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SIFMA, EU/US Trade Associations Joint Statement on 9th Round of TTIP Negotiations

Washington, DC, April 19, 2015 –Today, the undersigned trade associations and representative bodies, based in the United States and the European Union, issued the following statement reinforcing their strong support for a Transatlantic Trade and Investment Partnership (TTIP) that includes financial services regulatory coordination, in advance of the ninth round of negotiations to be held this week in New York City beginning on April 20th:

"TTIP provides an incredible opportunity to strengthen ties between the United States and European Union while increasing prosperity for both. Every single U.S. state and EU member stands to benefit from a deal that covers all the key negotiating areas and sectors and addresses tariff and non-tariff technical barriers to trade. To realize that potential, the agreement has to be *comprehensive*. As our respective domestic industries are closely linked, an important component of the final deal is in the financial services sector, sustaining a transatlantic capital market that supports cross-border trade and economic activity, expansion of manufacturing, services and technology sectors and job creation on both sides of the Atlantic. To maximize these benefits it is vital that TTIP includes both a framework for financial services regulatory cooperation as well as solutions to market access issues.

"The undersigned associations and representative bodies firmly believe that lowering the ambition of TTIP by setting aside the opportunity to create this framework will have significant negative consequences, including constraining a critical engine of economic growth.

"EU and U.S. capital markets are the world's largest, together accounting for over two-thirds of global cross-border portfolio investments and with the potential for further growth. Both jurisdictions have pursued ambitious financial regulatory reforms in recent years. Our associations and representative bodies have contributed constructively to those efforts. We have also welcomed the repeated commitments by leaders of both sides to coordinate closely in developing financial regulations. Yet, despite widespread recognition of the importance of cooperation, there have been multiple instances of inconsistent, conflicting or duplicative rules between the EU and U.S. over recent years. In some key areas, these inconsistencies have fragmented markets, impaired liquidity and imposed significant economic costs on non-financial end-users and risks to investors. But these tensions are not behind us: fresh examples of transatlantic divergences continue to emerge and preoccupy regulators.

"The need for transatlantic compatibility in capital markets is widely recognized by EU and U.S. financial markets regulators. The existing Financial Markets Regulatory Dialogue (FMRD) allows the two jurisdictions to exchange information on regulatory developments and to discuss cooperation and shared interests. The G20, underpinned by the Financial Stability Board (FSB), also remains a useful driver of financial markets regulatory coordination at the global level. But neither of these discussion platforms is fit for the purpose of resolving transatlantic regulatory divergences at an early stage.

"TTIP, on the other hand, provides an opportunity for something *that no other existing international or bilateral forum is able to deliver*: a commitment on a framework to engage and discuss, through respective financial regulatory agencies and departments, how to coordinate financial regulation at an early stage of development. This is crucial if problems of divergence of approach are to be addressed before they start to have an impact. It is only logical that there be a mechanism for consistency and coordination in the implementation of regulations, as is being discussed for other sectors, in an industry that plays such an important role in helping to realize the growth in other parts of the economy. In contrast to how it is often perceived, the framework that is envisioned is not a vehicle to undermine or challenge judgments by regulators on appropriate prudential regulation. The goal is to make those judgments work in practice on a cross-border basis between the two largest financial markets in the world and to ensure a vibrant, safe and sound transatlantic financial marketplace.

"We believe that the framework outlined would allow regulators to recognize the important differences between the two markets while committing to work together for forward-looking cross-border solutions, rather than relying on remedial discussions after the fact. The resulting improved coherence would enhance the efficiency of cross-border regulations to the benefit of market participants, their customers and regulators. Uncertainty and market fragmentation would diminish, allowing cross-border capital to play a greater role in boosting jobs and incomes in the EU, U.S. and worldwide. President Obama has observed that TTIP 'can also strengthen the multilateral trading system,' and President Tusk has said that 'TTIP will keep America and Europe strong in the world.' TTIP is an opportunity to buttress multilateral dialogues in the financial space and ultimately strengthen stability. We urge negotiators to recognize these benefits in New York this week."

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BritishAmericanBusiness
bba The voice of banking
bwf Bundesverband der Wertpapierfirmen
TheCityUK
EBF European Banking Federation
ESF European Services Forum
FSR Financial Services Roundtable
iib Institute of International Bankers
IIF Institute of International Finance
sifma
Swedish Securities Dealers Association
TABC Trans-Atlantic Business Council
U.S. Chamber of Commerce