



November 13, 2013

The Honorable Jacob Lew
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Lew:

The **ENGAGE CHINA** coalition writes to you in advance of your upcoming meetings in Beijing to express concern over the inability of our members to compete in China on a level playing field. Though China has undertaken recent reforms such as the establishment of the Shanghai Free Trade Zone and the expansion of the R-QFII program, our members continue to face numerous obstacles, including equity cap limitations, restrictions or prohibitions on business activities, licensing moratoriums, and opaque regulatory and discretionary licensing procedures. We urge you to raise the need for continued financial sector reform and modernization during your meetings this week.

We remain supportive of China's goal to shift future growth to domestic demand, by reducing the need for precautionary savings and providing the funding needed to move toward a more services oriented economy. We strongly believe that as part of this economic transition, financial reform and modernization of China's capital markets remains fundamental.

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. We thank 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