



*Invested in America*

August 3 2014

Ambassador Anthony L. Gardner  
United States Mission to the European Union  
Zinnerstraat – 13 – Rue Zinner  
B-1000 Brussels  
Belgium

Dear Ambassador Gardner,

### **TTIP and Financial Services**

The purpose of this letter is to share with you SIFMA's views on the Transatlantic Trade and Investment Partnership (TTIP) in response to your recent comments to EurActiv.com<sup>1</sup>. SIFMA strongly agrees with your assessment that a comprehensive TTIP is critical for economic growth and creating jobs. Not unlike other business community members, SIFMA believes TTIP offers a unique opportunity for the United States and the European Union to further promote regulatory cooperation. A commitment to engage and discuss how to approach financial regulation at an early stage of development is vital not only for regulatory policy but also for ensuring a coherent set of rules in the two most dynamic economies in the world. The significance cannot be overstated.

As you noted the G-20 has made certain advances with respect to financial regulatory matters. However, those discussions often deal in broad strokes whereas TTIP offers the United States and Europe an opportunity to do more. The existing dialogues between the United States and Europe do not provide the coherence necessary for businesses to operate in a highly complex regulatory environment between the world's two largest capital markets. Fragmented or conflicting regulation negatively impacts the ability of market users and participants across all sectors of the economy to raise capital and manage risk. It similarly raises the complexity for regulators and supervisors. Inaction on this issue in TTIP will impede economic growth and ultimately undermine the benefits to prosperity that we all hope TTIP can achieve. As a recent Atlantic Council Report concluded: *"Although this process (of regulatory cooperation) has been largely harmonious and remarkably consistent, American and European regulatory*

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<sup>1</sup> "US Ambassador: Beyond growth, TTIP must happen for geostrategic reasons." EurActiv.com (July 16 2014).

<http://www.euractiv.com/sections/trade-industry/us-ambassador-eu-anthony-l-gardner-beyond-growth-ttip-must-happen>

Washington | New York

1101 New York Avenue, 8th Floor | Washington, DC 20005-4269 | P: 202.962.7300 | F: 202.962.7305

[www.sifma.org](http://www.sifma.org)

*practices have diverged in several critical areas, which could come to seriously affect the efficiency and growth of the transatlantic marketplace<sup>2</sup>".*

By contrast, including a process to coordinate on financial services regulation within TTIP would amplify the boost to growth and American and European jobs we all want to see from these negotiations. As a recent study demonstrated, "*US financial services exports face a variety of non-tariff measures (NTMs) that restrict access to the EU market<sup>3</sup>*". That analysis concluded that these NTMs are equivalent to a 11.3 percent tariff on US exports and that addressing them could help see US financial services exports rise by over \$1.5 billion dollars. And that does not capture the greater downstream benefits to the world economy that greater transatlantic investment flows would also generate: financial services already facilitates nearly \$1 trillion in annual trade flows and \$3.7 trillion in total cross border investment.

Just as TTIP seeks to build on other bilateral industry dialogues between the EU and US, so it should in financial services. Inclusion of a process for discussing issues at an early stage offers a forum for financial regulators to resolve differences rather than, as at present, allowing them to manifest into political tensions and bifurcated markets.

We appreciate the open process that the US and EU have put in place for these negotiations and will continue to play our part in promoting a comprehensive agreement that maximizes the growth and employment gains for both sides and the world economy.

Sincerely,

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<sup>2</sup> "The Danger of Divergence: Transatlantic Financial Reform and the G20 Agenda." The Atlantic Council, The City UK, Thomas Reuters (December 2013).  
<http://www.atlanticcouncil.org/publications/reports/the-danger-of-divergence-transatlantic-financial-reform-the-g20-agenda>

<sup>3</sup> "TTIP and the 50 States: Financial Services." The British Embassy (Washington D.C.), The Atlantic Council, The Bertelsman Foundation (March 2014).  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/288145/TTIP\\_and\\_the\\_US\\_Financial\\_Services\\_Sector.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/288145/TTIP_and_the_US_Financial_Services_Sector.pdf)

A handwritten signature in blue ink, appearing to read "Ken Bentsen".

Kenneth E. Bentsen, Jr.  
President & CEO

Cc:

Marisa Lago, Assistant Secretary for International Markets and Development,  
United States Department of the Treasury.

Sharon Yuan, Deputy Assistant Secretary for Trade and Investment Policy,  
United States Department of the Treasury.

Michael Pedroni, Financial Attaché to Europe, United States Department of the  
Treasury.

Caroline Atkinson, Deputy Assistant to the President and Deputy National  
Security Advisor for International Economics, National Security Council.

Christopher Smart, Special Assistant to the President for International  
Economics, Trade and Investment, National Economic Council.

Ambassador Michael Punke, Deputy United States Trade Representative.

Catherine Novelli, Under Secretary of State for Economic Growth, Energy and  
the Environment, Department of State.