



June 14, 2012

The Honorable Timothy F. Geithner
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Opposition to the Financial Transaction Tax

Dear Secretary Geithner:

In light of recent comments by some G20 leaders regarding a proposed financial transaction tax (FTT), we wish to restate our strong opposition to the adoption of an FTT, or other substitute form of an FTT, on a global basis. At a time when global economic growth and stability is desperately needed, an FTT will have a significant negative impact on both investors and businesses. We respectfully urge you to reject any FTT proposal at the upcoming G20 Leaders meetings.

The case against a financial transaction tax is strong and well-documented. A number of recent studies (attached) have concluded overwhelmingly that the imposition of an FTT will negatively affect economic growth and job creation. Further, major economies have attempted to impose FTT-like taxes with wholly negative results. Countries that imposed FTTs have found that they impede the efficiency of markets, impair depth and liquidity, raise costs to issuers, investors, and pensioners, and distort capital flows by discriminating against asset classes. Further, any FTT that fails to include all major financial centers — not solely those of the G20 nations — will increase market dislocation and decrease liquidity, serving only to shift trading volume to other venues.

With respect to the current fragile state of the global markets and the economy, and with many economies experiencing high levels of unemployment and slow economic recovery, the imposition of such a tax would be particularly harmful. A global FTT would undoubtedly increase the cost of capital at a time of economic distress, placing an additional and unnecessary burden on consumers and businesses. An FTT would also have an adverse effect on savings as higher transaction costs translate into lower returns for pension and retirement funds. Our members also have concerns about the extraterritorial application of FTTs already adopted or proposed in Europe.

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G20 members have committed to work together to support policies promoting strong, sustainable and balanced global growth. The imposition of a financial transaction tax would run counter to these objectives. Consequently, we respectfully urge you and your colleagues to continue to oppose any G20 initiative to establish a global financial transaction tax.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ken Bentsen", is centered on a light gray rectangular background.

Kenneth E. Bentsen, Jr.
EVP, Public Policy and Advocacy
Securities Industry and Financial Markets Association

cc: The Honorable Lael Brainard
The Honorable Michael Froman