



**ICSA**

INTERNATIONAL COUNCIL of SECURITIES ASSOCIATIONS

February 1, 2010

John Lipsky  
First Deputy Managing Director  
International Monetary Fund  
700 19th Street, N.W.  
Washington, D.C. 20431

Re: IMF study on financial sector “taxation”

Dear John,

I am writing to you in my capacity as Chairman of the International Council of Securities Associations (ICSA), which is the global forum bringing together trade associations and self-regulatory organizations for the securities industry.<sup>1</sup>

I would like to note from the outset that ICSA members are supportive of the objectives of the IMF’s study evaluating various ways to fund the financial sector support that would be required in a financial crisis. We are particularly supportive of your commitment to include in the evaluation the need to bolster systemic efficiency and effectiveness, “...including by removing existing distortions and avoiding the introduction of new ones.”<sup>2</sup> These are among the important benchmarks against which all of the proposals should be assessed.

As a global organization dedicated to encouraging the sound growth of the international capital market, ICSA is generally opposed to any policy measures that would reduce liquidity and efficiency in the global capital market. We are concerned that some of the policy proposals made in response to the global financial crisis, such as those that would impose a tax on financial transactions, could have the effect of reducing liquidity and the economic efficiency of markets. This would generate substantial costs that would ultimately be borne by businesses and consumers, who rely on the financial markets to invest, raise finance and manage risk, and would therefore adversely impact economic growth. For that reason, we believe that the IMF’s study can make an important contribution to the current policy debate by evaluating both the costs and benefits of the various policy proposals. We also hope that the report will provide an assessment of the aggregate impact on the global economy of the various regulatory and legislative reforms that have been introduced in response to the global financial crisis combined with the tax proposals that are under review.

We look forward to reviewing the results of your study as soon as it is released.

Best regards,

René Karsenti  
Chairman  
International Council of Securities Association

---

<sup>1</sup> ICSA’s objective is to encourage the sound growth of the international capital market by encouraging and promoting: (1) harmonization and, where appropriate, mutual recognition in the procedures and effective regulation of that market; and (2) mutual understanding and the exchange of information among ICSA members. More information about ICSA is available at: [www.icsa.bz](http://www.icsa.bz)

<sup>2</sup> IMF Survey online, “IMF Studies How to Pay for Financial Sector Rescues”, January 11, 2010.