

**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,

United States

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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. Susan Estep, Senior Partner and Portfolio Manager, Estep, Hope and Weber Capital Management, and former Vice President, JP Morgan Securities
 11. Charles Ewald, former Vice President, Goldman Sachs
 12. Rian Fried, President, Clean Yield Asset Management
 13. John Fullerton, Founder and President, Capital Institute, and former Managing Director, JP Morgan
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 15. John Harrington, President and CEO, Harrington Investments, Inc.
 16. Dr. Hazel Henderson, author, *Ethical Markets: Growing the Green Economy*, and former Advisory Council member, Calvert Social Investment Fund
 17. Bruce T. Herbert, Chief Executive, Newground Social Investment
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 19. Leo Hindery, Jr., Managing Partner, InterMedia Partners, LP, a media industry private equity fund
 20. Julie Johnson, CFA, Founder and Managing Partner, Fresh Pond Capital
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 22. Jerry Klein, Senior Vice President, Financial Advisor, TheEcoGroup at Morgan Stanley Smith Barney
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48. Dr. Wilfried Stadler, former CEO, Investkredit Bank, Vienna
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51. Dr. Paul Wilmott, proprietor, Wilmott magazine and the quantitative finance portal wilmott.com, and former partner, Caissa Capital (UK)

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