

## VIDEO

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# Focus on Funds: Divergent Views Appearing Between American and European Regulators

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After intense activity following the financial crisis, regulators are pausing to take stock. But differing regulatory priorities in the United States, United Kingdom, and European Union could cause agendas to clash. In the May 11, 2018, edition of *Focus on Funds*, Alan Wheatley, Chatham House associate fellow of global economy and finance, explains.

### Transcript

**Stephanie Ortvals-Tibbs, ICI director of media relations:** What do some of the world's leading fund regulators think about these days when it comes to risks in the capital markets? At the recent Chatham House spring capital markets conference, a number of them gathered to discuss what's on their minds. And afterwards, the moderator offered some key takeaways.

**Alan Wheatley, Chatham House associate fellow of global economy and finance:** I think my main takeaway is that we have had a decade of intense rulemaking since the global financial crisis, an intense period of cooperation among international regulatory agencies and national authorities. And people are pretty happy with where things stand. And now is the time to pause, take stock, and see what, if anything, we need to do further.

If I had to sum it up in three words, I would say that we're content, but without being complacent.

**Ortvals-Tibbs:** Indeed. And yet there were some issues they were looking at pretty closely right now. Could you tick through some of those for me?

**Wheatley:** Well, the two that stick out in my mind, for instance—as Paul [Andrews] from [the International Organization of Securities Commissions] was saying—they're issuing consultation papers or are working on leverage and liquidity. But what I took away from his remarks were that they're unlikely to come up with anything that the fund industry's not

already doing.

This is not something that is likely to come as a complete shock to the industry. They want to be codifying best practice, and I got the impression from what he was saying is that most fund operators—as we would hope and expect—are already following these codes of conducts that they had in mind.

**Ortbals-Tibbs:** The last thing that I found interesting—there was much in it—[was] what Mark Yallop said, where he set things up in a way that people outside of Europe might then be able to see the regulatory landscape more clearly than they had. Because there's confusion—in the US, I think, for example—where we say, well, we've kind of sorted this out. And we have all this regulation, and as you say, we're kind of taking a pause here. But he was explaining that to think that the European pendulum started a bit later, and so that's why we would see that swinging still.

**Wheatley:** It was very interesting, wasn't it? He said that the Americans got an early start on reregulation, or tightening regulation, after the global financial crisis. The pendulum swung and is now perhaps beginning to swing back a little bit. Europe, being a more complicated place, started late, and the pendulum is still swinging towards perhaps more extensive, intrusive regulations.

So, to use Mark's phrase, which I thought was very vivid—the tectonic plates are starting to clash, and that is certainly something that I will be watching in the years to come.

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