



Meeting DATE and PLACE : 13 March 2020, 15h00 , Conference call

Name ORGANISATION(S)/INDIVIDUAL(S) :

Blackrock [redacted] Managing Director [redacted] Director

DG FISMA [redacted]

The objective of the call was to exchange information on the response of financial markets to the Coronavirus. Below the main points raised by Blackrock, as of 13 March 2020.

- Market reactions are not surprising and despite the stress situation, they consider markets will incorporate expectations by Monday. Yes, hit by the crisis but not broken and with enough liquidity. The reason is that, differently from the 2008 crisis, there is a market of reference to look at for price setting and the markets are functioning.
- What is new compared to the 2008 are operational frictions that create delays in trading and intraday market volatility. The problem is more “human” in the sense that traders are not working in the same room, close to each other, shouting to each other to get confirmation about the trade they are doing. They are homeworking and the fact that they cannot immediately communicate creates some “delay” (even 20 minutes) in the actual trading.
- Retail flows have been surprisingly light, maybe because retail investors are worrying about their health first. Some UCITS are anyway ready to use swing pricing or other liquidity tools available to them in case of liquidity issues and high redemption requests.
- Huge increase in volumes and also in spreads in the ETFs secondary markets and increased volumes in the primary too, which are however normal in such stress situations. No broad selling of ETFs observed. In order to address potential liquidity issues, stock markets in the US stopped trading futures – the US markets looked then at ETFs equities in Europe as price discovery instruments. Markets are reacting to a stress situations but are functioning.
- In terms of policies interventions, it is important to keep liquidity flowing and there should be a coordination of the different measures (monetary and fiscal as well as among different national measures through Europe). The more coordinated the measures, the quicker the recovery.

Abbreviation of the DIRECTORATE/UNIT : DG FISMA, Unit C4

Name of the AUTHOR of the minutes [redacted]