



July 10 2015

The Honorable Ambassador Michael Froman
United States Trade Representative
600 17th Street NW
Washington, DC 20508

**Re: Transatlantic Trade and Investment Partnership (TTIP) and
Financial Services**

Dear Ambassador Froman,

SIFMA members strongly support the Transatlantic Trade and Investment Partnership and we applaud you, and your EU counterparts, for advancing the discussions. SIFMA believes that including a framework to discuss financial services regulation within TTIP is crucial. Such a framework would:

- look towards future rules and regulations – not those devised in the past;
- promote early, more effective, discussion between regulators.

Financial services are hugely important to both the US and EU economies. For example, in the US the industry employs some 6 million people and exports over \$100bn a year. Each and every one of the 50 states contributes to this export effort. Both directly, and through providing capital to the rest of the economy, financial services will be important in making TTIP a success.

TTIP presents an opportunity to examine market access issues between the US and EU in financial services. However, by far the most significant barriers between US and EU capital markets result from insufficient regulatory cooperation and coordination.

The US and the EU both have high regulatory standards in financial services. They should continue to do so. Indeed, both have strengthened their regulatory frameworks in recent years. Yet, despite similar *levels* of standards and similar regulatory objectives, inconsistencies between the two regimes often means market participants face substantial complexity and uncertainty regarding

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cross-border transactions. This leads to market fragmentation, impeding the cross-border flow of capital.

Unfortunately, recent years have seen an increase in regulatory divergences. This has caused greater, more costly, fragmentation between the EU and US markets at a time when leaders, through the G20 and other forum, have attached a premium to effective regulatory coordination. This fragmentation is not a consequence of regulation but rather the result of insufficiently robust mechanisms of cooperation and coordination between the two jurisdictions through which to discuss regulatory issues.

A mechanism set up for transatlantic cooperation under the TTIP framework can address this growing concern, enhancing the ad-hoc financial dialogues that currently exist between the two jurisdictions. TTIP is a unique opportunity to improve on the status quo and achieve the goal of effective, workable, coherent rules between the two markets.

A forward-looking financial services regulatory cooperation framework is the next logical step in a reform effort that has already established and implemented new rules for the capital markets. The transatlantic policy landscape will not stand still: new rules and regulations affecting the financial services industry will continue to be devised. For example, there is increasing attention being paid by policymakers around the world to issues such as market conduct and cyber security. And, in the EU, important questions regarding Capital Markets Union and Structural Banking Reform are being debated.

It is important for effective cross-border policy solutions that an avenue exists at the *beginning* of the process to work through the effects on market stability and institutions operating in both jurisdictions. Such an approach would encourage ongoing intergovernmental cooperation in considering, developing and implementing financial regulation, as well as government-to-industry consultation. It would improve the efficiency of cross border regulations to the benefit of market participants, their customers and regulators.

Capital markets work best when they are governed by clear, rational, and consistent rules to promote stability, allowing them to support economic growth and investment in-country, across borders and around the world. The EU and US have the world's two largest capital markets. The opportunity cost of not

seizing the unique opportunity TTIP provides to promote more coherent rules would be significant and would diminish the benefits of TTIP as a whole.

A handwritten signature in blue ink, appearing to read "Ken Bentsen", with a stylized flourish at the end.

Kenneth E. Bentsen, Jr.
President & CEO

Cc:

The Honorable Jacob Lew, Secretary of the Treasury, United States
Department of the Treasury

The Honorable Nathan Sheets, Under Secretary for International Affairs,
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

Himamauli Das, Deputy Assistant Secretary, United States Department of the
Treasury

Christine Bliss, Assistant United States Trade Representative for Services and
Investment