



September 18, 2008

The Honorable Harry Reid
Senate Majority Leader
528 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Senate Minority Leader
361-A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Max Baucus
Chairman
Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Messrs. Reid, McConnell, Baucus, and Grassley:

The Securities Industry and Financial Markets Association (SIFMA), which represents more than 650 members of the financial services community, strongly supports the Senate's bipartisan tax extenders agreement announced this week. We applaud your leadership on this important legislation and urge Senate passage so that extensions of critical tax provisions can be signed into law as soon as possible.


SIFMA particularly supports the extension of the active financing rules. These rules ensure that U.S.-based financial services firms are not double taxed on the active financing income earned through their international operations. Extension of these rules provides the financial services sector with the same tax treatment as other industries and is critically important to our global competitiveness. Failure to extend the active financing rules would result in a substantial tax increase on the financial services sector and place U.S.-based companies at a significant disadvantage compared to their foreign competitors.

SIFMA greatly appreciates the extension of the effective dates for the new basis reporting requirements. This extension provides brokers with the necessary time to build and modify their reporting systems. If brokers are not given enough lead-time to comply with the new rules, basis reporting will not effectively reduce the misreporting of capital gains and losses as intended by the provision.

SIFMA also greatly appreciates the two-week extension of the filing deadline for 1099 statements. This extension will alleviate many year-end processing issues and significantly reduce the number of corrected 1099 statements that must be sent to customers, thereby reducing taxpayer confusion.

We urge the Senate to pass this bipartisan agreement so that tax extenders can be signed into law as soon as possible. Thank you for your leadership on this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott DeFife". The signature is fluid and cursive, with the first name "Scott" being more legible than the last name "DeFife".

Scott DeFife
Senior Managing Director
Government Affairs

A handwritten signature in black ink, appearing to read "Richard Hunt". The signature is fluid and cursive, with the first name "Richard" being more legible than the last name "Hunt".

Richard Hunt
Senior Managing Director
Government Affairs