



Warning notice no. 3/22 of 19 May 2022

Subject: Conflict in Ukraine - Call for the attention of the supervised entities on financial reporting and on the obligations related to compliance with the restrictive measures adopted by the European Union against Russia

On 18 March 2022¹, Consob drew the attention of the supervised issuers to the impact of the war in Ukraine with regard to privileged information and financial reporting.

On 13 May 2022, ESMA published the *Public Statement "Implications of Russia's invasion of Ukraine on half-yearly financial reports"*² relating to the effects of the invasion of Ukraine by Russia on the 2022 half-yearly financial reports prepared in accordance with IAS 34 "Interim Financial Reporting".

In this regard, the attention of the administrative and control bodies, also in their capacity as *audit committee*, and the independent auditors, involved in the process of producing the financial information published by the supervised entities³, is drawn to the recommendations provided by the ESMA in the aforementioned *Public Statement*, which is understood to be fully referred to in this document. The contents of the *Public Statement* of ESMA are intended to be referred to, where compatible, also for companies that use national accounting standards.

With regard to the **public offer/admission to trading of financial instruments prospectuses and the related supplements**, attention is drawn to the need for those responsible for preparing these documents to report both qualitative and quantitative information on the impact of the conflict in Ukraine on company *business*, on the economic, equity and financial situation and on the prospects of the issuer, as well as on the securities and related rights, in order to make the investor grasp the risks associated with the investment deriving from this context. The directors must re-evaluate the information regarding the **business plans and the forecasts or estimates of the results** previously disclosed to the market and, if necessary, update them or indicate that they are no longer current. In the case of updating the business plans, the assumptions and hypotheses developed to take into account the conflict in Ukraine and the direct and indirect impacts on the issuer's operations must be informed of the principles of reasonableness, precision and specificity required by the rules for drafting the prospectus.

Similar qualitative and quantitative information regarding the impacts of the conflict in Ukraine, if any, should be included when drafting **the takeover bid documents and the issuer's press releases**.

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¹ https://www.consob.it/web/area-pubblica/dettaglio-news/-/asset_publisher/qjVSo44Lk1fI/content/comunicato-del-18-marzo-2022-sull-impatto-della-guerra-in-ukraine/10194

² https://www.esma.europa.eu/sites/default/files/library/esma32-63-1277_public_statement_on_half-yearly_financial_reports_in_relation_to_russias_invasion_of_ukraine.pdf

³ Listed issuers having Italy as home Member State pursuant to Article no. 1.w-*quater* of the Legislative Decree no. 58/98 (*Consolidated Law on Finance* "TUF"); issuers of financial instruments disseminated to the public to a significant extent pursuant to Article no. 116 of the "TUF"; issuers of financial instruments traded on multilateral trading facilities ("MTF") and on organized trading facilities ("OTF") subject to EU Regulation no. 596/2014 ("MAR").

Following the Russian-Ukrainian crisis, the European Council, with Council Regulation (EU) no. 2022/328 of 25 February 2022, adopted specific strict measures of an economic-financial nature with regard to Russia.

The measures are available on the websites of the Official Journal of the European Union, European Council, Financial Intelligence Unit - UIF and Financial Security Committee.

With the joint Consob-Bank of Italy-IVASS and UIF press release of **7 March 2022**, the attention of the supervised entities was called to full compliance with the restrictive measures decided by the European Union in response to the situation in Ukraine.

Consob, in particular, renewing the invitation to comply with the restrictive measures introduced by the European Union, by the adoption of all the organizational, procedural and control measures useful to ensure compliance with them, the implementation of the necessary checks and the monitoring of the updating of the measures in question, calls the supervisory bodies of companies with listed shares to pay attention, in exercising the supervisory duties provided for by the Article no. 149 of the Legislative Decree no. 58/1998, so that companies with listed shares may put in place all functional safeguards to comply with the restrictive measures whose violation is sanctioned by the Article no. 13, paragraph 3, of the Legislative Decree no. 109/2007, promptly reporting any irregularities found to Consob for the assessments referred to in the Article no. 13-*quater* of the same Decree.

Lastly, the auditing companies appointed to carry out the statutory audit of listed companies are reminded to pay attention to any critical issues identified in relation to the aforementioned measures in carrying out the assignment and the fulfilment of the disclosure obligations towards the supervisory bodies and the Consob.

THE CHAIRMAN
Paolo Savona