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PRESS RELEASE

CESR and the US CFTC Meet to Facilitate Transatlantic Derivatives Business and to Appoint Task Force to Develop Further Efforts

The Committee of European Securities Regulators (CESR) and the US Commodity Futures Trading Commission (CFTC), announced on 14 February the conclusion of a two-day *Round Table* on cross-border derivatives issues. The *Round Table* convened by the two organisations and held at CESR headquarters in Paris on 10-11 February was attended by 60 market participants and senior regulators. The purpose of the *Round Table* was to hear the issues affecting those actively involved in transatlantic business in exchange traded derivatives and related transactions, and to establish key areas where improvements can be made. Drawing on the experiences shared by attendees, regulators will establish a common work programme of practical measures to be implemented over 3 years that will meet the needs of all stake holders while fostering a transatlantic environment that is consistent with supervisors' regulatory objectives.

The *Round Table* launches the '*Transatlantic Cooperation Initiative*' (*Initiative*), which was entered into on 21 October 2004 by CESR and the CFTC, and is notable for the fact that this is the first multi-lateral discussion and issue identification meeting of its kind among European and US derivatives regulators. The increased transatlantic dialogue between CESR and the CFTC is taking place against the backdrop of substantial undertakings by CESR to develop technical and operational advice to the European Commission on multiple EU initiatives establishing a single market, including the new MiFID which will replace the existing Investment Services Directive. Notably, amongst the various changes made by the new Directive, is the expansion of the definition of financial instruments to include commodity derivatives. In the US context, the CFTC is also revisiting its cross border arrangements to ensure they are sufficiently robust and flexible to meet today's market needs.

The purpose of the CESR-CFTC dialogue as inaugurated by this *Round Table* is to institute regular communication in order to share views on regulatory issues of common operational concern, with respect to facilitating, among other things:

- Cross-border transactions by exchanges and firms through promotion of practical, operational arrangements to ease access to each others markets and to avoid unnecessary obstacles or duplicative supervisory requirements;
- Early identification, discussion and resolution of regulatory and business issues arising from CESR's and the CFTC's regulatory agenda, consistent with applicable law.

As part of the two-day *Round Table*, chaired by Fabrice Demarigny, Secretary General of CESR and Sharon Brown-Hruska, Acting Chairman of the CFTC, the regulators and industry officials participated in three separate panel discussions covering regulatory issues relevant to intermediaries, issues relating to exchanges and issues relevant to end-users. Each panel was moderated by a senior regulator: Walter Lukken, CFTC Commissioner, Michel Prada, Chairman of the French AMF, and David Lawton, Head of Markets Policy at the UK FSA. Jochen Sanio, Chairman of BAFIN co-chaired the regulators' segment on Friday. The European Commission and the US Treasury participated as observers. A copy of the programme and list of participants is attached following the Note to Editors.



In each of these panels, participants identified issues they confront in transacting transatlantic business, such as their experiences in relation to transparency of rules and access procedures, recognition when operating in multiple jurisdictions, and requirements following recognition.

Having listened to these discussions, CESR and the CFTC agreed to establish a task force of senior regulators to follow up on the issues identified by participants. The first public output of this work in March will be a draft work programme to enhance transparency of regulatory information, to facilitate cross border filings for recognition or authorisation and to improve the efficiency of regulatory oversight overall. This work programme will be open to comment from interested parties for a period of 6 weeks, following which it will be finalised and the task force will set about exploring and where appropriate, implementing, the various proposals according to the time frame set out in the work programme.

Arthur Docters van Leeuwen, Chairman of CESR, who was unable to attend due to unforeseen circumstances noted:

‘The development of a regular dialogue with the CFTC is essential given the interdependency of our markets and the very dynamic nature of derivative markets. The outcome of implementing the framework introduced by the Financial Services Action Plan (FSAP), which includes a large number of legislative initiatives, should not only facilitate the integration of markets within Europe, but must also take into account and work effectively in the global context. This dialogue therefore reflects regulators commitment to keep pace with the fast moving nature of these markets and a strong willingness to ensure our regulatory approaches reflect the international dimension of our markets.’

The Acting Chairman of the CFTC, Sharon Brown-Hruska, who co-chaired the *Round Table*, thanked CESR for its substantial efforts in sponsoring the meetings in Paris, and said:

“At a time when our markets are becoming increasingly integrated and complex, I am pleased to be able to inaugurate closer discussions between the US and CESR and its constituent members on issues pertinent to moving toward seamless transatlantic business. I am gratified by the strong interest of the derivatives community to enhance the already strong relationships that exist between derivatives regulators and markets in the United States and Europe. I was pleased to help facilitate useful discussion of many practical issues that affect cross-border business and am optimistic that this Round Table, and the process it has initiated, will lead to practical steps that will expand the efficient execution of business on both sides of the Atlantic while also promoting stronger and more operational regulatory contacts. I look forward to working closely with my European colleagues going forward.”



Notes for Editors:

1. The CFTC is the independent Federal regulatory authority in the US with jurisdiction over future transactions/markets and professionals. For information regarding the CFTC, please visit the website www.cftc.gov.
2. CESR is an independent Committee of European Securities Regulators (www.cesr-eu.org). 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.

3. The Directive on Markets in Financial Instruments MiFID forms one of the key cornerstones of the EU's securities regulatory regime and is intended to deliver an effective 'single passport' allowing investment firms and regulated markets to operate across Europe, under a common set of rules which enhance the protection of European investors. MiFID will replace the Investment Services Directive (ISD) in April 2006 (or 2007, if implementation is extended by one year).
4. For further information please contact:

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CESR/CFTC Round-Table: Trans-Atlantic Access to EU and US Derivatives Markets

Thursday 10th February 2005

14.00-14.15	Introductory remarks by Co-Chairs		Sharon Brown-Hruska (CFTC) Fabrice Demarigny (CESR)
14.15 – 15.00	Regulatory overview of approaches governing cross-border business and highlights of any new related developments in the EU and US		Sharon Brown-Hruska (CFTC) Carlo Comporti (CESR)
15.00 – 16.30	Intermediary issues		
	Moderator	Walter Lukken, Commissioner, US CFTC	
	Facilitators	EU	François Bloch (FIMAT International Banque) John Samkubam (HSBC)
		US	Mark Bailham (Morgan Stanley) Brian Harte (Barclays)

Friday 11th February 2005

9.30 – 11.00	Exchange issues		
	Moderator	Michel Prada, Chairman, AMF (France)	
	Facilitators	EU	Richard Ward (International Petroleum Exchange) Rudolf Ferscha (Eurex)
		US	Christopher Bowen (NYMEX) Eric Wolff (CME)

11.00 – 11.15	PAUSE		
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11.15 – 11.30	Presentation by Anthony Belchambers (FOA) on the trans-Atlantic project for regulatory convergence/recognition		
11.30 – 12.45	Investors'/customers' issues		
	Moderator	David Lawton, Head of Markets Policy, Markets Division, UK FSA	
	Facilitators	EU	Jean-Pierre Aguilar (Capital Fund Management)
		US	William Shaughnessy (NYBOT)

12.45 – 13.00	Concluding remarks		Sharon Brown-Hruska (CFTC) Jochen Sanio/Fabrice Demarigny (CESR)
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	Participants	<p>Andre Villeneuve (Euronext Liffe)</p> <p>Arman Falsafi (CME)</p> <p>Bill Russell (Citigroup)</p> <p>Brian Peyton (Goldman Sachs)</p> <p>Bruce A. Beatus (Calyon Financial Inc.)</p> <p>Carmine di Noia (Assonime)</p> <p>David Thompson (ABN Amro)</p> <p>Donald L. Horwitz (ABN Amro)</p> <p>Gary A. DeWaal (FIMAT USA)</p> <p>Gerherd Schleif (Bundesrepublik Deutschland Finanzagentur GmbH)</p> <p>John Fullick (Merrill Lynch)</p> <p>John Mathias (Merrill Lynch)</p> <p>Pauline Leahy (FINEX Europe)</p> <p>Penny Fabien (Citigroup)</p> <p>Robert Paul (Cargill Investors Services)</p> <p>Terrance Livingston (CBT)</p> <p>Ulla Nilsson (SEB)</p>
	Officials	<p>Jim Wallar (US Treasury)</p> <p>Walter Götz (EU Commission)</p>
	Regulators	<p>Ivana Sedláčková – SEC (Czech Republic)</p> <p>Jean-Philippe Cavois - Autorité des Marchés Financiers (France)</p> <p>Catherine Scally – IFRSA (Ireland)</p> <p>Nicoletta Giusto – CONSOB (Italy)</p> <p>Dries van der Laan – AFM (Netherlands)</p> <p>Elisabeth Roegle – BaFIN (Germany)</p> <p>Bartłomiej Krasuski – PSEC (Poland)</p> <p>Miquel Angel Herrero – CNMV (Spain)</p> <p>Peter Franke – FMA (Austria)</p>
	Observers	<p>Karen Wuertz (National Futures Association)</p> <p>Barbara Wierzynski (Futures Industry Association)</p> <p>Dirk Schlochtermeyer (Deutsche Boerse)</p> <p>Marc Leppard (IPE)</p> <p>Nick Weinreb (Euronext Liffe)</p> <p>Laurent Ortiz (Eurex)</p>
	CESR	Nigel Phipps (Senior Officer)



		Victoria Powell (Communications Officer)
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	CFTC	Andrea Corcoran, Director, Office of International Affairs Robert Rosenfeld, Deputy Director, Office of International Affairs
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