

September 23, 2011

[SENT TO ALL G-20 FINANCE MINISTERS]

Re: Opposition to the Financial Transaction Tax

The Global Financial Markets Association¹ writes to you to express its strong opposition to the imposition of a financial transaction tax ("FTT"), or other substitute form of the FTT. The case against a financial transaction tax is strong, and the arguments well known. A transaction tax will cycle through the economy, harming both investors and businesses. Consequently, we urge you to reject any FTT proposal that might be raised and discussed at the upcoming G20 Finance Ministers and Leaders meetings.

We are aware that some G20 members have sought to develop FTTs on a regional basis (i.e. within the European Union) as a pre-cursor to a global approach. The negative effects of such an initiative will be felt most strongly in the region where the FTT is imposed, as essential business moves to other jurisdictions.

It is important also to be clear about the likely economic and financial impact of a global FTT. A number of studies have shown that a FTT will impede the efficiency of markets; impair depth and liquidity; raise costs to issuers, investors, and pensioners; and distort capital flows by discriminating against asset classes. Major economies that have adopted FTTs and FTT-like initiatives have had overwhelmingly negative results, including reduced asset prices, trading moving to other venues, market dislocation, and decreased liquidity. In light of the current fragile state of global markets and the economy, and with many economies experiencing high levels of unemployment and sluggish recoveries, the imposition of such a tax would be particularly harmful.

G20 members have committed to work together to support policies that will lead to sustainable and balanced growth. The imposition of a FTT would run

¹ The Global Financial Markets Association (GFMA) joins together some of the world's largest financial trade associations to develop strategies for global policy issues in the financial markets, and promote coordinated advocacy efforts. The member trade associations count the world's largest financial markets participants as their members. GFMA currently has three members: the Association for Financial Markets in Europe (AFME), the Asia Securities Industry & Financial Markets Association (ASIFMA), and, in North America, the Securities Industry and Financial Markets Association (SIFMA).

counter to achieving these objectives. We urge you and your colleagues to vigorously object to attempts to undertake any initiative to impose a global FTT.

Please feel free to contact me directly at (212) 313-1053 or at tryan@gfma.org if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Ryan', with a stylized flourish at the end.

T. Timothy Ryan, Jr.
CEO
GFMA

c: G20 Finance Ministers