

[Securities Regulation Daily Wrap Up, CFTC NEWS AND SPEECHES— Giancarlo fears post-Brexit ‘invasion’ by European regulators, \(Nov. 7, 2017\)](#)

Securities Regulation Daily Wrap Up

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In a strongly-worded statement, CFTC Chairman Christopher Giancarlo warned of potentially serious consequences for U.S. businesses and consumers in the wake of European Commission proposals to allow European supervisory authorities to regulate financial entities outside of the EU. Giancarlo cautioned that the EC's response to Britain's departure from the European regulatory regime could lead to "overlapping and uncoordinated" regulation that would be disruptive and detrimental to the U.S. markets and economy.

[Giancarlo's comments](#), which were published on the CFTC's website after originally appearing in the *Wall Street Journal*, appeared to be referencing a [September 20 proposal](#) by the European Commission to strengthen the regulatory and supervisory powers of the European Supervisory Agencies, including the European Securities and Markets Authority (ESMA). Among other reasons, the proposal states that the future departure of London as the EU's largest financial center requires supervisory arrangements to be strengthened to ensure that the financial markets of the EU's remaining 27 nations continue to develop on an adequate and sound basis.

Two quarterbacks on the field. In particular, Giancarlo took exception to one EC proposal which, he claims, would empower ESMA to demand on-site inspections of U.S. businesses such as the Chicago Mercantile Exchange without informing the CFTC. Giancarlo said that another proposal would also enable the European Central Bank to impose additional regulations on those U.S. businesses without informing or consulting the CFTC. Giancarlo said that the overlapping regulatory framework created by these proposals would be like a "football game with two quarterbacks on the field vying for control of the ball."

Giancarlo said that "letting the Europeans call the plays" by taking partial control of the U.S. economy would set a dangerous precedent and potentially open the door to other interference and burdensome financial regulation. "The last thing Americans want is to have overseas regulators impose European costs and regulatory burdens on the American economy," Giancarlo said.

Disharmonious note. Giancarlo's comments appeared particularly sharp as they came just three weeks after the CFTC [announced](#) that it had agreed to a common approach with the European Commission regarding equivalence and comparability for derivatives trading platforms as well as a margin framework for uncleared derivatives. In the press conference to publicize the agreement, Giancarlo had hailed the measures as marking a "significant milestone in cross-border harmonization between the European Commission and the CFTC."

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