


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



October 4, 2021

BRUSSELS — EU and U.S. participants in the EU - U.S. Joint Financial Regulatory Forum (“the Forum”) met virtually on September 29 and 30, 2021, to exchange views on topics of mutual interest as part of their ongoing financial regulatory dialogue.

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

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 underscored EU and U.S. cooperation and focused on six themes: (1) market developments and current assessment of financial stability risks, (2) sustainable finance, (3) multilateral and bilateral engagement in banking and insurance, (4) regulatory and supervisory cooperation in capital markets, (5) financial innovation, and (6) anti-money laundering and countering the financing of terrorism (AML/CFT).

The European Union and the United States are currently experiencing robust economic recoveries. At the same time, the uncertainty around the path of the COVID-19 pandemic and the economic outlook has not dissipated. In this rapidly evolving setting, cooperative international engagement to mitigate financial stability risks remains essential.

Participants recognized the importance of addressing climate-related challenges for the financial sector and discussed their priorities relating to sustainable finance, along with

addressing climate-related financial risks, consistent with their respective mandates. They shared updates on the new EU strategy for financing the transition to a sustainable economy adopted in July and on the U.S. administration's climate priorities relating to the financial sector. Consistent with their respective mandates, participants shared views on potential approaches to aligning private investments to sustainability goals. In that regard, the European Union provided an update on its new rules supplementing the EU Taxonomy Regulation to classify environmentally sustainable economic activities in companies. Participants discussed their ongoing work on climate and other sustainability-related financial disclosures. In that regard, the European Union referred to its proposed Corporate Sustainability Reporting Directive, including the development of mandatory EU sustainability reporting standards, and, in the United States, SEC staff indicated that they are developing rule proposals addressing consistent, comparable, and decision-useful disclosures around climate risk and human capital. Participants recognized the value of continuing the recent bilateral technical-level exchanges on sustainability-related disclosures. Participants also discussed assessment of and possible financial regulatory and supervisory responses to climate-related financial risks, including with respect to the insurance sector. They welcomed progress in international forums, including the G20 Sustainable Finance Working Group, and the International Platform for Sustainable Finance.

Regarding banking, participants discussed the implementation of Basel III reforms, as well as the treatment of foreign bank branches by both jurisdictions, and Regulatory Technical Standards on Prudential Requirements for Investment Firms. They also discussed developments in the field of insurance, including the EU's review of the Solvency II framework and its new framework for recovery and resolution of (re)insurers, and implementation of the EU - U.S. Covered Agreement. Participants also discussed FATCA issues relevant to citizens and financial firms.

On capital markets, participants discussed their continued monitoring of the transition from panel reference rates and the progress in their respective legislative and supervisory efforts to ensure a smooth transition away from LIBOR. They exchanged views on the upcoming EU reviews of the Alternative Investment Fund Managers Directive and of the Markets in Financial Instruments Regulation. They also compared notes on their respective efforts in the area of money market funds, and took stock of ongoing discussions regarding data transfers and the registration of EU funds in the United States.

Participants welcomed continued progress on implementation of the SEC's substituted compliance regime with respect to EU-domiciled security-based swap dealers, including the Memorandum of Understanding between the SEC and the European Central Bank. Participants also discussed CFTC plans for implementing new capital and financial reporting requirements for swap dealers.

In addition, participants shared views on developments regarding financial innovation and recent efforts by the European Union and the United States to improve operational resilience in the financial sector. Participants also discussed considerations regarding any potential central bank digital currencies and exchanged views on recent developments including, where relevant, regulatory proposals involving new forms of digital payments, crypto-assets, and so-called stablecoins. Participants acknowledged the importance of ongoing international work on financial innovation and recognized the benefits of greater international supervisory cooperation with a view to promote responsible innovation globally.

Participants also discussed progress made in strengthening their domestic AML/CFT frameworks. The European Union updated the Forum on the Commission's July 2021 adoption of a new AML/CFT legislative package, and the United States provided an update on its ongoing implementation of the Anti-Money Laundering Act of 2020, enacted as part of the National Defense Authorization Act. Participants also exchanged views on the opportunities and challenges arising from financial innovation in the AML/CFT area and explored potential areas for enhanced cooperation to combat money laundering and terrorist financing bilaterally and in the framework of FATF.

Participants acknowledged the importance of the Forum in fostering ongoing financial regulatory dialogue between the United States and European Union. They agreed that regular communication on regulatory and supervisory issues of mutual concern is necessary to support 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 early 2022.

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