

COVID-19: Recent Statements by UK Financial Conduct Authority + European Securities and Markets Authority

March 16, 2020

Statement by the FCA

The UK Financial Conduct Authority (FCA) issued a statement relating to COVID-19 on 4 March 2020. It stated that the FCA is working closely with the financial services sector to ensure it is responding effectively to the COVID-19 outbreak. This is in conjunction with the Bank of England and HM Treasury.

The FCA stressed that it expects all FCA authorised financial services firms to have contingency plans in place to deal with major events. Alongside the Bank of England, the FCA is actively reviewing the contingency plans of a wide range of firms. This includes assessments of operational risks, the ability of firms to continue to operate effectively and the steps firms are taking to serve and support their customers.

The FCA noted that it expects firms to take all reasonable steps to meet their regulatory obligations. For example, the FCA would expect firms to be able to enter orders and transactions promptly into the relevant systems, use recorded lines when trading and give staff access to the compliance support they need. If firms are able to meet these standards and undertake these activities from backup sites or with staff working from home, the FCA has no objection to this.

The FCA said that it was discussing with firms and trade associations any particular issues they may have and is working with them to resolve these. The FCA noted that it will be continuing its active dialogue with firms, institutions and industry bodies in the coming days and weeks and will keep its guidance under review as necessary.

Statement by ESMA

On 12 March 2020, the European Securities and Markets Authority (ESMA) issued a public statement making a series of recommendations in light of the continuing impact of the COVID-19 outbreak on EU financial markets.

ESMA is making the following recommendations to financial market participants:

- **Business continuity planning** – All financial market participants, including infrastructures should be ready to apply their contingency plans, including deployment of business continuity measures, to ensure operational continuity in line with regulatory obligations
- **Market disclosure** – Issuers should disclose as soon as possible any relevant significant information concerning the impacts of COVID-19 on their fundamentals, prospects or financial situation in accordance with their transparency obligations under the Market Abuse Regulation
- **Financial reporting** – Issuers should provide transparency on the actual and potential impacts of COVID-19, to the extent possible based on both a qualitative and quantitative assessment on their business activities, financial situation and economic performance in their 2019 year-end financial report if these have not yet been finalised or otherwise in their interim financial

reporting disclosures

- **Fund management** – Asset managers should continue to apply the requirements on risk management and react accordingly

ESMA, in coordination with national competent authorities, continues to monitor developments in financial markets as a result of the COVID-19 situation and is prepared to use its powers to ensure the orderly functioning of markets, financial stability and investor protection.

Note that from 1 February 2020, the FCA is no longer a member of ESMA's Board of Supervisors. However, EU law (including the Market Abuse Regulation) continues to apply in the UK as if it were a member state.

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