

Letter Supports Legislative Measure on American Financial Services Competitiveness, April 2007

April 24, 2007

The Honorable Mike Crapo
United States Senate
SD-239
Washington, DC 20510

The Honorable Charles Schumer
United States Senate
SH-313
Washington, DC 20510

Dear Senators Crapo & Schumer:

We, the below listed trade associations, offer our support for your amendment to S. 761 regarding the sense of the Senate concerning American competitiveness in the area of financial services and capital markets. It is our belief that the McKinsey Report on New York's Competitiveness (Commissioned by Senator Schumer and Mayor Bloomberg), as noted in the amendment, highlights the need for proactive measures to help preserve America's leadership position in the global financial services marketplace.

As noted in the amendment and the McKinsey Report: "In looking at several of the critical contested investment banking and sales and trading markets – initial public offerings (IPOs), over-the-counter (OTC) derivatives, and debt issuance—it is clear that the declining position of the US goes beyond this natural market evolution to more controllable, intrinsic issues of US competitiveness. As market effectiveness, liquidity and safety become more prevalent in the world's financial markets, the competitive arena for financial services is shifting towards a new set of factors—like availability of skilled people and a balanced and effective legal and regulatory environment – where the US is moving in the wrong direction." It is also important to note that in key areas, the United States is falling behind foreign competitors to the long-term detriment of America's business, workers, and citizens.

The resolution urges Congress, the President, industry leaders and other stakeholders to take the necessary steps to restore America's leadership position in the global financial services marketplace. In particular, the resolution urges financial services regulators, both domestically and globally, to coordinate so as to not impose unwarranted regulations which may have an adverse affect on innovation, or which have costs that exceed the expected benefits. At the same time the resolution urges financial services regulators to uphold the highest standards of investor protection. We agree with these suggestions.

We also strongly support continued efforts from the Congress and Administration to work to eliminate barriers that US financial services firms face in foreign markets that directly harm the competitiveness of this vital sector of the economy. In order for America to continue to provide economic growth and job creation, it is imperative that Congress act to promote American financial services competitiveness. We are grateful for the leadership of Senator Schumer in commissioning this study and drawing attention to the issue and to both Senators Schumer and Crapo for the amendment to S.761, which will serve to begin a discussion in the Senate. We stand ready to work with the Congress and support your effort as an important step on the road to promoting America's leadership in this vital area.

Sincerely,

American Bankers Association
The Business Roundtable
United States Chamber of Commerce
Financial Services Forum

Futures Industry Association
Investment Company Institute
International Swaps and Derivatives Association
Securities Industry and Financial Markets Association

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