may be activated. For semi-liquid funds, this should specifically address the conditions under which a redemption gate, suspension or similar extraordinary tool might be invoked and the impact on investors' ability to access their capital.

Whilst safeguarding financial stability and protecting investors should remain the primary objectives of any regulatory framework, a suitable degree of flexibility in how liquidity management tools are designed and applied based on the relevant investment strategy and asset profile of each fund, matched by clear and accessible disclosure to investors, will help to ensure that those objectives are achieved in a proportionate and calibrated manner. A one-size-fits-all approach risks imposing requirements premised on assumptions about fund risk and investor behaviour that do not hold across the full range of fund structures in the market.

		Question 3: This is the question of greatest significance from the perspective of semi-liquid fund managers, and we urge MAS to give it careful consideration. General Position The CP proposes that an FMC managing open-ended CIS, particularly those that invest mainly in less liquid assets, must implement at least one ADT. Whilst we understand and support the policy objective underlying this requirement — namely, ensuring fair treatment of all investors and mitigating the dilution of non-redeeming investors — we submit that the mandatory ADT requirement, as currently framed, is broadly inappropriate for semi-liquid fund structures for the reasons set out below. The overarching concern is that ADTs are generally not suitable for semi-liquid structures because semi-liquid funds hold, mostly, illiquid investments, and as such it is not possible to create a pre-determined mechanism to adjust the value of units based on liquidity, meaning ADTs may not always be viable liquidity management tools for certain types of fund structures. The fundamental difficulty with ADTs in this context is that they are ill-suited to semi-liquid fund structures by virtue of the nature of the assets held by semi-liquid funds. Because the portfolios of such funds consist predominantly of illiquid investments, it is not feasible to devise a pre-determined formulaic mechanism to adjust the value of units based on liquidity, with the consequence that ADTs may not always function as viable liquidity management tools across all fund structures. Specific ADTs and Why They Are Unsuitable Swing Pricing and Dual Pricing Swing pricing and dual pricing are incompatible with semi-liquid, private market fund strategies. The core difficulty is that these tools operate on the assumption that liquidity costs can be measured and applied with sufficient precision as an adjustment to NAV at each dealing point, but this is a requirement that cannot be met where the underlying portfolio of a semi-liquid fund is typically primarily illiquid in nature and may, in some instances, comprise private market assets that are incapable of disposal at all. Anti-Dilution Levy Early redemption fees charged to investors who exit within a specified period following their subscription (commonly referred to as a soft lock) should be recognised as a legitimate form of anti-dilution levy. However, the conventional anti-dilution levy in its standard form is not suited for semi-liquid, private market fund strategies. As with the swing pricing and dual pricing tools discussed above, the illiquid character of the underlying assets renders it

		impractical to establish any pre-determined framework or mechanism for adjusting NAV to reflect the cost of liquidity. What Works for Semi-Liquid Funds Rather than conventional ADTs, semi-liquid funds rely on a combination of structural tools that collectively achieve equivalent investor protection objectives: 1. Redemption cap programmes: Semi-liquid products have already developed robust and well-established mechanisms for managing liquidity, such as a redemption programme which caps redemptions in a given period, with the manager able to limit redemptions to the cap level and redeem pro rata to each investor's shareholding if aggregate requests exceed it, and it would be helpful for guidance to clarify that such a permanent feature of the fund structure constitutes an effective liquidity management tool. 2. Soft lock fees: A fixed temporary early redemption fee such as a 2% fee for redemptions within the first year of investment acts as an effective disincentive to redeem, comparable in purpose to a lock-up period. 3. Extended notice and settlement periods: Where a fund is invested in illiquid assets, a long notice period should be considered and defined by the manager on an ad-hoc basis. The flexibility described above should not be viewed as a concession or boon to managerial convenience, but instead as meeting an operational and structural need for funds of this kind to allow them to be structured in the most appropriate way for all participants. We therefore urge MAS to clarify that where a semi-liquid fund has in place a robust and coherent combination of the structural tools described above, this may satisfy the intent of the Guidelines without additionally requiring a conventional ADT that is practically unworkable for this fund type. **Question 4:** The CP proposes that an FMC should implement measures so that investors who subscribe or redeem bear the liquidity costs associated with their transactions, and that during activation of ADTs, an FMC managing open-ended CIS should impose the explicit and implicit costs of subscriptions and redemptions on investors who are redeeming from or subscribing to the CIS. We support the underlying principle that transacting investors should bear the costs they impose on the fund and on remaining investors. However, we raise the following practical concerns in the context of semi-liquid funds:

		1. Difficulty in estimating implicit costs for illiquid assets: Large transactions can exhaust available liquidity and cause trades to occur at less favourable prices, and market impact refers to the additional trading cost when a CIS' transaction is large enough to influence market prices. For private equity and other illiquid asset classes, the magnitude of market impact costs is highly unpredictable and may be extreme in stressed conditions, making any pre-determined calibration of such costs unreliable or potentially misleading for investors. 2. Timing mismatch: For semi-liquid funds operating with quarterly dealing cycles and notice periods of up to 60 days, the market conditions prevailing at the time a redemption request is submitted may differ materially from those applicable at the time of execution, creating a significant mismatch between any pre-determined cost estimate and the actual cost incurred. 3. Flexibility in fee design: To ensure that redemption fee arrangements are genuinely suited to the needs of the investors they serve — particularly individuals in the mass affluent segment — and to the characteristics of the asset class in which the fund invests, managers must retain meaningful discretion in structuring redemption fees appropriate for the market. This includes the ability to determine the basis on which the fee is levied (whether triggered by individual redemption requests, aggregate repurchase requests, or redemptions exceeding a specified percentage of NAV) and whether the fee operates on an ongoing basis or is limited to a defined period of time. 4. Share class differentiation: The optimal design of a redemption fee is one that is set at a defined level and applied by the manager in accordance with the various circumstances as appropriate, while also having the flexibility to be applied differently across share classes so that it can be calibrated appropriately to the liquidity needs of the fund and the profile of the relevant investor groups. For instance, a higher fee might be appropriate for institutional investors where redemption requests are liable to be of significant scale, whilst a different fee structure may be more suitable for individual investors. We therefore recommend that MAS adopt a principles-based approach to the imposition of liquidity costs for semi-liquid funds, affording managers the discretion to design mechanisms appropriate to their specific asset class and investor base, provided they can demonstrate that the chosen methodology is reasonable and serves the overarching objective of investor fairness. The fundamental standard should remain that the FMC can demonstrate that the calibration is reasonable and reflects the portfolio characteristics of the CIS. **Question 5:**

		We broadly support the governance framework set out in the CP. There should be clear responsibility and accountability within an FMC for implementing its liquidity risk management framework and monitoring and managing the liquidity risks associated with its CIS, including establishing clear accountability and decision-making processes for the design and activation of liquidity management tools under both normal and stressed market conditions. For semi-liquid funds specifically, we offer the following observations: 1. Proportionality: An FMC which manages open-ended CIS with daily dealing is expected to have in place a dedicated and independent risk management function, whilst other FMCs that do not offer products to retail investors and have assessed that the CIS they manage have less frequent redemption terms are minimally expected to designate a senior staff member to be responsible for liquidity risk management. We strongly support this proportionate approach and submit that it should be applied consistently to semi-liquid fund managers, who typically offer products with infrequent dealing to sophisticated investors only. It would be disproportionate to impose on such managers the same governance infrastructure required for daily-dealing retail funds. 2. Manager discretion: Fund managers must retain sufficient flexibility and discretion in selecting and deploying liquidity management tools in the way they consider most appropriate to their specific fund and investor circumstances. Excessively prescriptive guidance in this regard risks curtailing the very discretion that effective liquidity management demands. Governance frameworks should articulate clear decision-making criteria and escalation procedures whilst affording the manager sufficient latitude to exercise professional judgement in the interests of all investors. 3. Governance of redemption cap programmes: For semi-liquid funds operating a formal redemption cap programme, the governance framework should address specifically: (a) the process for determining whether and when the cap has been reached in a given dealing period; (b) the application of pro-rata treatment of investors whose aggregate requests exceed the cap; and (c) the criteria and approval process for any decision to act beyond the cap in exceptional circumstances. Board-level oversight of such decisions is appropriate and should be documented. 4. Governance of soft lock arrangements: Decisions relating to the application or waiver of early redemption fees should similarly be governed by a documented policy, with clear criteria defining when the fee applies and the circumstances, if any, in which managerial discretion may be exercised to depart from the standard terms.

		5. Contingency planning: Contingency plans should be periodically tested, to the extent practicable, to allow arrangements to be exercised without delay and in a transparent, fair and orderly manner, with clear articulation of the parties responsible for making decisions on the activation of the contingency plan and the steps to be taken in the event of a liquidity issue. For semi-liquid funds, contingency plans should specifically address scenarios in which the redemption cap is reached consecutively across multiple dealing periods, and the steps the manager would take to manage investor expectations and protect the interests of non-redeeming investors. **Question 6:** Eligible deposits made by a money market fund are expected to be repayable on demand or with the right to be withdrawn by the money market fund at any time, and in considering early withdrawals, the money market fund should also consider pertinent factors such as penalties or other costs associated with early withdrawal of deposits. This question relates specifically to money market funds and is of limited direct relevance to semi-liquid private market fund structures. We therefore have no substantive comments to offer on this question from a semi-liquid fund perspective. We would however take this opportunity to reiterate the broader principle we have emphasised throughout this response: liquidity risk management does not admit of a single universal solution, and responsible entities should exercise their sound professional judgement in the best interests of investors, taking into account the inter-relationships between asset liquidity, dealing, notice and settlement arrangements, the available liquidity management tools and disclosure arrangements when designing an open-ended fund. This principle applies with equal force to the regulation of money market funds — requirements should be calibrated to the specific nature of the fund and asset class in question.
10	Respondent A	**Question 1:** No comments. **Question 2:** Thank you for the opportunity to respond to the MAS Consultation Paper on liquidity guidelines. While my comments do not directly address the consultation questions raised, I hope that MAS will still consider them, as they relate to broader areas of liquidity risk management that may benefit from clarification.

		1. I noted footnote 3 refers "open-ended CIS" to those constituted in Singapore and authorised by MAS. Throughout the guidelines, there are several mentions of "open-ended CIS", may I respectfully suggest MAS to use the more specific term "Singapore-constituted authorized CIS" to avoid ambiguity? This clarification would help fund managers determine more accurately whether the relevant guidelines and expectations apply to them. 2. For existing CIS where the objectives of liquidity management tools (LMTs) are disclosed in the offering documents but not set out in the constitutive documents (reference to 4.16 of the proposed LRM guidelines), may I seek MAS's clarification on whether there is an expectation to update the constitutive documents to include these LMT objectives, or whether MAS would consider a grandfathering approach for existing CIS so long as the LMT framework continues to be clearly disclosed in the offering documents? 3. US and EU dealers are subject to their respective Uncleared Margin Rules (UMR) when trading uncleared OTC derivatives. Although the legal obligation rests with the dealers, there is a spill over effect on the buy side: if a buy side entity does not post the required margin, open a segregated initial margin account, or support daily margin calls with eligible collateral, the dealer would be prohibited from transacting with that client. While the US and EU frameworks differ slightly in the eligibility of collateral, both frameworks are grounded in the global BCBS–IOSCO margin standards and therefore share the same policy intent as MAS for this proposed LRM guidelines. In light of this, may MAS consider exempting, or applying a lighter touch approach to, funds that are already subject to UMR through their EU/US brokers, including SPVs managed by Singapore managers that feed into Master Funds managed offshore, where the Master Fund is the entity directly subject to US/EU UMR? **Question 3:** No comments. **Question 4:** No comments. **Question 5:** No comments. **Question 6:** No comments.
11	Respondent B	**Question 1:** No comments

		Question 2: No comments. **Question 3:** No comments. **Question 4:** We support the principle that transacting investors should bear appropriate liquidity costs, including implicit costs, and welcome the opportunity to share observations from our implementation experience. On methodology, we incorporate both explicit and implicit costs in swing factor calibration. Implicit costs reflect actual trading costs incurred in portfolio management. For estimating implicit costs, we use the official pricing source applied in NAV calculation, as investor dilution corresponds to the difference between the executed price and the NAV valuation price. While we support multi-source approaches for implicit cost estimation, we believe using multiple NAV pricing sources would introduce operational complexity without commensurate benefit. **Question 5:** No comments. **Question 6:** MMFs currently operate under well-established liquidity requirements, maintaining at least 10% of NAV in daily maturing liquid assets and 20% in weekly maturing liquid assets under the Code on CIS. These percentage-based requirements have proven effective in ensuring funds can meet redemption obligations and directly address liquidity risk management. Furthermore, MMFs are equipped with Liquidity Management Tools (LMTs) to manage sudden and disruptive redemptions while protecting remaining investors. This combination of quantitative liquidity buffers and calibrated LMTs directly and adequately address the concerns identified by the Financial Stability Board regarding redemption runs and forced asset sales during stressed market conditions. MMFs manage liquidity through diversified instruments and staggered maturities. The funds invest in highly liquid instruments, comprising mainly bills and Fixed Deposits (FD), with maturity staggering employed to ensure consistent and adequate liquidity across time horizons. In practice, liquidity is managed through a tiered approach: cash and natural maturities (overnight deposits, maturing bills and FDs) serve as the first liquidity source; T-bills provide the second tier with T+0 to T+1 settlement capability; and FDs serve as a tertiary liquidity source. Early withdrawal involves bilateral negotiations with banks and typically results in interest penalties, making breaking FDs the last resort source of liquidity. Singapore MMFs face unique structural constraints that distinguish them from US, EU, and HK markets. Unlike other developed markets where MMFs can

		access deep secondary markets for commercial paper and certificates of deposit issued by banks/corporates, Singapore MMFs have only two primary liquidity sources: (1) Singapore Government T-bills and (2) FDs. The absence of tradable money market instruments means Singapore MMFs cannot replicate the diversified liquidity strategies employed by international peers. In addition, the repo market in Singapore remains modest in usage, with limited counterparty depth. While MMFs may actively explore repo facilities, this cannot currently serve as a substitute for the diversification role that fixed deposits play. Bank deposits are typically offered on standardized terms set unilaterally by the bank. MMFs are term-takers in the deposit market, accepting the standard terms offered by banks rather than negotiating bespoke arrangements. To comply with the proposed guidance, MMFs would need to rely on banks voluntarily modifying their T&C for deposits. However, banks will likely be unwilling or unable to customize deposit terms, as such customization may conflict with the bank's own liquidity management or raise concerns under their own regulatory frameworks. Nonetheless, on occasions where we had approached banks to early terminate the FDs in the past, some of the banks had been able to do this without penalty and returned the money on a timely basis. Therefore, FDs are still liquid from a practical standpoint.
12	Respondent C	**Question 1:** No comment. **Question 2:** We support the focus on enhancing transparency for Liquidity Management Tools (LMTs). In this regard, we seek clarification on whether FMCs will be required to disclose the specific swing threshold and swing factor. Based on current industry practice, asset managers do not typically disclose these parameters publicly. If there is a requirement to disclose these quantitative figures, we would appreciate further regulatory guidance on appropriate ranges for swing thresholds and factors across different asset classes (e.g., listed equities and fixed income funds) to ensure consistency and prevent a "race to the bottom" in implementation across the industry. **Question 3:** We have identified two scenarios where the application of ADTs, such as swing pricing, may be ineffective: 1. Newly Incepted Funds: For funds with a smaller AUM, a single subscription or redemption may represent a high percentage of the total fund value. Applying swing pricing in such cases could unfairly penalize "early bird" investors or seeders who are critical to the fund's growth. In this regard, we seek clarification on whether MAS would consider a minimum fund size threshold or a "grace period" before ADT implementation becomes appropriate for new launches.

		2. Severe Market Dislocation: During periods of extreme market stress (e.g., a single-day drop exceeding 10%), standard ADT methodologies calibrated under normal conditions may not adequately reflect the true cost of liquidity. If a market declines significantly while only a modest swing factor is applied, the adjustment functions as a marginal charge rather than an effective deterrent, and may not sufficiently compensate remaining unitholders. In such extreme scenarios, other measures such as redemption gates or suspension may be more effective in preserving fund integrity and ensuring equitable treatment of investors. **Question 4:** We agree that imposing liquidity costs on transacting investors is a fair mechanism to protect long-term holders. However, we wish to highlight significant implementation challenges associated with illiquid assets. For asset classes such as private equity, real estate, and distressed fixed income, the implicit cost of a trade is inherently difficult to quantify in real time. Unlike listed equities, these assets typically lack transparent and observable bid-ask spreads, rendering the calculation of a fair swing factor highly subjective and dependent on management judgment. To prevent excessive divergence in implementation across the industry, we would appreciate it if MAS could provide suggested frameworks for calculating implicit costs, particularly for illiquid assets. Furthermore, we would welcome guidance or "best practice" ranges for swing factors across different asset classes (e.g., listed equity, investment-grade fixed income, distressed fixed income, and private equity funds) to ensure a more standardized approach among FMCs. **Question 5:** We wish to highlight a concern regarding the "Cliff Effect" (or Signaling Risk) associated with the public activation of certain LMTs, such as swing pricing. From an FMC’s perspective, public disclosure that a swing factor has been triggered can be misinterpreted by the market as a signal of fund distress rather than a protective measure. This signaling risk may inadvertently spark a preemptive "run on the fund," as investors seek to exit before liquidity conditions deteriorate further. We believe the governance framework must account for this risk, as public disclosure during sensitive periods could exacerbate the very liquidity stress the tool was designed to mitigate. **Question 6:** No comment.