

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

**“The European Union’s Financial Services Action Plan and its
Implications for America’s Financial Services Industry”
May 22, 2002**

The Committee on Financial Services meets today to examine an issue that will have major implications for this Committee and for America’s financial services industry: the total overhaul of Europe’s financial services sector. Since 1999, the European Union has been working to implement an ambitious agenda known as the “Financial Services Action Plan.” Targeted for completion by the year 2005, this plan includes major changes for EU regulators, financial services providers, and investors.

In late March of this year, I led a Congressional delegation to Brussels, London and Berlin to meet with political and business leaders about developments in the European financial services sector. Ranking Member LaFalce accompanied me on this trip, as did our colleague Mel Watt. In each meeting we attended, the primary topic of discussion concerned major changes being undertaken as part of the Financial Services Action Plan.

While Europe’s move toward integration has been widely praised in the U.S. for the measures it takes to streamline the European financial marketplace, some concerns exist. These concerns include new rules for the supervision of financial conglomerates, international accounting standards, and corporate prospectuses. Unfortunately, the plan includes the divisive issue of expensing for stock options. I don’t understand why the EU would choose this forum---which after all is supposed to be dedicated to harmonizing accounting standards---to raise this contentious issue.

In addition, the Action Plan is at the heart of the EU’s stated goal of making the European Union, “the most dynamic and competitive knowledge-based economy in the world” by 2010. This Committee must do everything possible to give American businesses the tools they need to compete in the global economy, and we must continue to anticipate challenges to American competitiveness.

The global economy will benefit greatly if our friends across the Atlantic are able to streamline their markets and regulatory authorities, but it must not come at the expense of transparency and fair trade.

The U.S. financial services industry is the most innovative, competitive and transparent in the world. Coupled with the fact that Europe is both our most active trading partner and our most powerful ally, we are well-served by staying “ahead of the curve” with respect to the coming changes in Europe.

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The Treasury Department, SEC and Federal Reserve are closely following the changing financial services landscape in the EU. I'd like to welcome representatives from each organization today. Governor Mark Olson, Assistant Secretary Randy Quarles, and Ms. Annette Nazareth will be testifying about their impressions of the Financial Services Action Plan and about their continuing dialogue with European counterparts.

I'd also like to welcome representatives from the private sector and from academia, who will go into further detail on implementation of the Plan and how it will affect U.S. interests.

Before the witnesses testify, I now turn to the distinguished gentleman from New York, the Ranking Member of the Committee (Mr. LaFalce) for any comments that he might have.

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