



December 3, 2013

The Honorable Joseph Biden
Vice President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Vice President:

The undersigned members of the **ENGAGE CHINA** coalition thank you and the Administration for its continuing leadership and ongoing commitment to further strengthen the U.S.-China economic partnership – one of the most important bilateral relationships in the world. **ENGAGE CHINA** is a coalition of 12 financial services trade associations united in our view that active engagement and cooperation between the United States and China remains the most constructive means of ensuring that the citizens of both nations mutually benefit from the growing bilateral economic relationship.

In anticipation of your upcoming trip to Beijing, we write to call your attention to the critical importance of greater foreign participation in China's financial services marketplace. Specifically, we wish to express our growing concern regarding the continuing inability of U.S. financial services companies to compete in China on a level playing field. Though China has undertaken important reforms such as the establishment of the Shanghai Free Trade Zone and the recent expansion of the R-QFII program, our members continue to face numerous obstacles, including investment limitations, restrictions or prohibitions on business activities, licensing moratoriums, and opaque regulatory and discretionary licensing procedures. We respectfully urge you to raise the need for continued financial sector reform and modernization during your meetings this week.

We remain very supportive of China's stated goal of transitioning from a manufacturing-for-export economic model to a more internally-driven economy based on higher consumer demand. We are also strongly of the view that a more modern, sophisticated, and open financial system is necessary to achieve that desired economic transition.

Given the importance of further financial sector reform to China's continued growth and development, the following core objectives must be achieved: (1) elimination of equity caps on foreign ownership in Chinese financial services companies; (2) elimination of restrictions on corporate form, geographic expansion, and product offerings including through prudentially unjustified discriminatory regulatory procedures; (3) full national treatment for foreign financial

sector participants and investors; (4) improved regulatory and procedural transparency; and (5) development of a deeper and more liquid corporate bond market.

The global profile and scale of China's financial institutions and capital markets has increased significantly. China's new role is underscored by the expansion of its domestic institutions to major financial centers, participation in global regulatory forums, and interest in negotiating bilateral and regional trade and investment agreements. This increased profile should be met with a corresponding reduction and elimination of discriminatory barriers to U.S. firms. It should also be used to establish high standards for the financial services industry when negotiating a bilateral investment treaty, or the Trade in Services Agreement (TISA).

We encourage you to continue efforts to ensure U.S. financial services firms are able to operate on a level playing field in China. **ENGAGE CHINA** thanks you for your leadership on these important issues.

Sincerely,

The Engage China Coalition:

American Bankers Association
American Council of Life Insurers
American Insurance Association
BAFT-IFSA
The Council of Insurance Agents and Brokers
The Financial Services Forum
The Financial Services Roundtable
The Futures Industry Association
Insured Retirement Institute
Investment Company Institute
Property Casualty Insurers Association of America
The Securities Industry and Financial Markets Association

cc:

The Honorable Marisa Lago, Assistant Secretary for International Markets and Development,
U.S. Department of the Treasury;
Sharon Yuan, Deputy Assistant Secretary for Trade and Investment Policy, U.S. Department of
the Treasury;
Mark Sobel, Deputy Assistant Secretary for International Monetary and Financial Policy, U.S.
Department of the Treasury