Focus on
COVID-19
Coronavirus

A&L Goodbody

Statements and press releases from Irish and European financial regulators

(as of 19 May 2020)

A&L Goodbody's Financial Regulation Team has prepared the below table with commentary, which compiles statements by the Central Bank of Ireland, the European Banking Authority, the European Central Bank and the European Securities and Markets Authority related to the COVID-19 pandemic.

These statements outline regulators' expectations of regulated financial services providers in an uncertain economic and regulatory landscape.

Legend:

- **CBI** – Central Bank of Ireland
- **EBA** – European Banking Authority
- **ECB** – European Central Bank
- **ESMA** – European Securities and Markets Authority
- **NCA** – National Competent Authority

You will find a full range of timely materials for businesses in our dedicated **COVID-19 HUB** on our website.

Central Bank of Ireland (CBI)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
4 March 2020	Statement: COVID-19 Virus	COVID 19: CBI Statement	All Regulated Financial Services Providers	The CBI is closely monitoring the evolving situation and expects regulated firms to have appropriate contingency plans in place to be able to deal with major operational events. The CBI stated it is ready to work with the ECB other central banks to take appropriate and targeted measures, as necessary.
13 March 2020	Statement by the Governor of the Central Bank of Ireland, Gabriel Makhlouf		All Regulated Financial Services Providers, but particularly Credit Institutions	CBI Governor Gabriel Makhlouf referred to the measures introduced by the ECB's Governing Council on 12 March 2020 aimed at supporting households and firms affected by the economic impact of the pandemic. He stated that the CBI expects banks to use the positive effects of these measures to support the economy and not to increase dividend distributions or variable remunerations. This reiterates the expectation of the ECB as stated on 12 March 2020 (see statement below). The expectation is also reflected in the EBA's request for banks to refrain from dividends distribution or share buybacks for the purpose of remunerating shareholders (see statement of 31 March 2020 below).
18 March 2020	Central Bank of Ireland releases Counter Cyclical Capital Buffer	COVID-19: Central Bank releases capital buffer	Credit Institutions	The CBI has released the Counter Cyclical Capital Buffer (CCyB), which banks are required to hold in order to support the continued provision of credit to households and businesses. The CCyB is a time-varying capital requirement and will be reduced from 1% to 0% no later than 2 April 2020. The CBI does not intend to increase the CCyB before Q1 2021. The CBI expects banks to use the positive effects of these measures solely in support of the economy and not for dividend distributions.
19 March 2020	Focused on protecting consumers and supporting individuals and firms in financial difficulty - Central Bank of Ireland		Credit Institutions Retail Credit Firms Credit Servicing Firms	The CBI announced that retail banks will introduce three-month payment moratoria on all mortgages, personal and business loans for customers affected by the pandemic. The CBI expects all regulated firms, including banks, retail credit and credit servicing firms to take a consumer-focused approach and to act in their customers' best interests. All of the existing protections for customers who face actual or potential financial difficulties continue to apply. The CBI emphasised that resilience of the financial system in the short, medium and long term needs to be ensured so it can serve consumers and the wider economy.

Central Bank of Ireland (CBI)

Date	Description of statement/press release	ALG COVID-19 hub resource	Impacted entity type(s)	Key statements/measures announced
23 March 2020	Opinion by Governor Gabriel Makhlouf in Sunday Independent		Credit Institutions Retail Credit Firms Credit Servicing Firms	An opinion piece by Governor Gabriel Makhlouf was published in the Sunday Independent on 22 March 2020. Governor Makhlouf wrote: *"The Central Bank of Ireland, working with other central banks and regulators across Europe, is playing its part to reduce the economic harm to businesses and households in the country ... Believe me when I say that we, too, will spare no effort to contain the economic effects of the crisis and do everything in our power to protect consumers, households and firms. We have already taken significant action."* He also noted that *"Banks are introducing three-month payment breaks on mortgages, and personal and business loans, for some business and personal customers affected by COVID-19. We expect that all mortgage lenders, including non-banks, will introduce this measure. We will continue to maintain oversight of the firms we regulate, in line with our mission, to help ensure this happens."*
31 March 2020	Statement: Essential Services	COVID-19: Central Bank Statement on Essential Services	All Regulated Financial Services Providers	The CBI referred to the list of essential services published by the Irish Government on 27 March 2020, which includes banking and financial services. The CBI expects the Chief Executive Officer or other relevant member of senior management to be accountable for ensuring an adequate process so that only individuals in roles necessary to perform essential financial services, who cannot work remotely, are designated as essential financial services workers. The CBI expects boards and senior management to actively monitor developments in order to be able to maintain essential financial services. This includes, but is not limited to: ▪ Ensuring Business Continuity Plans are kept under review with appropriate contingency plans in the context of evolving developments both locally and globally. ▪ Ensuring appropriate designation of staff as essential financial services workers in order to be able to rotate and/or replace essential staff as necessary. ▪ Engaging with critical services providers, contractors and other services to ensure maintenance of services and designation of their staff as essential service staff as necessary. ▪ Ensuring cooperation with other financial services providers in order to seek to ensure continuity of essential consumers services in a service sector or region. ▪ Notifying the CBI, as soon as possible, where they believe circumstances present a risk to the maintenance of essential services to consumers, industry or markets.

Central Bank of Ireland (CBI)

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7 April 2020	*"Central Bank actions will contribute to easing the economic impact of the pandemic" -* Governor Gabriel Makhlouf		All Regulated Financial Services Providers	Governor Gabriel Makhlouf discussed two recent CBI publications: an Economic Letter entitled "*COVID-19: monetary policy and the Irish economy*" and a Financial Stability Note entitled "*Releasing the CCyB to support the economy in a time of stress*". The publications describe the implications of the COVID-19 pandemic for financial stability and outline recent monetary policy responses from the CBI and ECB. Governor Makhlouf reiterated the CBI's commitment to containing the economic impacts of the COVID-19 crisis and to protecting consumers, households and business. He stated: *"The economic challenge facing the country is enormous, but the policy response at EU and domestic level has been rapid and significant".*
13 April 2020	Transcript of Governor Gabriel Makhlouf's interview with Ian Guider, Markets Editor, Business Post		All Regulated Financial Services Providers	The CBI published the transcript of an interview Governor Makhlouf held with the Business Post. Governor Makhlouf addressed the anticipated economic impacts of the COVID-19 pandemic and the road to recovery from these. He also discussed the measures already taken by the CBI and at an EU level to counter the effects of the crisis, and the scope for further EU action in the near future.
17 April 2020	The macroeconomic effects of Covid-19 in Ireland - Deputy Governor Sharon Donnery			CBI Deputy Governor Sharon Donnery delivered a speech via videolink at a conference entitled 'Ireland's COVID19 Crisis Response: Perspectives from Social Science Conference, 17 April 2020'. Deputy Governor Donnery covered the economic effects of the COVID-19 pandemic, the CBI's response and the path towards economic recovery. She also explained how the CBI has carried out its mandate over the last decade through employment of macroeconomic measures.
17 April 2020	COVID-19: Flexibility in Regulatory Requirements for Securities Markets, Investment Management, Investment Firms and Fund Service Providers	COVID-19: CBI announces more flexibility measures in response to the pandemic	UCITS, AIFs, Fund Service Providers, Investment Managers and Investment Firms	The CBI, recognising the ongoing challenges faced by firms and financial market participants, announced a range of measures introducing a more flexible approach to regulatory requirements for UCITS, AIFs, Fund Service Providers, Investment Managers and Investment Firms. The CBI has postponed the deadlines for filing a number of regulatory returns and other information. In most cases, the CBI has asked that it, along with investors and any other usual supervisors, be notified of anticipated delays and provided with the estimated date for delivery of the relevant filings as soon as possible. The CBI has also announced that it will adhere to a number of statements by ESMA asking NCAs not to prioritise supervisory actions against firms and financial market participants experiencing or likely to experience difficulties in complying with certain regulatory obligations due to the COVID-19 pandemic.

Central Bank of Ireland (CBI)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
17 April 2020	CBI issues letters to Credit Unions, Insurers and Reinsurers and SPRVs on supervisory flexibility		Credit Unions Insurers and Reinsurers Special Purpose Reinsurance Vehicles	The CBI has published letters written to credit union Chairs and Compliance Officers of insurers, reinsurers and Special Purpose Reinsurance Vehicles (SPRVs) announcing certain measures of supervisory flexibility. These measures include postponement of deadlines to submit annual reports for insurers, reinsurers and SPRVs, along with a postponement of deadlines for quarterly prudential reports and public disclosures of information for insurers and reinsurers. Credit Unions have been granted extensions of the deadlines for submitting regulatory returns and operational risk and security assessment reports. In addition, the CBI will consider extensions to specific Risk Mitigation Programme implementation dates, though credit unions able to meet existing Risk Mitigation Programme implementation dates are encouraged to do so.
20 April 2020	COVID-19 - Prudential Regulatory Flexibility Measures – Credit Institutions		Credit Institutions	In addition to the above measures, the CBI has taken steps to ease regulatory requirements for Credit Institutions. Deadlines for remedial actions and measures will be postponed by six months. Remittance dates for certain regulatory returns have also been extended to May and June 2020. The CBI expects to be notified of any delay in supervisory reports or Pillar 3 disclosures and to be provided with the reason for such delay and, to the extent possible, the anticipated publication date. The CBI has also adopted capital and liquidity measures announced by the ECB and Single Supervisory Mechanism, along with other measures recommended by the EBA to provide regulatory flexibility. The CBI has also called on Credit Institutions to review their remuneration policies to ensure they promote sound risk management. Deferral periods should be considered. Dividends for 2019 and 2020 should not be declared until at least 1 October 2020 and share buy-backs with the aim of remunerating shareholders should be avoided.
23 April 2020	Central Bank publishes research on understanding SMEs in the Covid-19 pandemic		Credit institutions, financial services providers who invest in the SME sector and consumers	The CBI has published two new Financial Stability Notes (FSNs) detailing with the impact of COVID-19 on liquidity. The first FSN discusses the likelihood that SMEs will need some form of external liquidity (it estimates around EUR 2.4 billion) if they are to continue to operate. In the event that private sector liquidity is insufficient to meet demand, the authors outline three options available to policymakers. These include credit guarantee schemes, lending schemes, and direct fiscal supports. The second FSN discusses issues in the supply chain due to the fact that trade credit is used heavily in Ireland, relative to other countries in the EU.

Central Bank of Ireland (CBI)

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24 April 2020	Letter to Credit Unions		Credit Unions	Patrick Casey, the Central Bank's Registrar of Credit Unions has written to the Irish League of Credit Unions setting out, in detail, aspects of regulatory forbearance which can be expected during the COVID-19 pandemic. The CBI recognised that many credit unions are under significant organisational stress and said that limited regulatory flexibility would be introduced in relation to the filling of pre-approval controlled function (PCF) roles on a temporary basis and reporting deadlines.
30 April 2020	Measures related to investment funds in light of ongoing market uncertainty due to Covid-19		Fund management companies, investment management firms and their regulated parent undertakings	The letter sets out the Central Bank's expectation that effective liquidity management includes an assessment as to whether a UCITS or AIF has appropriate liquidity management tools in place. Where such tools are required or other changes need to be made to address liquidity management, the fund management company should take the necessary steps to amend the relevant fund documentation, giving notice to investors. Fund management companies are expected to minimise the potential for breaches of the Central Bank UCITS Regulations or the AIF Rulebook. Where breaches have occurred they should be reported to the Central Bank and may be subject to supervisory engagement. Remediation should be a priority objective, taking account of the interests of investors. Fund management companies should consider the appropriateness of communicating the occurrence of breaches to investors. Fund management companies should also ensure that there is full disclosure of risks and other information material to investors' decisions. The letter also includes details on maintaining a minimum of two Irish resident directors and data collection.
30 April 2020	Press Release		Credit Institutions and borrowers	The Central Bank welcomed the announcement by the Banking and Payments Federation of Ireland that payment breaks are to be extended from three months to six months for affected borrowers. The Central Bank set out its expectation that borrowers should be given the option to repay the loan within the remaining term or extend the term and both options should be explained to the borrower. The payment break will not specifically be identified on the borrower's credit report on the Central Bank Credit Register.
14 May 2020	Governor's Blog		Regulated financial services providers and consumers	The Governor of the CBI has published a series of blog posts relating to the COVID-19 crisis.

European Banking Authority (EBA)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
12 March 2020	EBA statement on actions to mitigate the impact of COVID-19 on the EU banking sector	COVID-19: Range of banking measures announced due to the pandemic	Credit Institutions	The EBA announced a postponement of the EU-wide stress test exercise to 2021, in order to allow banks to focus on ensuring continuity of their core operations, such as support for customers. The EBA also encouraged National Competent Authorities (NCAs) to make use of the flexibility already embedded in the EU framework for banking regulation. In particular, NCAs should be flexible in their supervisory approach to Pillar 2 Guidance and the liquidity coverage ratio.
25 March 2020	Statement on the application of the prudential framework regarding Default, Forbearance and IFRS9 in light of COVID-19 measures		Credit Institutions	The EBA clarified how it expects NCAs to apply the prudential regulatory framework in light of COVID-19. The EBA, welcoming legislative initiatives by national governments providing for general moratoria on loan payments, stated that such generalised payment delays addressed to all borrowers should not automatically lead to classifications of default, forbearance or unlikely to pay. The EBA expects each loan to be assessed carefully and using a risk-based approach. Banks must classify their exposures accurately and in a way that reflects any deterioration of asset quality. Under the IRFS 9 standards, payment moratoria should not automatically lead to a conclusion that an increase in credit risk has occurred. Banks should use a degree of judgement to distinguish between borrowers whose credit standing would not be significantly affected in the long term, and those who would be unlikely to restore their creditworthiness.
25 March 2020	Statement on consumer and payment issues in light of COVID19	COVID-19: Payments in focus	Credit Institutions Payment Institutions	The EBA stressed that no such flexibility can be expected in banks' approach to consumer protection standards. Consumers must fully understand the implications of any new measure banks introduce. New measures must not come with hidden charges and may not automatically adversely impact the customer's credit rating. The EBA also called on payment service providers to make available contactless payments up to €50 and encouraged consumers and merchants to implement sanitary measures and consider all available payment options, including contactless and remote payments.
31 March 2020	Statement on supervisory reporting and Pillar 3 disclosures in light of COVID-19		Credit Institutions	The EBA stated that it expects NCAs to allow one additional month for submitting most supervisory data due between March and the end of May 2020. NCAs are also expected to give leeway in their supervision of deadlines for Pillar 3 disclosures. However, institutions are expected to submit information on capital, risks, liquidity and essential data for resolution planning in accordance with normal deadlines.

European Banking Authority (EBA)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
31 March 2020	Statement on dividends distribution, share buybacks and variable remuneration		Credit Institutions	The EBA has urged all banks to refrain from dividends distribution or share buybacks for the purpose of remunerating shareholders. Additionally, NCAs are encouraged to request banks to review their remuneration policies and practices to ensure they promote sound risk management reflecting the current economic situation.
31 March 2020	Statement on actions to mitigate financial crime risks in the COVID-19 pandemic		All Regulated Financial Services Providers	The EBA has highlighted the increased risk of financial crime occurring during the COVID-19 pandemic. NCAs are urged to ensure that financial institutions continue to monitor transactions for any unusual or suspicious patterns in customer behaviour and financial flows. Financial institutions should establish risk-sensitive measures to monitor financial flows from customers in sectors impacted by economic downturn and COVID-19 measures.
2 April 2020	EBA publishes Guidelines on treatment of public and private moratoria in light of COVID-19 measures		Credit Institutions	The EBA published detailed Guidelines on the requirements for public and private moratoria in order to help avoid the unnecessary classification of exposures under the definition of forbearance or as defaulted under distressed restructuring. The Guidelines clarify that payment moratoria do not trigger forbearance classification and the assessment of distressed restructuring if they are based on the applicable national law or on an industry-wide or sector-wide private initiative agreed and applied broadly by relevant credit institutions. The Guidelines note that banks must continue to identify situations where borrowers may face longer-term financial difficulties and classify exposures in accordance with the existing regulation. The requirements to identify forborne exposures and defaulted obligors remain in place.
14 April 2020	EU banks sail through the Corona crisis with sound capital ratios		Credit Institutions	The EBA published its quarterly Risk Dashboard covering Q4 2019 and summarising the main risks facing EU banks. The EBA noted that strong capital positions, with the Common Equity Tier 1 capital ratio reaching 14.8%, should enable EU banks to withstand the anticipated economic impacts of the COVID-19 pandemic and to continue lending when it is most needed. The EBA also found that banks' ratio of non-performing loans declined from 2.9% to 2.7% and IFRS-9 reports indicated an improvement in asset quality.

European Banking Authority (EBA)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
22 April 2020	EBA Statement on the application of the prudential framework on targeted aspects in the area of market risk in the COVID-19 pandemic		Credit Institutions	The EBA statement complements other EBA statements to date and clarifies a number of issues on the prudential requirements for market risk. The statement addresses prudent valuation, reporting requirements under FRTB-SA, the implementation of phase V and VI of the Joint ESAs RTS on non-cleared OTC derivatives and back-testing breaches on IMA models.
22 April 2020	EBA statement on additional supervisory measures in the COVID-19 pandemic		Credit Institutions	This lengthy statement outlines the supervisory measures the EBA has taken in response to COVID-19. The statement also specifies additional flexibility and relief measures in supervisory areas.
22 April 2020	Amending RTS on prudent valuation		Credit Institutions	The Regulatory Technical Standards on prudent valuation under Article 105(14) of CRR have been updated from the versions published in 2014 and 2016. This RTS however addresses the extreme volatility caused by the COVID-19 pandemic.
4 May 2020	Joint RTS on amendments to the bilateral margin requirements under EMIR in response to the COVID-19 outbreak		EMIR financial counterparties and NFC+s who enter into non centrally cleared physically settled FX forwards and swaps, intragroup contracts and equity options	The European Supervisory Authorities have published joint draft Regulatory Technical Standards to provide for a one year deferral of the implementation phases of the bilateral margining requirements under EMIR. The Final Report on EMIR RTS amendments explains amendments needed to implement the BCBS and IOSCO recommendation to delay the implementation of bilateral margining requirements.

European Central Bank (ECB)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
12 March 2020	ECB Banking Supervision provides temporary capital and operational relief in reaction to coronavirus		Credit Institutions	The ECB announced that it will temporarily allow banks to operate below the capital levels defined in the Pillar 2 Guidance, the capital conservation buffer and the liquidity coverage ratio. Banks will also be allowed to partially use capital instruments that do not qualify as Common Equity Tier 1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements. Banks are expected to use the positive effects coming from these measures to support the economy and not to increase dividend distributions or variable remuneration. Additionally, the ECB is discussing individual measures with banks, such as adjusting timetables, processes and deadlines.
27 March 2020	ECB asks banks not to pay dividends until at least October 2020		Credit Institutions	The ECB has recommended that banks do not pay dividends for the financial years 2019 and 2020 until at least 1 October 2020. Banks that have asked their shareholders to vote on a dividend distribution proposal in their upcoming General Shareholders Meeting are expected to amend such proposals in line with the updated recommendation. Banks that consider themselves legally required to pay dividends before 1 October are asked to immediately explain the underlying reasons to their joint supervisory team.
1 April 2020	IFRS 9 in the context of the coronavirus (COVID-19) pandemic		Significant Institutions	In order to mitigate volatility in institutions' regulatory capital and financial statements stemming from IFRS 9 accounting practices, the ECB has recommended that significant institutions: ■ opt to apply the full transitional IFRS 9 provisions foreseen in the Capital Requirements Regulation ■ avoid excessively procyclical assumptions in their IFRS 9 models to determine their provisions. The Guidance contains more detailed recommendations on how significant institutions should estimate their credit losses and use macroeconomic forecasts.

European Central Bank (ECB)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
7 April 2020	ECB announces package of temporary collateral easing measures		Credit Institutions	The ECB introduced temporary collateral easing measures to widen the range of eligible collateral for Eurosystem counterparties to participate in liquidity providing operations. The measures include: ■ expanding the use of credit claims as collateral, in particular through the potential expansion of the additional credit claims frameworks ■ lowering the level of the non-uniform minimum size threshold for domestic credit claims to EUR 0 from EUR 25,000 previously to facilitate the mobilisation as collateral of loans from small corporate entities ■ an increase, from 2.5% to 10%, in the maximum share of unsecured debt instruments issued by any single other banking group in a credit institution's collateral pool ■ a waiver of the minimum credit quality requirement for marketable debt instruments issued by Greece for acceptance as collateral in Eurosystem credit operations ■ increasing the ECB's risk tolerance level in credit operations through a general reduction of collateral valuation haircuts by a fixed factor of 20%.
14 April 2020	Macroprudential measures taken by national authorities since the outbreak of the coronavirus pandemic		Credit Institutions	The ECB has published an overview of macroprudential policy measures taken by NCAs in euro area countries since 11 March 2020. These include a reduction in capital requirements through releasing capital buffers such as the CCyB. The ECB has calculated that these measures will free up over €20 billion of Common Equity Tier 1 capital, helping euro area banks absorb losses and provide credit to the economy during the ongoing crisis.
16 April 2020	ECB announcement on temporary relief for capital requirements for market risk		ECB supervised financial institutions	Temporary relief for capital requirements for market risk was announced by the ECB. The qualitative market risk multiplier is reduced which is intended to smooth pro-cyclicality and maintain the ability of financial institutions to provide market liquidity and continue market-making activities.
22 April 2020	ECB takes steps to mitigate impact of possible rating downgrades on collateral availability		ECB supervised financial institutions	The ECB announced temporary measures to mitigate the impact of ratings downgrades on the availability of collateral, including: ■ marketable assets that met the minimum credit quality requirements for collateral eligibility on 7 April will continue to be eligible in the event of rating downgrades, as long as their rating remains at or above credit quality step (CQS) 5 on the Eurosystem harmonised rating scale and they continue to fulfil all other existing collateral eligibility criteria ■ future issuances from grandfathered issuers will also be eligible provided they fulfil all other collateral eligibility criteria ■ currently eligible ABSs with a rating threshold in the general framework of CQS2 (A-) will be grandfathered as long as their rating remains at or above CQS4 ■ assets that fall below the minimum credit quality requirements will be subject to haircuts based on actual ratings

European Central Bank (ECB)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
30 April 2020	ECB recalibrates targeted lending operations to further support real economy		Lenders	The ECB announced a number of changes to the terms and conditions of its targeted longer-term refinancing operations (TLTRO III) in order to support the provision of credit to households and firms. In particular: ▪ the interest rate on all targeted longer-term refinancing operations will be reduced by 25 basis points to -0.5% from June 2020 to June 2021 ▪ for banks meeting the lending threshold of 0% introduced on 12 March 2020 the interest rate can be as low as -1% ▪ the start of the lending assessment period will be brought forward to 1 March 2020.
30 April 2020	ECB announces new pandemic emergency longer-term refinancing operations		Market Participants	The ECB announced pandemic emergency longer-term refinancing operations (PELTROs). PELTROs are intended to provide liquidity support to the Eurosystem and contribute to preserving the smooth functioning of money markets.
8 May 2020	Survey on the Access to Finance of Enterprises: Small businesses report challenging outlook for their access to external financing due to COVID-19		SMEs and lenders	The ECB published a survey showing the difficulties encountered by SMEs in accessing finance during COVID-19

European Securities and Markets Authority (ESMA)				
Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
11 March 2020	EMSA recommends action by financial market participants for COVID-19 impact		Financial Market Participants	EMSA has made 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.
16 March 2020	ESMA requires net short position holders to report positions of 0.1% and above	COVID-19: ESMA requires net short position holders to report positions of 0.1% and above	Holders of net short positions in shares traded on an EU regulated market or MTF	ESMA has temporarily required holders of net short positions in shares traded on an EU regulated market or MTF to notify the relevant NCA if the position reaches or exceeds 0.1% of the issued share capital. The measure does not apply to shares on a regulated market where the principal venue for the trading of the shares is located in a third country, market making or stabilisation activities.

European Securities and Markets Authority (ESMA)

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17 March 2020 **18 March 2020** **19 March 2020** **15 April 2020**	EMSA opinions approve bans short selling bans by NCAs in Austria, Italy, France, Spain, Belgium and Greece		Financial Market Participants	ESMA has issued a number of official opinions approving temporary prohibitions by several NCAs of transactions which might constitute or increase net short positions on shares admitted to trading on certain prescribed trading venues. The bans also cover all related instruments relevant for the calculation of net short positions. The prohibitions apply to transactions conducted both on a trading venue or over the counter. In respect of shares traded on venues in each of the below countries, the measures have recently been extended and will come into force on the following dates: ▪ Austria: 16 April 2020 ▪ Italy: 18 March 2020 (ending 18 June 2020) ▪ France: 17 April 2020 ▪ Spain: 18 April 2020 ▪ Belgium: 17 April 2020 ▪ Greece: 25 April 2020 The measures in each of the above countries (with the exception of Italy) will remain in place until 18 May 2020.
26 March 2020 **27 March 2020**	ESMA calls for flexible approach to reporting obligations under Securities Finance Transactions Regulation (STFR) and Transparency Directive		All counterparties to SFTs with reporting obligations under the SFTR Issuers of securities admitted to trading on a regulated market	ESMA has acknowledged the difficulties created by the COVID-19 pandemic in complying with financial reporting obligations. NCAs are expected not to prioritise supervisory actions against counterparties, entities responsible for reporting and investment firms in respect of securities financing transactions concluded between 13 April 2020 and 13 July 2020. Additionally, ESMA does not consider it necessary to register any trade repositories before 13 April 2020. ESMA also expects that NCAs will not prioritise supervisory actions against issuers of securities traded on regulated markets in respect of deadlines for publishing yearly and half-yearly financial reports under the Transparency Directive. However, financial reporting must continue and issuers are reminded of their obligation under the Market Abuse Regulation to publically disclose any inside information that directly concerns them. ESMA has asked NCAs to generally follow a risk-based approach in their day-to-day enforcement of legislation relevant to the above obligations under the Securities Finance Transactions Regulation and the Transparency Directive.
20 March 2020	ESMA sets out approach on MIiFIR tick-size regime for systematic internalisers		Systematic Internalisers	ESMA has acknowledged the difficulties that systematic internalisers will likely encounter in complying with the tick sizes set under MiFIR by 26 March 2020, the date of application of the new tick size regime. ESMA expects NCAs not to prioritise supervisory actions related to the tick size regime until 26 June 2020.

European Securities and Markets Authority (ESMA)

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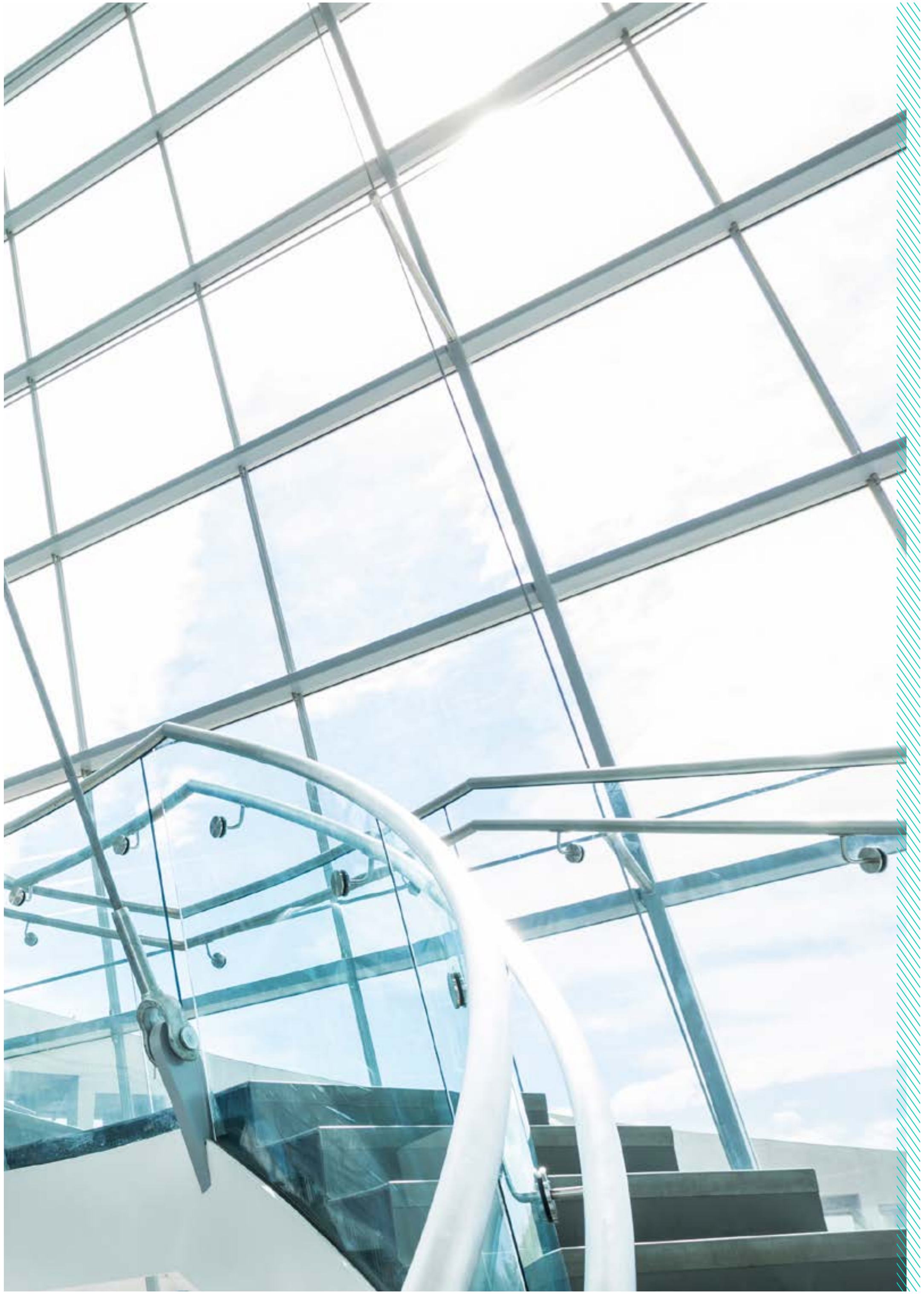
20 March 2020	ESMA clarifies position on call taping under MiFID II	ESMA announcement on MiFID II requirements for telephone recordings	Credit Institutions Investment Firms	ESMA has noted that the COVID-19 pandemic is likely to present difficulties for credit institutions and investment firms in complying with the obligation under MiFID II to record telephone conversations related to certain transactions and services. ESMA expects such institutions and firms to consider alternative measures that would mitigate the risks of failing to record these conversations. They are expected to deploy all possible efforts to keep these measures temporary and to restore the recording of telephone conversations as soon as possible.
31 March 2020	ESMA provides clarifications for best execution reports under MiFID II		Investment Firms, Regulated Markets, MTFs, OTFs, Systematic Internalisers	ESMA is aware that execution venues and certain firms are likely to encounter difficulties in preparing best execution reports in accordance with MiFID II and RTS 27 and RTS 28. In carrying out supervisory activities, NCAs are expected to consider that, due to the COVID-19 pandemic: ▪ execution venues unable to publish RTS 27 reports due by 31 March 2020 may only be able to publish them as soon as reasonably practicable after that date and no later than by the following reporting deadline (i.e. 30 June 2020) ▪ firms may only be able to publish the RTS 28 reports due by 30 April 2020 on or before 30 June 2020. Firms are reminded of their obligations to achieve best execution for clients and to ensure fair order handling and allocations during current market volatility.
2 April 2020	ESMA updates its risk assessment in light of the COVID-19 pandemic		Financial markets participants	EMSA has updated its risk assessment to account of the impact of COVID-19 on EU markets. EMSA stated: *"The pandemic, in combination with existing valuation risks, has led to large equity market corrections since mid-February, driven by a sharp deterioration in the outlook for consumers, businesses and of the economic environment. Corporate bond, government bond markets and a number of investment funds show signs of stress. Market infrastructures have continued to function in an orderly manner despite significant surges in trading activity, the use of circuit breakers and increases in derivatives margins.* *ESMA sees a prolonged period of risk to institutional and retail investors of market corrections and very high risks across the whole of ESMA's remit."*
9 April 2020	ESMA sets out supervisory expectations on publication of investment funds periodic reports		Fund managers and self-managed UCITS investment companies	ESMA has recognised the difficulty faced by fund managers and auditors in preparing yearly and half-yearly reports in accordance with regulatory deadlines. Accordingly, ESMA expects NCAs to take a risk-based approach to these regulatory obligations and not to prioritise supervisory actions against these market participants related to such deadlines.

European Securities and Markets Authority (ESMA)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
9 April 2020	ESMA promotes coordinated action regarding benchmarks external audit requirements		Benchmark administrators Supervised contributors to interest rate benchmarks	ESMA has acknowledged the challenges that benchmark administrators and contributors to interest rate benchmarks, as well as their auditors, will likely face in fulfilling their external audit requirements under the Benchmarks Regulation. For this reason ESMA expects NCAs not to prioritise supervisory actions related to the timely fulfilment of these obligations, provided that audits are carried out by 30 September 2020.
9 April 2020	ESMA postpones publication dates for annual non-equity transparency calculations and quarterly SI data		Financial markets participants	EMSA has issued a public statement postponing non-equity transparency calculations and the calculations for the systematic internaliser test for derivatives, ETCs, ETNs, emission allowances and structured finance products under MiFID II. The liquidity assessment and the determination of the pre-trade and post-trade large in scale and size specific to the instrument thresholds for derivatives, ETCs, ETNs, emission allowances and structured finance products will be postponed to 15 July 2020 and their application to 15 September 2020. The transitional transparency calculations will continue to apply until and including 14 September 2020. The mandatory systematic internaliser regime for derivatives, ETCs, ETNs, emission allowances and structured finance products will apply from 15 September 2020. Annual transparency calculations for bonds will remain unchanged and the new pre-trade and post-trade large in scale and size specific to the instrument thresholds will be applicable from 1 June 2020.
9 April 2020	ESMA extends MiFID II/MiFIR Transparency Review Report Consultation to 14 June 2020		MiFID investment firms, market operators and investors	The response date for the consultation on the MiFID II/MIFIR review report on the transparency regime for non-equity instruments and the trading obligation for derivatives is moved to 14 June 2020.

European Securities and Markets Authority (ESMA)

Date	*Description of statement/press release*	*ALG COVID-19 hub resource*	*Impacted entity type(s)*	*Key statements/measures announced*
17 April 2020	ESMA issues new Q&A on alternative performance measures in the context of COVID-19		Issuers of securities admitted to trading on a regulated market Persons responsible for a prospectus	ESMA has updated its Q&A on the Guidelines on Alternative Performance Measures (APMs). The Q&A now clarifies ESMA's expectations around the use of APMs in prospectuses and regulated information in the context of the COVID-19 pandemic. The Q&A encourages issuers, before adjusting APMs or including new APMs to address COVID-19, to carefully assess whether the adjustments or new APMs would provide transparent and useful information to the market, improve comparability, re-liability and/or comprehensibility of APMs and of the financial information disclosed to the market. ESMA has also urged issuers to include narrative information dealing with the changes made, the assumptions used and the impact of COVID-19 in their communication documents. In addition, issuers should provide information on measures they have taken (or expect to take) to address the potential impact of the pandemic on their operations and performance.
6 May 2020	ESMA Public Statement on the risks for retail investors when trading in the highly uncertain market circumstances due to the pandemic		Retail investors and investment firms	ESMA has issued a public statement on the risks for retail investors when trading in the highly uncertain market circumstances due to the pandemic. Risks arise due to high market volatility and an increase in market, credit and liquidity risks. Accordingly, firms have even greater duties when providing investment or ancillary services to investors, especially when these investors are new to the market, or have limited investment knowledge or experience. ESMA reminds firms of their obligation to act in accordance with the best interests of their client. Obligations under MiFID II, such as product governance, information disclosure, suitability and appropriateness were also highlighted by ESMA.



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Please do not hesitate to contact A&L Goodbody, including any member of the Financial Regulation team, if you wish to discuss the impact of COVID-19 or any of the matters raised in this publication.

You will find a full range of timely materials for businesses in our dedicated **COVID-19 HUB** on our website.