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**PRESS RELEASE**

**U.S. Commodity Futures Trading Commission and the Committee of European Securities Regulators Announce Trans-Atlantic Cooperation Initiative and Statement of Intent to Develop an Action Plan on Cross Border Issues**

The United States Commodity Futures Trading Commission (CFTC) and the Committee of European Securities Regulators (CESR) announced today a *Transatlantic Cooperation Initiative (Initiative)*. The *Initiative*, states that the two bodies intend to develop a practical action plan on cross border issues.

The purpose of the *Initiative* will be to:

- Institute regular communication on matters of regulatory developments of common concern;
- Heighten each respective region's attentiveness to the need for early and effective consultation; and
- Explore where areas of convergence and of common interest permit the development of practical EU-wide mechanisms to enhance the existing bilateral relationships between the CFTC and individual CESR members.

The *Initiative* is based on several discussions culminating in this announcement by CFTC Acting Chairman Sharon Brown-Hruska and CESR Chairman Arthur Docters van Leeuwen that have occurred at the highest levels of each organization.

These discussions and the decision by CESR and the CFTC to formalize and project their future relationship are a natural result of: 15 years of successful operation of a variety of bilateral cross-border arrangements that rely upon the exercise of supervisory responsibilities by various CESR members; the growing importance of CESR as a vehicle for developing technical implementation of European Directives; and the expansion of the European definition of financial instruments to include commodity-based products.

This *Initiative* is intended to recognize the increasing complexity and intensity of cross-border relationships, the evolution in integration of our respective markets, the increasing commonality of interest in regulatory changes in the United States and the European Union and the critical role played by CESR in finding common solutions to the integration of financial services in the European Union. This *Initiative* is also intended to recognize that successful cross border arrangements are premised on practical means of cooperation.

Under this *Initiative*, the CFTC and CESR have agreed to hold regularly scheduled meetings of relevant staff counterparts to share views on regulatory issues of common operational concern, particularly with respect to facilitating:

- Cross-border transactions by exchanges and firms in our respective markets through the promotion of appropriate convergence and developing practical operational arrangements to ease access to each others markets and to avoid unnecessary obstacles or duplicative supervisory requirements;



- The exercise of our respective supervisory responsibilities with regard to cross-border conduct by intermediaries, exchanges and clearing organizations and the identification of common evolving issues from our respective enforcement experiences; and
- The early identification, discussion and resolution of regulatory issues arising from the CFTC's and CESR's regulatory initiatives.

The CFTC and CESR stress that this *Initiative* is intended to complement and improve upon the existing bilateral relationships and programs between the CFTC and CESR members and not as a substitute for such arrangements. As such, this *Initiative* is intended to supplement any matters being discussed in the EU-US Financial Markets Dialogue.

**Timetable:**

- The CFTC and CESR have agreed as a preliminary matter to plan a supervisors' round-table to be held in February 2005. The purpose of the round-table will be to exchange views on those aspects of CESR's and CFTC's regulatory agenda that may affect cross-Atlantic activities of markets and intermediaries.
- CESR and CFTC, at the Chairs and the staff/working group level, plan to engage in immediate discussions to develop a more detailed action plan that will be released in the first quarter of 2005.

CESR Chairman Docters van Leeuwen commented:

*The formalisation of a regular dialogue with the CFTC is essential given the interdependency of our markets and will ensure that CESR is conducting a comprehensive dialogue with all the key regulatory authorities in the US. This increased dialogue is particularly timely given that CESR is currently preparing the advice for the European Commission on implementing measures for a key pillar of the investment business services legislation in Europe, the MIFID Directive. Indeed, the revision of this key EU legislative measure will now extend on an EU-wide basis the scope of regulation to cover both markets and investment firms dealing in commodity derivatives. As a consequence, our dialogue with the CFTC will gain a new resonance as we move ahead, not only as this legislation is drafted, but also, as supervisors move towards the critical phase of implementation.*

CFTC Acting Chairman Sharon Brown-Hruska stated that:

*I welcome this opportunity to join CESR in exploring practical measures to facilitate cross-border access and to heighten interest--on both sides of the Atlantic--in each other's important consultations. This announcement marks an important moment in our long history of supervisory cooperation with individual CESR members.*

*Our capacity to innovate is vital to a global market. Although the CFTC and CESR members have a fifteen-year record of successful supervisory cooperation and innovative arrangements, the dynamic changes affecting our global markets compel us to build, not rest, on our past successes.*

*By demonstrating that we can meet the challenge to adjust our thinking in light of current developments, we can assure that our respective regulatory frameworks effectively address the global reach of markets and their participants while removing duplicative or unnecessary constraints. Designing practical approaches to operational cooperation is also good government-- as is taking mutual steps to assure that our cross-border success story continues.*



## Notes for Editors:

1. For information regarding the CFTC, please visit the website [www.cftc.gov](http://www.cftc.gov).
2. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:
  - Improve co-ordination among securities regulators;
  - Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
  - Work to ensure more consistent and timely day-to-day implementation of community legislation in the Member States;
  - The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the Final Report of the group of Wise Men on the regulation of European securities markets, chaired by Baron Alexandre Lamfalussy. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on CESR's website.

Each Member State of the European Union has one member on the Committee. The members are nominated by the Member States and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level.

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