

## Report of the Participants of the U.S.-EU Financial Markets Regulatory Dialogue<sup>1</sup>

The European Union and the United States are both keenly interested in promoting a vibrant, open and competitive transatlantic capital market in order to strengthen global growth, offer consumers and investors greater choice at lower costs, and bolster the competitive dynamism of the global financial industry while ensuring sound regulation. This area offers a win-win opportunity for transatlantic cooperation.

Against this background, the US-EU Financial Markets Regulatory Dialogue is entering its third year with a demonstrated record of contributing to improved understanding and resolution of complex financial and regulatory issues on both sides of the Atlantic.

- The European Union has moved rapidly forward with its Financial Services Action Plan (FSAP), aimed at achieving a uniform legal framework for an integrated EU-wide capital market. It has also proposed legislation introducing important corporate governance, company law, accounting and audit reforms. The United States strongly welcomes the FSAP and recent reforms intended to create an integrated European capital market.
- The United States is moving forward with essential measures to strengthen investor confidence, pursuant to the President's 10-point plan and the Sarbanes-Oxley legislation. The EU agrees with the underlying objectives of these US efforts, many of which are reflected in current EU legislation.

The United States and the European Union have different legal, cultural and historical traditions in the financial sphere. Thus, actions by each can have unintended spillover effects for the other. The Dialogue is an important component in the effective management of these spillover effects.

- European concerns over the Sarbanes-Oxley legislation have been taken into account through strong engagement, while the letter and spirit of the law have been fully met.
- US concerns that European legislation might not allow for full US participation in European capital markets are being substantially addressed.

The United States and the EU will intensify their cooperation through the Dialogue and have agreed procedural steps to be taken over the coming year to take this forward. Together, both sides will encourage work to: maintain the highest standards of investor protection; promote international convergence of accounting standards, including their consistent application, implementation, and enforcement; strengthen corporate governance on each side of the Atlantic; and lower transaction costs of cross-border business. In doing so, participants in the Dialogue intend to consult with and encourage more input from the private and academic sectors.

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<sup>1</sup> The European Commission and the U.S. Treasury, Securities Exchange Commission and Federal Reserve Board.