

PUBLIC STATEMENT

ESMA coordinates regulatory response to the war in Ukraine and its impact on EU financial markets

The European Securities and Markets Authority (ESMA), in coordination with National Competent Authorities (NCAs), is closely monitoring the impact of the Ukraine crisis on financial markets and is prepared to use its relevant tools to ensure the orderly functioning of markets, financial stability and investor protection. This is part of the European Union's overall response to the tragic consequences of Russia's military aggression.

ESMA provides a forum for supervisors to discuss questions and coordinate responses arising from the current situation. To ensure stakeholders are adequately informed, ESMA outlines below its specific supervisory and coordination activity, as well as recommendations to financial market participants:

Supervisory and coordinating activities

- **CCPs** – ESMA is closely monitoring CCP related volatility and margin developments in energy and commodities market segments. It is also in close contact with NCAs focussing on the impact on clearing members and their clients in those markets;
- **Credit Rating Agencies** – ESMA continues to actively engage with CRAs to ensure sufficient transparency around ratings and is monitoring the impact of sanctions on CRAs' operations in close cooperation with other regulators;
- **Benchmarks** – ESMA is engaging with its supervised benchmarks administrators to verify the impact of market developments and sanctions on the provided benchmarks. It is also engaging and coordinating with NCAs regarding the impact on benchmarks provided by the administrators under NCAs' supervisory remit;
- **Investment Management** – ESMA has reinforced its coordination role by monitoring investment funds, organising frequent exchanges with NCAs to analyse market developments and supervisory risks linked to the crisis, focusing on liquidity issues and the use of liquidity management tools (LMTs) and monitoring issues relating to valuation of assets and potential suspension of redemptions;

- **Secondary markets** – ESMA and NCAs are monitoring the market situation, and ESMA is assisting NCAs with the consistent implementation of sanctions by market operators including the suspension of trading in instruments by venues;
- **Central Securities Depositories** – ESMA is monitoring, in coordination with NCAs, the impact of sanctions on CSDs' operations and assisting with their implementation in a consistent manner. It is also consolidating data on the levels of settlement fails as one of the indicators to monitor market developments;
- **Cyber Security** – ESMA is facilitating the collection and sharing of information and experiences among NCAs regarding cyber incidents; and
- **Risk assessment** – ESMA continuously monitors the risks to market participants and financial stability and exchanges its risk assessment regularly with policy makers and authorities at national, EU and international level.

Market Recommendations

- **Sanctions Compliance** – financial market participants should ensure they comply with the relevant EU sanctions and monitor for any further restrictions. The European Commission (EC) will provide clarity and answer queries on the scope and implementation of these and ESMA is supporting the EC in collecting such queries;
- **Market disclosure** – issuers should disclose as soon as possible any inside information concerning the impacts of the crisis on their fundamentals, prospects, and financial situation in line with their transparency obligations under the Market Abuse Regulation, unless the conditions for a delayed disclosure are met; and
- **Financial Reporting** – issuers should provide transparency, to the extent possible on both a qualitative and quantitative basis, on the actual and foreseeable direct and indirect impacts of the crisis on their business activities, exposures to the affected markets, supply chains, financial situation and economic performance in their 2021 year-end financial report if these have not yet been finalised and in the annual shareholders' meeting or otherwise in their interim financial reporting disclosures.



Notes for editors

1. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.
2. It achieves these objectives through four activities:
 - i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

David Cliffe

Team Leader - Communications

Tel: +33 (0)1 58 36 43 24

Email: press@esma.europa.eu

Sarah Edwards

Communications Officer

Tel: +33 (0)1 58 36 64 23

Email: press@esma.europa.eu