

Opening Statement
Congresswoman Judy Biggert
Committee on Financial Services
Full Committee
“The US-EU Regulatory Dialogue and its Future”
May 13, 2004

Mr. Chairman, thank you for calling this important hearing today. As you noted in your opening statement, the financial services markets in the United States and Europe are increasingly intertwined.

This hearing is well-timed, coming as it does just two weeks after the historic accession of 10 Eastern European states to the Union. I would like to congratulate you for organizing a hearing that includes our key partner in the Dialogue – the Commission of the European Union. This is an excellent opportunity for the Financial Services Committee to hear both American and European perspectives on the key transatlantic regulatory issues of our day.

The relationship between the American and European capital markets is of keen importance to the United States generally, and of particular importance to those of us who come from Chicago. Last year, there was a great deal of controversy associated with the proposal for a European options exchange to establish itself as a competitor to the traditional options exchanges in Chicago. The resolution was that the exchange submitted to the jurisdiction of the CFTC and established a subsidiary. Along the way, many people in my home state began to think in very concrete terms about what it means to have such integrated capital markets.

I am a firm believer in the adage that political friendships follow the trade lanes. Free and fair trade fosters competition and communication, benefiting workers and consumers on both sides to the relationship. My impression from the testimony submitted is that the regulatory Dialogue underway right now between the US and the EU contributes to these goals. While I support these goals and the accomplishments achieved to date within the Dialogue, I think it is important to sound a note of caution as well.

We must be careful that in our zeal to find new and better ways for our regulators to work together internationally, we do not lose sight of our own very important domestic policy goals. In this country, we have over the last century built the deepest, most transparent, and most liquid capital market in the world. This capital market and the economy that it supports are the engines of global growth and innovation. One critically important component of that market is the framework of laws and regulations that protect investor access to information and provide for rigorous oversight of financial institutions.

Financial innovation and economic growth in the United States have thrived under this framework. Growth and innovation have been slower in Europe, but are accelerating with a number of reforms. On this side of the Atlantic, we must be sensitive to the views of the financial markets and ensure that the EU package of reforms does not stifle growth and innovation through imposition of significant compliance costs.

I also believe that policymakers on both sides of the Atlantic must consider more carefully the nuts and bolts of how consolidated home country supervision will in fact work. This is especially important for the highly complex financial institutions that are at the heart of both the American and European financial systems.

I agree that we can and must work more closely together. I am just not so sure that agreeing up front to wholesale harmonization of legislative frameworks or treating all regulations as equal is wise. Instead, I think that a case-by-case determination of where convergence might be necessary to achieve increased market efficiency and stability is more appropriate. It is for these reasons that I support the US-EU Dialogue and look forward to hearing testimony about it today.