

EU-US FINANCIAL MARKETS REGULATORY DIALOGUE

Representatives of the European Commission and US Financial Regulators

a) Objectives of the Dialogue

The informal EU-US Financial Markets Regulatory Dialogue aims:

- to foster a better mutual understanding of EU and US regulatory approaches;
- to identify potential conflicts in approach as early in the regulatory process as possible; and
- to discuss regulatory issues of mutual interest.

b) Participation

Staff from the following agencies will contribute to the discussions in these meetings (hereafter referred to as ‘the participants’): from the United States, the US Treasury Department, the Federal Reserve Board, and the Securities and Exchange Commission (hereafter ‘SEC’); from the European Union, the European Commission.

The participants may invite staff from other relevant bodies to participate in the Dialogue, as appropriate.

The Dialogue is not exclusive: it complements separate dialogues or discussions between regulators or legislative authorities on both sides of the Atlantic such as the Inter-Parliamentary Dialogue between the US Congress and the European Parliament, and the formal dialogue between the Committee of European Securities Regulators and the SEC. It also complements discussions in other fora such as the Basel Committee, the Joint Forum and the Financial Action Task Force; it complements intra-industry cooperation, such as that within the Transatlantic Business Dialogue (TABD) and any roundtables or financial services industry seminars.

c) Schedule

In 2004, the Dialogue will aim to:

- a) Continue to review **legislative and regulatory developments** in the financial services area on both sides, and to allow each side to explain their emerging thinking on issues with a view to avoiding, as far as possible, future regulatory

- frictions. In particular, the European Commission will keep US counterparts fully informed of the emerging conclusions of the “post-Financial Services Action Plan” stock taking exercise. In this context, the two sides will also review the outcomes of separate discussions on data protection aspects of financial services.
- b) Review developments on **financial institutions**. In particular, the two sides will regularly take note of progress in implementing any Capital Accord to emerge from the ongoing Basel discussions, review progress towards an equivalence decision under the EU’s Financial Conglomerates Directive, and take note of the ongoing discussions between the National Association of Insurance Commissioners and EU authorities on insurance.
 - c) Build on the work accomplished in 2003 and continue to monitor developments in the area of **corporate governance**, particularly regarding audit supervision, to identify possible unintended effects of the Sarbanes-Oxley Act and of a future EU Take-Over Bids Directive.
 - d) Cooperate on the regulation of **issuers**. A particular emphasis here will be on preparations for the introduction of International Accounting Standards in 2005. Work will also be done on managing any potential regulatory spillovers from the EU’s Prospectus Directive and from any future EU Transparency Directive.
 - e) Work together on improved understanding of regulatory approaches to **market and infrastructure regulation**, most notably through reviewing any emerging US thinking on market structures, reviewing any future revised EU Investment Services Directive, looking at the treatment of foreign screens in each other’s jurisdiction, updating US authorities on market abuse implementing measures in the EU, comparing thinking on the future treatment of credit rating agencies, and encouraging the cross-fertilisation of ideas on financial analysts.
 - f) Keep each other informed on thinking and developments on the regulation and supervision of **financial products**, most notably US mutual funds, EU Undertakings in Collective Instruments of Transferable Securities (UCITS), hedge funds and derivatives.