



March 13, 2008

The Honorable Henry M. Paulson, Jr.
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Re: US-India Bilateral Investment Treaty Negotiations

Dear Secretary Paulson:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ strongly supports the Administration’s efforts to negotiate high standard bilateral investment treaties (“BITs”) with the BRIC countries – Brazil, Russia, India, and China – and is prepared to assist negotiators to help ensure a successful result.

The promotion of high investment standards around the world will advance our broader national and economic interests. It will demonstrate that the United States is committed to an open investment policy here at home, while at the same time helping to ensure a stable, predictable, and fair business climate abroad for U.S. investors.

We understand that initial BIT discussions with India have been particularly promising and we are encouraged by the U.S. and Indian governments’ determination to complete the negotiations within the year. To assist in your understanding of our issues, we would like to share our initial views on these BIT negotiations with U.S. negotiators and outline the securities industry’s overall goals for them.

The U.S. securities industry has made considerable investments in India and the other BRIC countries and believes that tremendous opportunities exist for future investments in these key developing markets. However, strong international law protections that are enforceable through independent international arbitration tribunals are crucial to protecting existing investment in these countries, as well as encouraging new investment.

SIFMA therefore urges the United States to negotiate with India on the basis of the U.S. model BIT, incorporating into that template the innovations with respect to financial services that were included into the recent U.S.-Rwanda BIT. Specifically, the Rwanda BIT, which SIFMA applauds and strongly supports, will provide financial-institution investors with the same access to investor-state dispute settlement for discrimination claims as other U.S. investors.

¹ SIFMA represents the shared interests of more than 650 securities firms, banks, and asset managers. Collectively, in 2006, the securities industry raised \$3.9 trillion in corporate capital, managed \$5.9 trillion in assets, and accounted for over 830,000 jobs.

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A high standard BIT – one that SIFMA would strongly support – would guarantee, at a minimum, national treatment and “most favored nation” treatment, pre- and post-establishment of an investment, fair and equitable treatment, full protection and security, regulatory transparency, the free transfer of capital, protection against uncompensated expropriations, and availability of a rigorous and objective investor-state arbitration mechanism for enforcing those obligations.

We stand ready to work with the Administration in securing a high standard BIT with India, as well as the other BRIC countries, and look forward to sending you our more detailed thoughts on all these proposed agreements in the near future.

Very truly yours,

A handwritten signature in black ink, appearing to read 'T. Ryan', with a long horizontal flourish extending to the right.

T. Timothy Ryan, Jr.
President & CEO
Securities Industry and Financial
Markets Association

Identical letters sent to:

Secretary of State Condoleezza Rice
United States Trade Representative Susan Schwab

cc: Daniel M. Price, Assistant to the President for International Economic Affairs and
Deputy National Security Advisor, National Security Council