

May 16, 2013

The Honorable Michael Froman  
Deputy Assistant to the President and Deputy National Security Advisor International Economic  
Affairs and Development  
Executive Office of the President  
1650 Pennsylvania Avenue, NW, Room 374  
Washington, DC 20504

**Re: U.S.-EU Regulatory Cooperation – Financial Services Sector**

Dear Mr. Froman,

The undersigned associations write in support of an ambitious and comprehensive Transatlantic Trade and Investment Partnership (TTIP). For the financial services sector, the TTIP should include conventional market access rules, as well as mechanisms and processes to achieve sound, efficient, compatible, and cost-effective regulatory frameworks that facilitate access to capital and boost economic growth.

There is common agreement among regulators, trade negotiators, and industry about the inclusion of traditional financial services trade and investment provisions in the TTIP. However, it concerns us that U.S. authorities appear to be reluctant to embrace the regulatory cooperation elements of the TTIP for financial services, despite the fact that they will likely be extended to virtually every other sector of the economy.

Commitments on regulatory cooperation will vary by sector. We recognize that not every sector will be able to make the same degree of progress during the course of the TTIP negotiations. Nevertheless, U.S. and EU negotiators with the relevant statutory authority and expertise should lead the discussion about the processes, mechanisms, and commitments relating to regulatory cooperation.

Financial services, as with other regulated sectors, should be subject to the “cross-cutting disciplines” described in the Final Report of the High Level Working Group on Jobs and Growth (HLWG). This report specifically recommends “early consultations on significant regulations, use of impact assessments, periodic review of existing regulatory measures, and application of good regulatory practices.”

Further, the TTIP should coordinate and strengthen the vast number of bilateral regulatory dialogues already in place or that might be created in the future. For the financial services industry, this means the EU-U.S. Insurance Dialogue and the U.S.-EU Financial Markets Regulatory Dialogue.

Finally, at a minimum, the TTIP should make clear that governmental policy makers and regulators, with input from industry and other stakeholders, should, as recommended by the HLWG, promote greater compatibility, including, where appropriate through equivalence, mutual recognition, or other agreed means, wherever practicable and desirable.

Arguments made to suggest financial services should not be included within the scope of regulatory cooperation are unfounded.

First, anything done in the TTIP would not interfere with larger dialogues such as the G-20 and the Financial Stability Board. In fact, if the U.S. and EU, with the world's largest financial markets and most sophisticated regulatory regimes, are able to use TTIP to address outstanding differences, it will facilitate, not impede, the larger dialogues. Moreover, these broader dialogues do not supplant the need for the U.S.-EU Financial Markets Regulatory Dialogue, which remains important, viable, and active.

Second, efforts within the TTIP, or in the future, to build understanding of how different regulatory systems can achieve equivalent regulatory outcomes or further efforts to bring about mutual recognition, substituted compliance arrangements, or other mechanisms, will remain squarely in the hands of U.S. and EU government officials and financial regulators who will have to answer to Congress and are subject to statutory mandates. Finally, none of the efforts in the TTIP to bring about good regulatory practices or provide tools for regulatory cooperation override the exception for prudential measures.

The HLWG that recommended the launch of the TTIP recognized the integrated nature and mutual interest in growing the transatlantic economy. Nothing is perhaps more fundamental to our intertwined economies than our financial services industries. Transatlantic financial services play an essential role in supporting the trade and investment flows between the two regions. For these and all the reasons mentioned above, we strongly believe that an ambitious and comprehensive agreement must include financial services in the benefits of the planned regulatory cooperation provisions of the agreement.

Sincerely,

American Council of Life Insurers  
American Insurance Association  
Coalition of Service Industries  
Financial Services Roundtable  
Financial Services Forum  
National Foreign Trade Council  
Property Casualty Insurers Association of America  
Securities Industry and Financial Markets Association  
United States Council for International Business  
U.S. Chamber of Commerce

Cc:

Hon. Neal Wolin, Deputy Secretary of the Department of the Treasury  
Hon. Lael Brainard, Under Secretary of the Treasury for International Affairs  
Hon. Miriam Sapiro, Deputy United States Trade Representative  
Hon. Francisco Sánchez, Under Secretary of Commerce for International Trade  
Hon. Robert Hormats, Under Secretary of State for Economic, Energy and Agricultural Affairs  
Dan Mullaney, Assistant United States Trade Representative for Europe and the Middle East