

Joint Statement on UK-U.S. Financial Regulatory Working Group Meeting



October 22, 2020

WASHINGTON – UK and U.S. participants held the third meeting of the UK-U.S. Financial Regulatory Working Group (Working Group) virtually on October 20, 2020. The Working Group was formed in 2018 to deepen bilateral regulatory cooperation with a view to the further promotion of financial stability; investor protection; fair, orderly, and efficient markets; and capital formation in both jurisdictions. This Working Group meeting was the first since the United Kingdom left the European Union. Cooperation between the UK and United States continues to be important, particularly in light of COVID-19 and the UK's withdrawal from the European Union.

Participants included officials and senior staff from the U.S. Department of the Treasury and HM Treasury, and from the U.S. and UK independent regulatory agencies, including the Board of Governors of the Federal Reserve System, Commodity Futures Trading Commission, Federal Deposit Insurance Corporation, Office of Comptroller of the Currency, Securities and Exchange Commission, the Bank of England, and the Financial Conduct Authority. U.S. and UK participants shared views on issues in their respective areas of responsibility.

The Working Group meeting focused on five key themes: (1) the economic response to, and potential financial stability impacts of, the COVID-19 crisis, (2) international cooperation and 2021 priorities, (3) cross-border rules and overseas recognition/equivalence/substituted compliance regimes, (4) sustainable finance, and (5) financial innovation.

At the meeting, UK and U.S. participants discussed the economic response to, and potential financial stability impacts of the COVID-19 crisis. Participants also discussed the outlook for financial regulatory reforms and future priorities, including possible areas for deeper bilateral and multilateral regulatory cooperation to further facilitate safe and efficient financial services activity between U.S. and UK markets, and provided updates on certain aspects of their respective domestic frameworks.

Participants took stock of ongoing public and private sector efforts in relation to benchmark transition, and provided updates on their respective cross-border rules, overseas recognition, equivalence, and substituted compliance regimes. Participants also welcomed the announcement of the signing of a Memorandum of Understanding between the Bank of England and CFTC regarding supervisory cooperation in relation to UK and U.S. central counterparties that operate on a cross-border basis. Participants also acknowledged the success of this summer's UK-U.S. Financial Innovation Partnership meeting and discussed further actions to deepen UK and U.S. ties in financial innovation, their respective approaches to digital payments, and cross-border data issues.

On insurance, participants discussed implementation of the U.S.-UK Covered Agreement, next steps for the U.S.-UK Insurance Project, and the UK and U.S. insurance regulatory responses to the COVID-19 crisis. Sustainable finance was also a topic of discussion at the Working Group, with the UK discussing its future priorities, including its climate-related financial sector work and regulatory and supervisory approach to climate change, along with private sector-led disclosure efforts. U.S. participants outlined private sector efforts to mitigate climate-related risks.

Participants also took stock of the Working Group's achievements to date and recognized that the UK-U.S. financial regulatory relationship and Working Group discussions will be entering a new phase after the UK's transition out of the European Union is complete.

Participants identified follow-up work for the Working Group on the above topics and other priority issues. Participants will continue to engage bilaterally on these topics, as well as other topics of mutual interest ahead of the next Working Group meeting, which is expected to take place in the first half of 2021.

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