

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

July 2, 2024

**Brussels** — The EU-U.S. Joint Financial Regulatory Forum took place on 25-26 June 2024, with participants exchanging views on topics of mutual interest as part of their regular financial regulatory dialogue. The dialogue was hosted by the European Commission and the U.S. Department of the Treasury.

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), and the Single Resolution Board (SRB).

U.S. participants included representatives from the U.S. Department of the Treasury and staff from independent regulatory agencies, including the Federal Reserve Board (FRB), Commodity Futures Trading Commission (CFTC), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), Securities and Exchange Commission (SEC), and Consumer Financial Protection Bureau (CFPB).

The Forum emphasized close, ongoing EU and U.S. cooperation in a range of areas and focused on six themes: (1) market developments and financial stability; (2) regulatory developments in banking and insurance; (3) anti-money laundering and countering the financing of terrorism (AML/CFT); (4) sustainable finance; (5) regulatory and supervisory cooperation in capital markets; and (6) operational resilience and digital finance. Agency participation varied across themes, with representatives expressing views on issues in their respective areas of responsibility.

Participants started the conversation by focusing on financial stability and regulation/supervision issues. Globally, while inflation has continued to moderate, downside risks to the economic outlook continue to persist amid increased geopolitical tensions. Financial stability risks have receded since the start of the year, but risks related to rapid asset repricing events remain a concern across asset classes, alongside developments in commercial real estate markets and the impact of higher interest rates on the economy. Participants highlighted the importance of implementing Basel-based standards, effective

resolution frameworks, including in a cross-border context, and robust supervisory practices as well as effective macroprudential policies. International cooperation, including in international fora, and continued dialogue remain important to discuss appropriate regulatory standards, to monitor vulnerabilities, and to enhance the resilience of the financial system and its ability to withstand shocks, while preserving the level playing field.

An exchange followed to provide updates on U.S. and EU bank regulatory proposals and developments, including proposals to strengthen capital requirements and resolution frameworks. The U.S. federal banking regulators gave an overview on the state of play of their rulemakings which would implement the final set of Basel III reforms. The European participants provided an update on the state of play in the implementation of the EU's Banking Package. Participants also informed each other on the latest developments on banking resolution matters. EU participants updated on the state of negotiations of the crisis management and deposit insurance framework. The FDIC provided an overview of its recently published paper, Overview of Resolution Under Title II of the Dodd-Frank Act. This was followed by an exchange on the interactions between U.S. securities laws and open bank bail-in operationalization, where participants took stock of continued engagement since the last Forum, also in light of ongoing discussions in relevant international fora. Participants continued with an exchange on insurance-related matters, including on insurance recovery and resolution, macroprudential developments, and catastrophic cyber risks and as well as updates on climate-related financial risk assessment and related tools. The ECB presented recent developments in its supervisory framework for climate-related financial risks and highlighted the importance of banks taking decisive steps to integrate climate and environmental risks into their strategy, governance and risk management.

Both sides exchanged notes on the recent developments in the field of anti-money laundering and combatting the financing of terrorism. U.S. participants provided an update on the ongoing implementation of the Anti-Money Laundering Act of 2020, including the Corporate Transparency Act, notably on the setting up and the functioning of the beneficial ownership registry, as well as Treasury's 2024 National Illicit Finance Strategy and 2024 National Risk Assessments on Money Laundering, Terrorist Financing, and Proliferation Financing. EU participants provided an update on the recently adopted Anti-Money Laundering Package including the establishment of the new Anti-Money Laundering Authority.

Participants discussed issues related to sustainable finance, focusing on the most recent work on corporate sustainability and climate disclosures and other sustainability-related

requirements. An exchange also took place on recent developments on sustainable finance at international level, including the work of the G20's Sustainable Finance Working Group, while the EU provided an update on work of the International Platform for Sustainable Finance.

On capital markets, participants discussed the shortening of the settlement cycle in the United States, looking at the recent migration to T+1, feedback from market participants, and what preliminary lessons could be drawn. ESMA provided an update on its ongoing work on the upcoming assessment on the appropriateness of shortening the settlement cycle in the EU and of the related costs and benefits. Discussions continued with an exchange on fund reforms, including the SEC's rule proposal regarding investment advisers' safeguarding of client assets. Participants also touched upon the work to address vulnerabilities in the non-bank financial intermediary (NBFI) sector, including discussing the importance of international cooperation, including at FSB level. The European Commission presented its work on the main risks identified in the recent Report on the macroprudential review for credit institutions, the systemic risks relating to Non-Bank Financial Intermediaries (NBFIs) and their interconnectedness with credit institutions and the recently launched targeted consultation on macroprudential policies for NBFIs.

Participants continued their exchange of preliminary views on the use of artificial intelligence in financial services, looking at opportunities and challenges, but also implications for regulation, supervision, and financial stability. Both sides expressed interest in continuing the conversation on the topic including in international fora. Participants also touched upon financial data sharing proposals and recent developments in both jurisdictions, notably the European Commission's proposal for a Regulation on Financial Data Access (FIDA) and CFPB's proposed rulemaking on Personal Financial Data Rights. The Forum closed with an exchange on the work on operational resilience, crypto-assets, and payments. The European side updated on the current implementation work under the Digital Operational Resilience Act (DORA) and the Markets in Crypto-Assets (MiCA) Regulation. U.S. participants shared updates on the Treasury-FRB Critical Providers Dialogue. Participants discussed the importance of continued international cooperation, including at FSB level, working towards an approach on issues related to crypto-assets, including stablecoins. Both sides also emphasized the importance of continued coordination on the international payments agenda.

Participants acknowledged the importance of the Forum in fostering ongoing financial regulatory dialogue between the United States and the EU and will continue to discuss the scope of the potential implications of respective policies and laws in each other's jurisdictions.

They further acknowledged that regular communication on regulatory and supervisory issues of mutual concern is important 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.

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