LETTER FROM FINANCIAL INDUSTRY PROFESSIONALS IN SUPPORT OF FINANCIAL TRANSACTION TAXES

June 21, 2012

Dear G20 and European leaders,

As individuals with first-hand knowledge and significant experience in the financial industry, we urge you to introduce small financial transaction taxes (FTTs). These taxes will rebalance financial markets away from a short-term trading mentality that has contributed to instability in our financial markets. They also have the potential to raise significant revenue.

In the last few decades, financial market activity has increased tremendously, with the value of transactions now seventy times greater than the size of the real global economy. The primary role of financial markets is to raise investment, allocate resources efficiently, and mitigate risk. However, much of today's financial activity does not contribute to these goals. Computer-driven, high frequency trading, for example, allocates resources on the basis of algorithms designed to turn very short-term profits and have been shown to drain liquidity in stressed markets when it is needed most.

Financial transaction taxes of a small fraction of a percent on each trade, such as those proposed by the European Commission and backed by a number of G20 countries, would moderate the incentives for such short-term speculation while having a negligible impact on long-term investment.

Concerns have been raised that FTTs could damage growth. But a growing body of evidence suggests that by reducing volatility and raising much needed revenue, the overall effect would be positive. Critics have also wrongly associated trading volume with efficiency-enhancing liquidity and failed to sufficiently take into account market resilience and trust that are undermined in a world where very short-term trading dominates the financial system. As many notable economists have observed, a modest transaction tax will actually improve the functioning of markets.

FTTs have a proven track record. Numerous countries, including those with deep and fast-growing markets, such as the UK, South Africa, Hong Kong, Singapore, Switzerland, and India, currently have FTTs on particular asset classes that raise billions of dollars per year. New FTTs, whether agreed by the G20, EU, or by individual countries, offer a real opportunity to help restore the financial sector to its proper role, while raising massive revenues for people in urgent need at home and in the world's poorest countries. We believe this is an opportunity that should not be missed.

Yours faithfully,

<u>United States</u>
1. Marshall Auerback, Global Portfolio Strategist, Madison Street Partners, LLC
2. Dr. William Barclay, former Senior Vice President, Planning and Development, Chicago Stock Exchange
3. Leslie Christian, Chair, Upstream 21 Corporation, and former president and CEO, Portfolio 21 Investments
4. Amb. Sally Shelton-Colby, Diplomat-in-Residence, American University School of

International Service, former Vice President, Bankers Trust, and former Deputy Secretary-General, OECD
5. Doug Cliggott, Lecturer, University of Massachusetts-Amherst, and former Managing Director and U.S. Equity Strategist, JP Morgan
6. David M. Dobkin, Investment Advisory Representative, First Affirmative Financial Network
7. Lief Doerring, Senior Principal Development Specialist, Economic Growth Sector, DAI
8. Amy Domini, Trustee, The Sustainability Group of Loring, Wolcott & Coolidge
9. Richard Eskow, Senior Fellow, Campaign for America's Future, former President, HEI, a subsidiary of American International Group (AIG), and risk management consultant
10. Charles Ewald, former Vice President, Goldman Sachs
11. Rian Fried, President, Clean Yield Asset Management
12. John Fullerton, Founder and President, Capital Institute, and former Managing Director, JP Morgan
13. George R. Gay, CEO, First Affirmative Financial Network
14. John Harrington, President and CEO, Harrington Investments, Inc.
15. Dr. Hazel Henderson, author, *Ethical Markets: Growing the Green Economy*, and former Advisory Council member, Calvert Social Investment Fund
16. Bruce T. Herbert, Chief Executive, Newground Social Investment
17. David Hills, Partner, Veris Wealth Partners
18. Leo Hindery, Jr., Managing Partner, InterMedia Partners, LP, a media industry private equity fund
19. Julie Johnson, CFA, Founder and Managing Partner, Fresh Pond Capital
20. Adam Kanzer, Managing Director and General Counsel, Domini Social Investments, LLC
21. Jerry Klein, Senior Vice President, Financial Advisor, TheEcoGroup at Morgan Stanley Smith Barney
22. Michael Kramer, Managing Partner, Natural Investments LLC
23. Amy Lepak, former Systems Analyst, Paul Revere Insurance, and consultant, Bank of Boston
24. Patrick McVeigh, President and Co-Founder of Reynders, McVeigh Capital Management
25. Krishen Mehta, Founding Director, Asia Initiatives, New York
26. Matt Patsky, Chief Executive Officer, Trillium Asset Management
27. Professor Lynn A. Stout, Distinguished Professor of Corporate and Business Law, Clarke Business Law Institute, Cornell Law School
28. Richard W. Torgerson, Director of Social Research & Shareholder Advocacy, Progressive Asset Management, Inc.
29. Wallace Turbeville, Fellow, Dēmos, and former Vice President, Goldman Sachs
30. Ed Wiegner, Vice Chairman, Western Reserve Energy Services, LLC, and former Executive Vice President and Chief Financial Officer, Progressive Insurance
31. Robert Zevin, Chairman, Zevin Asset Management, LLC

Europe

32. Allan Andersen, Director, Oikos Andelskasse (Oikos Co-operative Bank) (Denmark)
33. Luc Bomans, former Executive Vice President, JPMorgan, and former CEO, Euroclear Bank (France)
34. Ugo Biggeri, President, Banca Popolare Etica (Italy)
35. Alistair Constance, Director of Foreign Exchange Trading, Ethical Currency Ltd. (UK)

36. Bernard Hautefort, former President and Chief Executive, Europartners Securities NY (France)
37. Cormac Hollingsworth, former Managing Director, Dresdner Kleinwort (UK)
38. Sony Kapoor, Managing Director, Re-Define, Visiting Fellow, London School of Economics, and former derivatives trader
39. Daniel Lebègue, former Director, French Public Treasury, and former Director General, Caisse des Dépôts (France)
40. Barry Marshall, former Co-Chair for Europe, Middle East and Africa, FIX Protocol, and former Chief Operating Officer (Investment), Gartmore Group Limited (UK)
41. Dirk Müller, financial expert and former broker, Frankfurt (Germany)
42. Andreas Neukirch, President, GLS Bank, Bochum, Germany
43. Lars Pehrson, Managing Director, Merkur Andelskasse (Merkur Cooperative Bank) (Denmark)
44. Avinash Persaud, Chairman, Intelligence Capital Limited & Chairman, Elara Capital PLC, and former head of Currency and Commodity Research, JP Morgan (UK)
45. Arielle de Rothschild, Managing Director, Rothschild Group (France)
46. Jean-Manuel Rozan, Président, QWANT SAS (France), and former Head Trader for derivatives options, Shearson-Lehman New York
47. Dr. Wilfried Stadler, former CEO, Investkredit Bank, Vienna
48. Raj Thamotheram, President, Network for Sustainable Capital Markets, Co-founder, Preventable Surprises, and former Director of Responsible Investment, AXA Investment Managers (UK)
49. Robert Thys, former Director, International Affairs, NYSE Euronext, Paris
50. Dr. Paul Wilmott, proprietor, Wilmott magazine and the quantitative finance portal wilmott.com, and former partner, Caissa Capital (UK)

Other

51. Jack Gray, Principal, Rawson East, former Co-head, GMO Global Asset Allocation, and former Chief Investment Officer, Sunsuper (Australia)