



September 22, 2017

The Honorable Wilbur L. Ross, Jr.
Secretary of the U.S. Commerce Department
1401 Constitution Ave., NW
Washington, DC 20230

Dear Secretary Ross:

SIFMA appreciates your ongoing efforts to improve the U.S.-China economic relationship through the Comprehensive Economic Dialogue and applauds the progress you achieved on issues of importance to the financial services industry during the 100 Day Plan talks. We are optimistic that your upcoming trips to China will provide opportunities for even further progress on addressing longstanding market access barriers faced by American financial services firms operating in China.

We encourage you to prioritize the elimination of ownership restrictions (equity caps) in China and the grant of appropriate licenses to American financial institutions' trying to compete fairly there. As you know, foreign financial services firms are required to form joint ventures when investing in China and their ownership of securities joint ventures is capped at 49 percent which prevents the control of business decisions. U.S. securities firms should be permitted to establish wholly owned subsidiaries with all appropriate licenses to conduct business onshore under the same terms as Chinese firms.

We welcome indications from Chinese officials that they are open to lifting these ownership caps and providing the appropriate licenses.¹ In July, for instance, the China Securities Regulatory Commission (CSRC) approved the first majority-owned securities joint venture by a foreign institution.² We hope the time is right for progress on similar approvals for U.S. firms seeking such majority ownership and believe it could have a positive multiplier effect across all sectors of the economy—including manufacturing, technology and others.

We welcome opportunities to further support the Administration's dialogue with China on trade and investment issues. Please feel free to contact Peter Matheson (pmatheson@sifma.org or 202-962-7324) should you desire additional information.

¹ Bloomberg, "China PBOC to Draft Package for Financial Market Opening, Sources Say," September 18, 2017, <https://www.bloomberg.com/news/articles/2017-09-18/china-pboc-is-said-to-draft-package-for-financial-market-opening>.

² Bloomberg, "HSBC becomes first foreign majority owner in China securities JV," June 30, 2017, <https://www.bloomberg.com/news/articles/2017-06-30/hsbc-becomes-first-foreign-majority-owner-in-china-securities-jv>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ken Bentsen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kenneth E. Bentsen, Jr.
President and CEO

CC:

- Steven Mnuchin, United States Secretary of the Treasury
- Ambassador Robert Lighthizer, U.S. Trade Representative
- Everett Eissenstat, Deputy Assistant to the President for International Economic Affairs
- Mathew Haarsager, Special Assistant to the President for Global Economics and Finance
- Christopher Adams, Senior Coordinator for the Comprehensive Economic Dialogue, Department of the Treasury
- Alan Turley, Deputy Assistant Secretary for China and Mongolia
- James M. Sullivan, Deputy Assistant Secretary for Services
- Paul Thanos, Director, Office of Finance and Insurance Industries