

JOINT STATEMENT ON THE U.S.-EU JOINT FINANCIAL REGULATORY FORUM

Washington, DC—U.S. and EU participants in the U.S.-EU Joint Financial Regulatory Forum (“the Forum”) met virtually on March 24 and 25, 2021, to exchange views on topics of mutual interest as part of their ongoing financial regulatory dialogue.

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.

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

The Forum focused on six themes:

- (1) next steps in the COVID-19 recovery and mitigating financial stability risks,
- (2) sustainable finance,
- (3) multilateral and bilateral engagement in banking and insurance,
- (4) regulatory and supervisory cooperation in capital markets,
- (5) regulatory and supervisory developments regarding financial innovation, and
- (6) anti-money laundering and countering the financing of terrorism (AML/CFT) issues.

The COVID-19 crisis has had an unprecedented impact on the global economy, and while the United States and the European Union are expected to experience strong recoveries, heightened uncertainty

is likely to continue and cooperative international engagement to mitigate financial stability risks remains critical.

Participants discussed issues and priorities relating to sustainable finance, along with addressing climate-related financial risks, consistent with their respective mandates. They shared views on U.S. administration efforts to tackle climate change, and the EU’s implementation of its 2018 Action Plan on Financing Sustainable Growth, including the Taxonomy, ecolabels and green bond standards and the upcoming Sustainable Finance Strategy. The United States provided an update on sustainable finance-related financial disclosures, and EU participants did the same on the revised Non-Financial Reporting Directive proposal and application of the Sustainable Finance Disclosure Regulation. Participants discussed a broader assessment of and possible responses to climate-related financial risks. Participants also discussed different areas where cooperation could be intensified moving forward, including in international forums like the G20, where the United States is co-chairing the Sustainable Finance Study Group, the International Platform for Sustainable Finance, and others.

Regarding banking, participants discussed measures taken to ensure that banks can help support the economic recovery, and the implementation of Basel III reforms. Participants also discussed cross-border resolution developments, and FATCA issues. They also discussed developments in the field of insurance, including the EU’s review of Solvency II, U.S. and EU insurance-related pandemic response work, including on public-private partnerships, and implementation of the U.S.-EU Covered Agreement.

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

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smooth transition away from LIBOR. They took note of EU efforts to implement public country-by-country reporting. They also discussed the EU review of the Alternative Investment Fund Management Directive, and U.S. work on potential reform options for money market funds. They also took stock of ongoing discussions regarding data transfers and the registration of EU funds, SEC substituted compliance for EU-domiciled securities-based swap dealers in the United States, and the European Commission's equivalence decision for SEC-registered central counterparties (CCPs). CCP recovery and resolution developments were also mentioned. Participants also discussed CFTC capital and financial reporting requirements for swap dealers.

The participants acknowledged the constructive audit oversight cooperation over the past decade between the Public Company Accounting Oversight Board (PCAOB) and EU audit regulators, and recognized that the European Commission's adequacy decision supports continued cooperation in the interest of investors and capital markets. The participants welcomed the European Data Protection Board's recently issued positive opinion on a data protection agreement between the PCAOB and the French competent authority.

In addition, participants shared views on regulatory and supervisory developments regarding financial innovation and recent efforts by the United States and the European Union to improve operational resilience in the financial sector. Participants also exchanged views on recent developments and regulatory proposals involving new forms of digital payments, including crypto-assets, so-called

stablecoins, and central bank digital currencies. Participants acknowledged the importance of ongoing international work on financial innovation, with a view to promote responsible innovation and international supervisory cooperation.

Participants also discussed AML/CFT developments, including pandemic-related fraud and the laundering of the proceeds, the AML provisions in the National Defense Authorization Act, and EU AML Action Plan implementation. Participants recognized the potential 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, and agreed that regular communication on regulatory and supervisory issues of mutual concern should 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 the summer of 2021.

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