

Joint Statement on the U.S.-EU Financial Regulatory Forum

July 3, 2019

BRUSSELS — U.S. and EU participants in the U.S.-EU Joint Financial Regulatory Forum met on June 25-26, 2019 in Brussels to exchange views on financial regulatory developments as part of their ongoing regulatory dialogue.

EU participants included representatives of the European Commission, European Banking Authority (EBA), European Securities and Markets Authority (ESMA), European Insurance and Occupational Pensions Authority (EIOPA), European Central Bank (ECB), Single Supervisory Mechanism (SSM), and Single Resolution Board (SRB).

U.S. participants included officials from the U.S. Department of the Treasury and staff from independent regulatory agencies, including: the Board of Governors of the Federal Reserve System (FRB), Commodity Futures Trading Commission (CFTC), Federal Deposit Insurance Corporation (FDIC), Securities and Exchange Commission (SEC), and Office of the Comptroller of the Currency (OCC). U.S. participants expressed views on issues in their respective areas of responsibility.

At the meeting, U.S. and EU participants discussed financial supervisory and regulatory developments and future priorities. They exchanged views on various developments in financial markets, including potential implications of the UK's withdrawal from the European Union.

In the area of banking, participants discussed implementation of the final Basel III reforms, recent developments regarding host-country regulation of foreign banks, and resolution planning for global systemically important banks. For the United States, topics included the recent U.S. proposal on foreign banking organizations, and the treatment of foreign funds under the Volcker Rule. For the European Union, topics included elements for the completion of the Banking Union, including risk reduction and risk sharing.

Regarding capital markets, relevant participants discussed supervision and regulation of cross-border activities, including European Market Infrastructure Regulation 2.2 in the European Union, potential proposals regarding the CFTC's derivatives clearing organization regulations, and the SEC's proposed cross-border guidance for security-based swap dealers in the United

States. Participants also updated each other on equivalence or exemptions for respective market players. Participants exchanged views on margin requirements for non-centrally cleared derivatives, on payments for investment research, and on the transition to new reference rates.

Additional topics included the monitoring of leveraged lending, an update on the EU proposal for a regulation on taxonomy of environmentally sustainable economic activities and the EU regulation on sustainability-related disclosures in the financial sector, as well as the development of payment services in euro. Participants also discussed the implications of the General Data Protection Regulation for transfers of personal data and registration requirements. Participants took stock of insurance issues and of ongoing discussions in multilateral fora on market fragmentation. Also discussed were the effects of requirements for reporting tax information related to non-U.S. financial accounts held by U.S. and dual U.S.-EU citizens resident in the European Union to the United States, and the implications of the U.S. tax reform on internationally active EU financial institutions.

Given the global nature of financial markets, participants acknowledged the importance of the Forum in fostering ongoing dialogue between the United States and European Union. A cooperative approach to the supervision and regulation of financial services should foster financial stability, investor protection, market integrity, and a level playing field.

Participants will continue to engage on these topics, as well as on other topics of mutual interest ahead of the next Forum meeting, which is expected to take place in Washington in the winter of 2019-2020.

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