

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

February 19, 2020

Washington, DC — U.S. and EU participants in the U.S. – EU Financial Regulatory Forum met on February 11-12, 2020 in Washington 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.

The Forum focused on five key themes: (1) supervision and regulation of cross-border activities, particularly in the areas of derivatives and central clearing; (2) the importance of monitoring market developments, both in relation to financial assets classes, like leveraged loans and collateralized loan obligations, and reference rates, like the London Interbank Offered Rate; (3) implementation of international standards in banking and insurance; (4) regulatory issues presented by fintech/digital finance; and (5) EU regulations related to sustainable finance.

In the area of banking, participants discussed the process and timeline for implementing the final Basel III reforms, as well as resolution issues. Participants considered U.S. developments regarding prudential requirements for foreign banks, including tailoring prudential standards based on risk; the single counterparty credit limits; and proposed amendments to the Volcker rule. Participants also discussed EU work on the Banking Union arrangements for deposit insurance and backstop resolution funding. In the area of insurance, participants discussed ongoing multilateral and bilateral cooperation. They also discussed U.S. tax reform as well as

steps taken by the United States on matters related to tax requirements affecting U.S. and dual EU-U.S. citizens resident in the European Union and related reporting by financial institutions.

Regarding capital markets, participants discussed market data transparency, research coverage for small and medium-sized enterprises, the EU's framework for capital markets, EU data protection rules, and the registration of EU funds with the SEC. Participants also discussed the SEC's final rules and guidance related to security-based swap dealer registration, including substituted compliance. In addition, participants discussed the CFTC's proposed rules for swap execution facilities. Concerning central counterparties (CCPs), participants discussed cross-border supervision, equivalence for SEC-registered CCPs, and recovery and resolution.

In addition, U.S. and EU participants discussed developments in financial services and markets, including the transition period following the United Kingdom's departure from the European Union, corporate indebtedness, the repo market, and the transition of benchmark rates away from the panel reference rates. Participants also engaged on the European Commission's priorities including preventing and combatting money laundering and financing of terrorism.

Additional topics discussed include work on digital finance, cross-border data flows in financial services, operational resilience, and third-party service suppliers. In the area of sustainable finance, participants discussed topics including the EU's taxonomy, disclosure requirements, and related financial stability monitoring.

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. Regular communication on supervisory and regulatory issues of mutual concern should foster financial stability, supervisory cooperation, 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 Brussels in the summer of 2020.

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