

## PUBLIC STATEMENT

### Prospectus supervision in the context of EU sanctions connected to Russia's invasion of Ukraine

#### Background

On 14 March, ESMA issued a Statement concerning Russia's invasion of Ukraine describing ESMA's response to this situation<sup>1</sup>. The Statement explained *inter alia* that ESMA provides a forum for supervisors to discuss questions arising from this situation as well providing certain recommendations to financial market participants, in order to ensure stakeholders are adequately informed. ESMA recommended that financial market participants ensure they comply with relevant EU sanctions in this context and to monitor if these sanctions are further expanded or amended<sup>2</sup>. The Statement further explained that the European Commission is providing clarity and answers queries on the scope and implementation of EU sanctions<sup>3</sup>.

One such query on the scope and implementation of EU sanctions concerns whether there is sufficient legal basis to refuse the approval of a prospectus if there are prohibited relationships under EU sanctions<sup>4</sup> or if infringements of EU sanctions<sup>5</sup> are suspected during the prospectus scrutiny and approval process<sup>6</sup> undertaken by National Competent Authorities (NCAs).

The European Commission published their answer to this question<sup>7</sup>. Due to its significance, ESMA is publishing this Statement to raise awareness among stakeholders about its contents and its impact on prospectus supervision.

#### Impact of the EU sanctions regime on prospectus supervision

The answer published by the European Commission<sup>8</sup> explains that infringements of EU sanctions<sup>9</sup> can constitute sufficient legal basis for an NCA to refuse the approval of a prospectus. Against this backdrop, issuers submitting a prospectus to an NCA should note that they may receive questions and/or requests for additional documentation<sup>10</sup> from NCAs

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<sup>1</sup> [Esma71-99-1864\\_esma\\_statement\\_on\\_ukraine.pdf \(europa.eu\)](#).

<sup>2</sup> [Idem](#) - See 'Market recommendations' (Sanctions Compliance) on page 2 of 3.

<sup>3</sup> [Idem](#) - See 'Market recommendations' (Sanctions Compliance) on page 2 of 3.

<sup>4</sup> The EU sanctions considered in this context are those pursuant to Council Regulation (EU) No 833/2014, Council Regulation (EC) No 765/2006 and Council Regulation (EU) No 269/2014.

<sup>5</sup> [Idem](#).

<sup>6</sup> The scrutiny and approval process pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

<sup>7</sup> Please see "sale of securities" on the following webpage: [Sanctions adopted following Russia's military aggression against Ukraine | European Commission \(europa.eu\)](#).

<sup>8</sup> [Idem](#).

<sup>9</sup> In particular, pursuant to Council Regulation (EU) No 833/2014, Council Regulation (EC) No 765/2006 and Council Regulation (EU) No 269/2014.

<sup>10</sup> This may include *inter alia* written confirmations that no infringement of the legislation on EU sanctions is taking place.



concerning the areas and parties identified by EU sanctions. These questions or requests for additional information may occur when the prospectus is first submitted or at any time during the scrutiny and approval process.

### **Next Steps**

ESMA will continue to closely monitor developments concerning EU sanctions and will continue to work with supervisors to discuss questions arising from this situation. Any relevant further information will be communicated where necessary.