

Prepared, not delivered
Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

**Subcommittee on Domestic and International Monetary Policy,
Trade and Technology**

**“The U.S.-E.U. Regulatory Dialogue: The Private Sector Perspective”
June 17, 2004**

Good morning. Today the Financial Services Committee continues its inquiry into the regulatory dialogue between the United States and the European Union. I had the pleasure of chairing the first hearing on the issue last month, in which government officials from the United States and the European Commission testified. I am particularly pleased that the Subcommittee on Domestic and International Monetary Policy, Trade, and Technology is following up with a hearing to explore the private sector perspectives on this dialogue and I thank Vice Chairman Judy Biggert for chairing today’s hearing.

No one disputes the importance and value of growing financial market integration across the Atlantic. A recent study by the Center for Transatlantic Relations quantifies the level of deep integration between the United States and Europe. I was struck by the value of sales of U.S. affiliates of European companies to Europe and European affiliates of U.S. companies to the U.S. This figure far outstrips the value of actual exports between the U.S. and Europe.

We must work more closely together. Differences in philosophy regarding the role of government in the private markets as well as different policy priorities can create tensions and can increase compliance costs for financial firms.

Last month, we heard testimony from regulators on both sides of the Atlantic indicating that the dialogue among the European Commission, the U.S. Treasury Department, the Federal Reserve, and the Securities and Exchange Commission provides a valuable forum to prevent misunderstandings and to find potential solutions for conflicts in regulatory standards. We also heard testimony from one self-regulatory organization (the Public Company Accounting Oversight Board) concerning its new system for engaging in dialogue and balancing supervisory objectives in the oversight of foreign firms. We also heard from the SEC about a new form of strategic engagement with European partners through the EU’s Committee of European Securities Regulators.

My conclusion is that the regulatory dialogue between the US and the EU actually takes many forms and regulators on both sides of the Atlantic are being creative in finding ways to work together.

Convergence and equivalence in regulatory structures can only make sense when such trends are already underway in markets and where differences in regulation can have a detrimental impact. So I am glad that representatives from two major U.S. trade associations representing the banking and securities industries and a leading academic can today provide views on the U.S.-E.U. Regulatory Dialogue.

Oxley, page two
June 17, 2004

I look forward to the testimony today. Our institutional arrangements are currently in flux as we adjust to a more global business environment. While it is unrealistic to assume that differences in regulatory standards will disappear in the near future, it is necessary and appropriate for us to identify clearly where differences may be necessary and where they might reasonably diminish without harming the integrity of domestic and international markets.

###