

## UK-U.S. Financial and Related Professional Services Industry Coalition

The financial and related professional services relationship between the United States (U.S.) and the United Kingdom (UK) is a key driver of economic prosperity in both jurisdictions. This bilateral investment relationship is the largest in the world and more than 2.2 million jobs depend directly on those investments. The UK is the U.S.' largest trading partner with respect to these services. Financial services, in particular, play a prominent role in trade between the UK and the U.S. reaching \$30bn in 2016<sup>1</sup>, accounting for over a quarter of the overall trade in services between the two economies. Combined, the U.S. and UK's financial services industries employ almost 8.5 million people<sup>2</sup>.

Enhancing this relationship – alongside the forging of strong, trilateral U.S./UK/EU ties – presents a strategic economic opportunity. The UK and U.S. are home to the world's top two financial centers and share similar attitudes towards harnessing the business sector to foster economic growth and job creation. They are now afforded a unique opportunity to strengthen the integration of their financial markets and establish shared international leadership in the increasingly global financial services industry at a time when competing economic centers emerge around the world.

Today, the undersigned associations express our strong support for establishing a comprehensive UK-U.S. government dialogue on financial services regulatory cooperation. We are encouraged by the creation of the U.S-UK financial regulatory working group, built on the momentum for closer UK-U.S. economic collaboration, which has the potential to strengthen and deepen supervisory and regulatory cooperation between our two nations.

In response to these initiatives we have come together to form an industry-led coalition of UK and U.S. business representation organisations. The UK-U.S. Financial and Related Professional Services Industry Coalition will actively contribute to the overall trade and investment discussions between the UK and U.S. and offer specific industry input on issues such as the process underpinning the regulatory dialogue and its substantive priorities.

We have identified three broad themes that should be explored and developed in any future UK-U.S. discussions:

**(a) Fostering deeper regulatory cooperation** – There is a strong record of UK-U.S. regulatory cooperation in financial and related professional services (e.g. the resolution strategies for UK and U.S. global systemically important banks jointly developed in 2012<sup>3</sup> and a series of recognition agreements are now being formed for accountants to practise in both jurisdictions.) These initiatives have helped to address cross-border frictions while creating new opportunities in transatlantic trade in financial and related professional services. Still deeper regulatory cooperation, managed under clear

---

<sup>1</sup> <https://apps.bea.gov/scb/pdf/2017/10-October/1017-international-services-tables.pdf>

<sup>2</sup> [https://stats.oecd.org/Index.aspx?DataSetCode=SNA\\_TABLE3](https://stats.oecd.org/Index.aspx?DataSetCode=SNA_TABLE3)

<sup>3</sup> <https://www.fdic.gov/about/srac/2012/gsifi.pdf>

standards agreed between the respective regulators – including on the U.S. side appropriate state regulators - would further mitigate regulatory conflicts and complexity and improve the efficiency of cross-border regulation. This will benefit not only market participants but just as importantly, their end-user clients and investors. There is scope for more rigorous coordination and cooperation without undermining existing domestic rules and standards – differences can be respected but also managed in the interests of cross-border investment.

Any successful regulatory dialogue should incorporate three key characteristics:

1. *a focus on early stage engagement on cross-border issues.* It is important for effective cross-border policy solutions that an avenue exists at the beginning of the process to work through the effects on market stability and institutions operating in both jurisdictions. A clear and established framework could provide assurances that cross-border issues would be considered before, not after, they become problems, and ensure that such issues are foundational to any effective U.S.-UK trade and investment partnership.
2. *a dominant focus on future policymaking.* As cross-border capital flows continue to grow, the transatlantic policy landscape will not stand still: new rules and regulations affecting the financial and related professional services sector will continue to be adopted as the industry and the world around it evolves. Instituting a practical framework in these areas would allow the cross-border implications of emerging issues to be discussed in a timely and effective way and increase the potential for delivering workable rules.
3. *recognise the need for a parallel stakeholder/private sector dialogue to feed into government discussions.* This would be important for delivering evidence-based, holistic recommendations and ensuring that any future regulatory proposals are fit for purpose.

**(b) Maximising cross-border market access in trade and investment** – the U.S. and the UK enjoy very open and diverse markets in financial services. For example, U.S. firms provide over \$50bn of financial services to the UK directly through their UK-based operations – more than the annual value of U.S. cross-border financial services exported to the UK. A UK-U.S. regulatory dialogue, which could be codified within a future trade and investment agreement, could build on this, by enhancing volumes of cross-border financial and related professional services transactions and foreign direct investment between the U.S. and UK.

**(c) Recognising the importance of the evolving technological landscape to financial services** – Policymakers are increasingly scrutinising market conduct, data transfer, cyber security, artificial intelligence and financial technology (fintech). These issues will require close regulatory coordination to address emerging risks without stifling technological and financial innovation and should be addressed in any future UK-U.S. discussions.

The Coalition looks forward to working with UK and U.S. policymakers and regulators and contributing to regulatory dialogue that will help deliver benefits to business, consumers and society.



U.S. CHAMBER OF COMMERCE