ESMA publishes ex-post analysis of derivatives risks in Archegos

In the study, ESMA finds that the build-up of exposures by Archegos, a US family office whose collapse in March 2021 resulted in more than USD 10bn in losses, can be seen in data reported under the European Market Infrastructure Regulation (EMIR). The high level of concentration and the associated risks posed by the firm are also visible.

These findings show how regulatory data collected under EMIR can be used to monitor leverage and concentration risk arising in derivatives markets, and could foster the development of early warning indicators by supervisory authorities to track different types of risk.

Next steps

This article is an ex-post analysis of a relevant financial market event and aims to foster further financial stability analysis, as well as to feed into ongoing work on using EMIR, and other regulatory datasets, to identify and monitor risks, including at the international level by the European Systemic Risk Board and Financial Stability Board.

Background

In March 2021, the default of Archegos, a US family office, led to large losses for some global banks. Archegos was able to accumulate large leveraged exposures on equities by entering into derivatives transactions with banks. When the price of the underlying stocks started to decline, the firm was unable to meet variation margins, resulting in the liquidation of the stocks by the banks.

Press release distributed by Wire Association on behalf of Europa, on May 18, 2022. For more information subscribe and follow us.

Media Assets

Embedded Media

Visit the [online press release](#) to interact with the embedded media.

https://wireassociation.eu/newsroom/europa/releases/en/esma-publishes-ex-post-analysis-of-derivatives-risks-in-archegos-294

Europa

Newsroom: https://wireassociation.eu/newsroom/europa
Website: https://europa.eu/
Primary Email: press@europa.eu

Social Media

Twitter - https://twitter.com/EU_commission
Facebook - https://www.facebook.com/EuropeanCommission
Instagram - https://www.instagram.com/europeancommission/
Linkedin - https://www.linkedin.com/company/european-commission

---