

ESMA Final Report on RTS on open-ended loan-originating AIFs under the AIFMD



On 21 October 2025, the European Securities and Markets Authority (ESMA) published its final draft regulatory technical standards on open-ended loan-originating AIFs under AIFMD (the “**RTS**”). The RTS are the result of a consultation process undertaken in the context of [Directive \(EU\) 2024/927](#) (also known as “**AIFMD II**”), more specifically the newly introduced loan origination regime by AIFMD II, and seek to determine the requirements that loan originator AIFs must meet in order to maintain an open-ended structure.

Background: Introduction of harmonized rules for AIFs that originate loans

To strengthen Europe’s private credit market and ensure consistent investor protection across the EU, AIFMD II has introduced new, harmonized rules for AIFs that originate loans. These changes are designed to prevent regulatory loopholes and create a level playing field for all managers.

Loan-originating AIFs may be open-ended if their AIFM can demonstrate to its competent authorities that the AIF’s liquidity risk management system is compatible with its investment strategy and redemption policy. To ascertain the stipulations that loan-originating AIFs must adhere to in order to maintain an open-ended structure, ESMA was entrusted with the development of draft regulatory standards.

Consultation process brought welcome changes

During the public consultation process, participants raised several concerns which led ESMA to introduce the following main changes in the RTS in comparison to the initial draft regulatory technical standards published by ESMA on 12 December 2024:

- **Removal of fixed amount of liquid assets to hold to meet redemption requests**

A substantial proportion of respondents contended that effective liquidity management for these funds is contingent on the cash flow from the loans granted by the AIFs, as opposed to the conventional practice of maintaining a fixed amount of liquid assets. It was also noted that the imposition of a fixed amount might exert an influence on the performance of the AIFs. In response to this criticism, ESMA has issued an update on the matter. Rather than maintaining a fixed amount of liquid assets, fund managers are now required to ensure that their open-ended loan-originating AIFs have sufficient liquidity to meet redemption requests as they arise.

■ Reduced frequency of liquidity stress testing

The frequency of mandatory liquidity stress testing has been reduced from a quarterly basis to an annual basis. This modification is a response to industry feedback suggesting that quarterly testing may impose an undue burden, and that annual testing is sufficient to ensure effective liquidity risk management.

■ Clarification on scope of application

To prevent potential misinterpretation, references in the initial draft regulatory technical standards published by ESMA on 12 December 2024 to AIFMs “intending to manage” open-ended loan-originating AIFs were replaced in the RTS with “AIFMs that manage.” It was expressed by consultation participants that the initial wording could be interpreted as mandating pre-authorization from competent authorities prior to the management of an open-ended loan-originating AIF. The revised language clarifies that no such authorization requirement applies.

Key takeaways for AIFMs

The RTS provide clear guidance on what is expected from AIFMs who manage open-ended loan-originating AIFs. To demonstrate “**sound liquidity management**” AIFMs shall, for each open-ended loan-originating AIF they manage:

- Define an **appropriate redemption policy** consistent with the liquidity profile of their portfolio. This policy should consider a number of factors, including redemption frequency, portfolio diversification, notice and settlement periods, the chosen liquidity management tools, and the results of the liquidity stress tests.
- Ensure that the open-ended loan-originating AIF has **sufficient liquidity to comply with redemption requests**, not through a fixed target amount of liquid assets but by considering factors like the availability of liquid assets, portfolio maturity, portfolio diversification and the liquidity profile of all the assets in which the AIF is invested, and leverage levels. In this regard, the expected cash flow generated from the loans granted by the open-ended loan-originating AIF is to be considered as liquid assets.
- Carry out **liquidity stress tests**, on an annual basis (rather than quarterly) that assess both the asset and liability sides

of their open-ended loan-originating AIFs separately. After performing these separate analyses, the results must be combined to gain a comprehensive understanding of the AIF’s overall liquidity resilience. The stress tests should incorporate severe but plausible scenarios that are tailored to the AIF’s specific investment strategy. This ensures that the tests reflect realistic risks and provide meaningful insights into how the AIF would perform under adverse conditions.

- **Monitor** the liquidity management on an **ongoing** basis to ensure that the liquidity management system of the open-ended loan-originating AIF it manages remains compatible with its investment strategy and redemption policy. Elements that shall, at least, be monitored in this respect, are, amongst others, the level of unencumbered cash, the cash flows, the maturity of the loans and the level of leverage.

Next steps

The Commission now has three (3) months (extendable by one (1) month) to decide to endorse the RTS. In the event the Commission elects to not fully endorse the RTS, or to propose amendments, ESMA has another six (6) weeks to amend the RTS. Once endorsed, the RTS will enter into force twenty (20) days after their publication in the Official Journal of the European Union. The RTS shall apply from 16 April 2026.



Practical implications for Luxembourg AIFMs

Luxembourg AIFMs, particularly those managing credit or private debt strategies, are advised to undertake a proactive evaluation of their existing liquidity risk management policies and procedures to assess if these are in line with the requirements set out in the recently published Luxembourg law implementing the AIFMD II (for more information please see our related [Newsflash](#)) and the RTS. In preparation, managers are notably advised to:

- Re-examine redemption arrangements;
- Revise and enhance policies for liquidity stress testing; and
- Carefully review fund documentation to ensure alignment with the rules on liquidity and leverage of AIFMD II and the RTS.

For more guidance or assistance on how the AIFMD II implementation in Luxembourg and the RTS may affect your fund structures, liquidity management policies or leverage calculations, please feel free to reach out to the contacts listed in this article or your usual Luther S.A. contact.

Your contacts at Luther



Claudia Hoffmann

Partner

Luxembourg

T +352 27484 1

claudia.hoffmann@luther-lawfirm.com



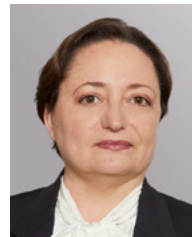
Dr Daniel Krauspenhaar

Partner

Luxembourg

T +352 27484 1

daniel.krauspenhaar@luther-lawfirm.com



Ofeliia Assa, LL.M., CAIA

Partner

Frankfurt a.M.

T +49 69 27229 24670

ofeliia.assa@luther-lawfirm.com



Sascha Wiemann

Senior Associate

Luxembourg

T +352 27484 1

sascha.wiemann@luther-lawfirm.com

