

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

June 7, 2007

The President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

The members of your Export Council have followed with keen interest the recent public debate concerning the competitiveness of US capital markets. On the whole we agree that maintaining the global preeminence of US capital markets is critical to the long-term health of the American economy and American industries. Robust capital markets provide the needed resources for growing companies, millions of high-quality jobs, and opportunities for millions of investors to share in wealth creation, individually and through collective vehicles.

In our role as advisors on government policies to enhance our country's trade performance, we recognize that healthy, competitive capital markets are important to our export performance. They are critical to developing and maintaining high value-added, knowledge-based industries, including financial services and the array of accounting, banking, consulting, credit-rating, insurance, legal, securities, and other services which support financial transactions. Every time a foreign issuer enters the US market, a foreign borrower seeks financing from a US source, a foreign company buys insurance in the US, a foreign individual purchases US stocks, or foreign entities seek financial, accounting, consulting, legal or other professional advice from US sources to support a transaction, there is an addition to our services exports. Efficient and competitive markets lead to expanded foreign opportunities for U.S. financial and professional services providers. Furthermore, competitive capital markets at home provide the resources and services that support our agricultural, manufacturing, services, and many other industries engaged in global trade.

In light of these important trade benefits, we share the concern that US capital markets may be losing their competitive advantage relative to markets in other parts of the world. The reasons for this are varied and complex, not the least of which is the natural and inevitable maturing of foreign financial centers. This is no reason for complacency. Financial centers, or aspiring centers, from London to Mumbai, Tokyo to Dubai, and Frankfurt to Shanghai are all actively studying ways to promote their own development and competitiveness.

We welcome the recent recommendations of the Committee on Capital Markets Regulation, the Commission on the Regulation of U.S. Capital Markets in the 21st Century, and the report on Sustaining New York's and the US' Global Financial Services Leadership, among others. Without opining on each and every recommendation, we believe these recommendations as a whole deserve serious consideration by your Administration and the

regulatory agencies that are charged with ensuring the integrity of our capital markets. We also note that there is unanimity of opinion expressed in these reports on certain issues that we believe deserve priority attention:

- Maintaining an open investment climate;
- Establishing principles of effective regulation including careful cost-benefit analysis of proposed rules and regulation;
- Moving expeditiously toward convergence around high quality international standards of regulation, accounting and auditing;
- Reforming approaches to regulatory enforcement, securities litigation, and auditor liability;
- Coordinating regulatory approaches among federal agencies, as well as between federal and state regulation; and
- Re-examining aspects of the Sarbanes-Oxley Act to improve their cost-effectiveness and redress unintended effects on our capital markets competitiveness.

With regard to the last point, which we recognize is especially sensitive, we want to emphasize that, on the whole, in our opinion the Sarbanes-Oxley Act has contributed significantly to capital market confidence. We wholeheartedly support its objectives. However, we also recognize, with the benefit of nearly five years of experience, that some of its provisions and their application should be adjusted. We believe the regulatory process currently underway to scale certain provisions of the Act should be allowed to be implemented before any legislative changes to it are considered.

Mr. President, the members of your Export Council believe that maintaining the preeminence of US capital markets is a matter of high national priority. We believe the previously-cited issues deserve urgent consideration. We appreciate the attention that members of your Cabinet have accorded this matter, and we are prepared to work with them and the independent regulatory agencies in order to maintain the strength and integrity of our capital markets and expand our export position in financial and related services.

Sincerely,



J.W. Marriott, Jr.
Chairman