

EU AND US AGREE PRIORITIES FOR FUTURE COOPERATION ON FINANCIAL MARKETS REGULATION

The Chancellor of the Exchequer, Gordon Brown today met with US Treasury Secretary John Snow and European Commissioner Charlie McCreevy to discuss progress in the EU-US Financial Markets Regulatory Dialogue and priority areas for the Dialogue going forward.

Commenting on today's joint EU-US statement on financial markets, Gordon Brown said:

“Both the US and the EU stand to gain considerable economic benefit from more efficient flows of capital and financial services between our two continents. So I welcome the joint statement that has been agreed under the UK Presidency of the EU. I hope that this Dialogue continues to bear fruit and that the priorities outlined in today's statement can help guide discussion, setting out the most important areas we need to look at if we are to create the conditions for a truly transatlantic financial market.”

John Snow said:

“I appreciate Chancellor Brown's initiative to draw attention to the important work being undertaken by US and EU authorities on financial markets. This work parallels our joint US-EU efforts to reinvigorate financial services negotiations in the Doha Round. Both will contribute to more robust global economic growth and a more stable international financial system.”

Charlie McCreevy said:

“With about 70-80% of the world's capital markets, the transatlantic financial marketplace is by far the biggest in the world and has been integrating at vertiginous speed over the last years. This is good for our economies, good for our companies and good for our consumers. Strengthening our bilateral cooperation and problem solving efforts will further reduce regulatory friction and free up market forces. It is better regulation in action. The Commission will therefore continue working with our US counterparts in an informal way to tackle the issues we have just identified and make sure that new ones are nipped in the bud before any difficulties arise.”

The text of the statement is attached.

NOTES FOR EDITORS

1. The Financial Markets Regulatory Dialogue was established between the EU – US European Commission, the US Treasury, the US Securities and Exchange Commission (SEC) and the US Federal Reserve Board in 2002.
2. Meetings take place several times a year and are complemented by a wide range of on-going contacts at both policy and technical levels.
3. Among the goals underlying the Dialogue are:
 - to work toward a more efficient transatlantic financial market and thereby help to increase sustainable economic growth in Europe and the US; and
 - to foster further integration of global financial markets.
4. The Financial Markets Regulatory Dialogue is one of several EU-US Dialogues currently taking place. Others include the dialogues between the EU supervisory networks for financial markets and US regulators, such as the Committee of European Securities Regulators (CESR) and the US Securities and Exchange Commission (SEC), and the Commodities Futures Trading Commission (CFTC) and CESR.
5. Non-media enquiries should be addressed to the Treasury Correspondence and Enquiry Unit on 020 7270 4558 or by e-mail to **public.enquiries@hm-treasury.gov.uk**
5. This press release and other Treasury publications and information area available on the Treasury website at **www.hm-treasury.gov.uk**. If you would like Treasury press releases to be sent to you automatically by e-mail you can subscribe to this service from the press release site on the website.

EU-US AND FINANCIAL MARKETS:

Joint EU-US statement

Dynamic financial markets are increasingly global and important for growth and innovation. As a result, developments in one market or jurisdiction can have implications for others. The European Commission and the United States established the Financial Markets Regulatory Dialogue in 2002 to manage such “spillovers.” The Dialogue has evolved, seeking to identify and discuss potential conflicts while looking forward to ensure that our financial markets work together, allowing transatlantic financial markets to operate as efficiently as possible. The strength of the Dialogue is its informal nature, with issues discussed professionally among technical regulatory experts. The Dialogue is led by the European Commission and US Treasury, joined by staff from the US Securities and Exchange Commission and US Federal Reserve Board, as well as representatives of other supervisory bodies, as appropriate. The Dialogue is also informed by outreach to businesses, academics and legislators.

Immediate topics for discussion in the Dialogue include:

- Promoting convergence of accounting standards;
- Implementation and enforcement of financial market reforms, including consistent implementation and application of the Financial Services Action Plan;
- Cooperation among auditing supervisors;
- Governance and accountability of international standard setters;
- Deregistration reform for non-US issuers in the United States;
- Implementation of Basel II Capital Accord;
- Solvency II insurance provisions and the requirement of collateral for reinsurance;
- Policies regarding the conduct of credit rating agencies; and
- Monitoring relevant developments relating to hedge funds.

The Dialogue’s focus with respect to medium-term and on-going issues includes:

- Competition among trading venues;
- Corporate governance practices; and
- Promotion of deeper and wider capital markets.

Given their responsibilities for the world’s largest financial markets, the United States and EU authorities need to work to assure that conflicts of laws and regulations are managed without creating tensions in financial markets. At the same time, European and US regulatory authorities need to work closely together in international organizations, cooperating, where possible, to find common solutions that benefit global financial markets. In this way, benefits of more efficient markets that foster economic growth will accrue not only to the EU and the United States, but also the world economy.