



U.S. Securities and Exchange Commission

Statement of the European Commission and the U.S. Securities and Exchange Commission on Mutual Recognition in Securities Markets

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Washington, D.C., Feb. 1, 2008 - SEC Chairman Christopher Cox and the European Commissioner for the Internal Market and Services Charlie McCreevy met in Washington, D.C., on February 1. They had a wide-ranging discussion on topics of mutual interest, including the current market volatility, accounting standards, sovereign wealth funds, credit rating agencies, XBRL developments and mutual recognition of securities regulation. With regard to the recent market movements, they discussed national and international efforts to analyze the circumstances resulting in the loss of market liquidity and mitigate its recurrence.

On mutual recognition, they agreed that the goals of a mutual recognition arrangement would be to increase transatlantic market efficiency and liquidity while enhancing investor protection. An EU-US mutual recognition arrangement for securities would have the potential to facilitate access of EU and U.S. investors to a broader and deeper transatlantic market, increase the availability of information about foreign investment opportunities, promote greater diversification of securities portfolios, significantly reduce transatlantic trading and transaction costs, and increase oversight coordination among regulators.

As a first step, SEC and European Commission staff, assisted by the Committee of European Securities Regulators, would need to develop a framework for mutual recognition discussions. The mutual recognition process will also require consideration of a fair and orderly methodology for initiating discussions with the EU and interested Member States, taking into account limitations on resources available for carrying out the relevant assessments. Without prejudice to their respective domestic processes, Chairman Cox and Commissioner McCreevy jointly mandated their respective staffs to intensify work on a possible framework for EU-US mutual recognition for securities in 2008.

They jointly declared, "The U.S. and EU, which comprise 70% of the world's capital markets have a common interest in developing a cooperative approach to reducing regulatory friction and increasing investor access to investment diversification opportunities and enhancing investor protections. The concept of mutual recognition offers significant promise as a means of

better protecting investors, fostering capital formation and maintaining fair, orderly, and efficient transatlantic securities markets. As we consider implementation of this concept, we encourage input from market participants."

Commissioner McCreevy and Chairman Cox agreed to work closely together during the year to review overall progress. In addition, SEC and European Commission officials and CESR staff plan to hold regular technical meetings over the year to begin to develop a mutual recognition framework.

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