

Ziyavudin Magomedov
ABAC Chair 2012

April 3, 2012

Mr. Wayne Byres

Secretary General
Basel Committee on Banking Supervision
Centralbahnplatz 2
CH-4002 Basel, Switzerland

Dear Mr. Byres:

The APEC Business Advisory Council (“ABAC”) is the formal private sector advisory group of the Asia-Pacific Economic Cooperation (“APEC”) Forum. Representing the business communities of all 21 APEC member economies, ABAC is tasked with ensuring the success of APEC by providing private sector insights on how best to achieve APEC’s goals, both through APEC’s own initiatives, and in dialogue with other international organizations.

ABAC supports APEC’s goal of accelerating trade and investment liberalization and promoting regional economic integration, as well as efforts to promote capacity building to develop financial markets and encourage greater regulatory coherence. We are deeply concerned about the Eurozone debt crisis, and look to individual and collective efforts by APEC economies and dialogue among relevant authorities in safeguarding the overall stability of financial systems within and beyond our region.

ABAC understands the importance of sound financial regulation in maintaining sustainable growth and stable financial systems. In particular, we agree that the issue of excessive speculative movements of capital across financial markets needs to be addressed. We note, however, that given the high-level of connectivity among today’s markets, the impact of financial regulations extend beyond jurisdictional borders and can spread quickly, deeply and extensively across multiple financial markets.

ABAC is concerned that new financial regulations being introduced in some jurisdictions may have unintended and unpredictable consequences affecting other markets that could impede the healthy growth of our economies. We urge relevant authorities in APEC member economies to address these concerns.

We particularly request your kind attention on the following two issues.

First, we request that due account be taken of the cross-border and extraterritorial effects of financial regulations and that relevant authorities collaborate with each other in addressing these concerns.

Second, we would like to point out the unintended consequences for market makers across the region and the real economy of new regulations that unduly constrain market liquidity, hinder

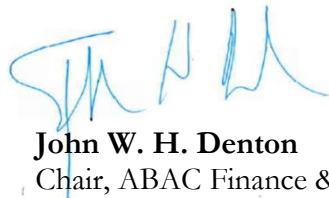
pricing mechanisms and distort markets. The requirement to provide counter party information on a cross-border basis is also an issue that we believe requires more careful consideration.

Given the current unstable and uncertain economic circumstances, ABAC highly appreciates your further careful consideration and review of new financial regulations with a view to avoiding pro-cyclical effects on APEC economies and ensuring our region's continued growth and prosperity.

Respectfully yours,



Ziyavudin G. Magomedov
ABAC Chair 2012



John W. H. Denton
Chair, ABAC Finance & Economics Working Group