

ESMA reminds fund managers of their obligations to investors amid the war in Ukraine



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The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today released a Public Statement on the implications of Russia's invasion of Ukraine on investment fund portfolios.

ESMA recognises the human cost of Russia's military aggression against Ukraine, and the significant challenges to business activities and effects on the global economic and financial system posed by the invasion. The statement, with the aim of promoting investor protection and convergence, provides overarching messages to fund managers including high level guidance on:

the appropriate action in case of exposures to Russian, Belarusian and Ukrainian assets, given valuation and liquidity uncertainties;

the process fund managers should follow when evaluating these assets; and

whether it may be considered to use side pockets or similar arrangements to segregate these assets.

Next steps

ESMA expects fund managers of investment funds with exposures to assets facing liquidity issues to assess whether a fair value of these assets can still be determined and adapt the valuation without undue delay.

ESMA will continue to closely monitor the situation and take or recommend any measures necessary to mitigate the impact of the Russian invasion of Ukraine on investment funds. ESMA will, where necessary, reassess any potential need to supplement the guidance provided in this Public Statement or provide additional guidance on

other issues arising from this crisis.

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