

**United States (U.S.) - European Union (EU)
Financial Markets Regulatory Dialogue**

January 30, 2014

Washington, DC

Joint Statement

Participants in the U.S.-EU Financial Markets Regulatory Dialogue met today to exchange information on regulatory developments, identify potential regulatory conflicts, and discuss their shared interests in continuing to implement robust standards, including those on the G-20 financial regulatory agenda. EU officials included representatives of the European Commission (EC) and the European Supervisory Authorities (ESAs): European Banking Authority, European Insurance and Occupational Pensions Authority, and European Securities and Markets Authority. U.S. officials included staff of the U.S. Treasury and independent regulatory agencies, including the Board of Governors of the Federal Reserve System, Commodity Futures Trading Commission (CFTC), Federal Deposit Insurance Corporation, and Securities and Exchange Commission (SEC).

EU and U.S. officials held productive discussions on key G-20 commitments, including the implementation of Basel III capital and liquidity rules, the status of implementation of derivatives reforms (including a discussion of related cross-border issues), the development of resolution regimes and strategies, and structural proposals in their banking systems. The officials also discussed insurance, rating agencies, benchmarks, audit, accounting, money market funds, and data transfers and information sharing for supervisory and enforcement purposes. U.S. officials welcomed the considerable progress achieved in the EU with the finalization of the Bank Recovery & Resolution Directive and work to establish a robust Banking Union. EU officials also reiterated their request to include a financial regulatory cooperation framework in the Trans-Atlantic Trade and Investment Partnership. The U. S. officials reiterated that financial regulatory cooperation should continue separately in existing global and bilateral fora.

The head of the EU delegation, Ms. Nadia Calviño, noted: *“We have gone through an unprecedented transformation of financial market regulation. Both the United States and the EU can rightly be proud of the progress achieved. But we have to ensure that our rules capture the international reality of modern-day finance. This not only requires rigorous regulatory frameworks on both sides of the Atlantic, but also compatibility and reliance on each other’s systems.”*

Mark Sobel, of the U.S. Treasury Department, stated: *“The United States and Europe have worked hand in hand to develop the most comprehensive overhaul of our global financial regulatory system since the Great Depression. Both the United States and Europe have repeatedly shown their commitment to robust international implementation of the G-20 financial reforms and are committed to working together to discuss differences in approaches to financial regulation. Our challenge is to ensure that the United States and Europe are united in implementing high quality standards across the Atlantic in a consistent and convergent manner*

to promote a race to the top, minimize risk to taxpayers, and avoid harmful arbitrage. Through the Dialogue, both sides are committed to achieving success.”

Participants agreed on the following objectives to frame our bilateral engagement through the FMRD in 2014:

On derivatives, participants reiterated the need for all G20 jurisdictions to address and implement in a timely manner the G20 commitments on OTC derivatives, including the agreement to trade standardized derivatives on organized platforms. The staff of the EC and ESAs and CFTC will intensify discussions on the scope for equivalence and comparability findings, including reporting to trade repositories and central counterparty recognition, and, when new initiatives are finalized by either jurisdiction, staff will seek to reach consensus in as many areas as possible, as envisaged by the Path Forward document. EC and ESAs and SEC staff agreed on the importance of having continued technical discussions about EU equivalence assessments of market infrastructures subject to SEC regulation, as well as the developing SEC OTC derivatives regime. Participants expressed a commitment to address any remaining impediments to reporting of complete transaction information to trade repositories. A stocktaking among the staff of the EC and ESAs, CFTC, and SEC will take place by mid-2014 at the next FMRD and at the end of 2014.

Participants agreed on the importance of minimizing the divergences on margin requirements for non-cleared OTC derivatives, to the extent possible, from the international standards once implemented in each jurisdiction, because such divergences might ultimately have consequences on the application of equivalence/substituted compliance regimes. Participants agreed to consult in order to seek consistent approaches, to the extent possible, to the implementation of the international standards.

On insurance, participants agreed to continue their robust cooperation under the EU-U.S. Insurance Dialogue Project. Both sides noted that they intend to carry out exploratory work to pursue a covered agreement for reinsurance collateral requirements and to assess progress on a covered agreement by July with a view to taking initial steps as required by the Dodd-Frank Act by year-end.

On auditing, both participants committed to build on existing working arrangements, deepening cooperation and developing a path toward a stable framework for cooperation on audit oversight.

On accounting, participants noted with concern delays on the convergence of accounting standards and reiterated their commitment to convergence on high quality accounting standards. In this regard, they will take stock of progress made on convergence at the next FMRD in July 2014. Participants also will continue their efforts to ensure consistent application of accounting standards.

On banking, participants agreed to continue to cooperate on the consistent implementation of prudential banking standards for internationally active banks.

On resolution, both participants agreed on the need to develop a shared understanding of the challenges involved in the effective resolution of large cross-border banks. They committed to give priority to the issue in 2014 with the view to continuing to work together to find practical solutions to the identified challenges. Participants will report on identified challenges and obstacles at the next FMRD. They will also discuss structural reform proposals on that occasion.

The next FMRD will take place in Brussels in July.