



Invested in America

September 26, 2014

The Honorable Jacob J. Lew
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Lew,

We understand that financial services will not be discussed during the seventh round of Transatlantic Trade and Investment Partnership (TTIP) negotiations, being held in Washington D.C. next week. EU negotiators have stated they will engage on financial services market access issues only if they are part of a larger discussion that includes cooperation on financial services regulation. SIFMA supports a comprehensive TTIP and we urge you to use Treasury's leadership to begin discussions on a regulatory framework for financial services as soon as possible.

A US-EU trade and investment partnership framework, that provides coordination and consistency in the regulatory process, would enhance opportunities for early discussion, and help to avoid differences and conflicts. It would also greatly advance the progress of current dialogues. We outline below our support of a comprehensive agreement that includes a regulatory framework for financial services as well as covering market access issues.

SIFMA believes a comprehensive agreement is critical for economic growth and job creation, and that a vibrant transatlantic financial marketplace is an essential driver of that growth. The financial crisis vividly demonstrated the interlinkages between markets. The TTIP offers an opportunity to directly address impediments to regulatory consistency across those linked markets. Fragmented or conflicting regulation negatively impacts the ability of market users and participants across all sectors of the transatlantic economy to raise capital and manage risk. It similarly increases complexity for regulators and supervisors. Inaction on this issue 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 practices have diverged in several critical areas, which could come to seriously affect the efficiency and growth of the transatlantic marketplace"*.

Going forward, 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. A framework for coordination of financial services regulation between the US and EU would reduce conflict and complexity, and improve the efficiency of cross border regulations to the benefit of market participants, their customers and regulators.

We recognize that you, and other US policymakers, have previously pointed towards existing dialogues in questioning why a framework is necessary within TTIP. But these dialogues have not succeeded in preventing or overcoming regulatory inconsistencies in a number of areas. In fact, there are no established guidelines for transatlantic coordination on financial regulation. Just as TTIP seeks to provide guidance to 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 more effectively than they have been able to do using existing structures, whether bi-lateral or multi-lateral.

¹ "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>

As the President said at the outset of TTIP negotiations, this partnership is a unique opportunity to create “*the kind of high-standard, comprehensive agreement that the global trading system is looking to us to develop*” and we believe that including a framework for coordination and consistency in financial regulation is an important component of that goal.

We are happy to meet with you at your convenience to discuss the imperative for including a regulatory framework in the agreement for financial services.

Sincerely,

A handwritten signature in blue ink, appearing to read "K. Bentsen, Jr.", with a long horizontal flourish extending to the right.

Kenneth E. Bentsen, Jr.
President & CEO

Cc:

Ambassador Michael Froman, United States Trade Representative

The Honorable Nathan Sheets, Under Secretary for International Affairs, United States Department of the Treasury

Sharon Yuan, Deputy Assistant Secretary for Trade and Investment Policy, 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.

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

Ambassador Anthony Gardner, United States Mission to the European Union