

## Ministry of Finance

> Postbus 20201 2500 EE Den Haag The Netherlands

The Honorable Timothy F. Geithner  
United States Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220, USA

### Financial Markets Policy Directorate

Korte Voorhout 7  
2511 CW Den Haag  
Postbus 20201  
2500 EE Den Haag  
www.minfin.nl

**Our reference**  
FM/2009/188 M

Date

Dear Mr. Geithner,

With great pleasure I have noted the recently announced proposals of the United States' administration aimed at reducing moral hazard in the financial system. These plans will make a significant contribution to the current debate about the future design of the financial sector. International financial stability would greatly benefit from an in-depth discussion of these plans on a global scale. We therefore support bringing this discussion forward in both the G20 and the European Union, with the aim of internationally coordinated implementation.

Since the outburst of the crisis, international coordination and cooperation has been smooth and exemplary. The G20 has acted decisively and international forums such as the Financial Stability Board were broadened with a strengthened mandate and entrusted with important work to promote global financial stability. As a result of this response, I firmly believe that regulation and supervision in the financial sector will in the future be considerably more harmonized than in the years preceding the crisis.

I fully agree with the message the President of the United States pointed out last Thursday that we need to take further steps. Some of the very financial institutions that were on the brink of collapse just fourteen months ago, are posting record profits and, worryingly, are again rapidly growing in size. This jeopardizes the thin layer of regained trust of the general public in the financial sector, and as a result many of our combined efforts so far. This is unacceptable.

We acknowledge that the activities in the financial sector have to become manageable again. Growth will have to be based on a strategy that is both durable and safe. This means that the activities of financial institutions will have to be focused again on providing reliable financial services to citizens and businesses on the basis of acceptable and transparent risks, to prevent costs of excessively risky behavior from being passed on to the taxpayer.

Our efforts in the FSB and the G20 have yielded tremendous results because we introduced them globally with no room for arbitrage and with regard to the level playing field. We believe it will be of the utmost importance that we adhere to this

strategy in the coming period which will shape the new structure of the financial sector.

**Financial Markets Policy  
Directorate**

We are keen to discuss these issues with the United States and others in the G20 and we will certainly try to win support for your views in Europe. I look forward to bring this discussion further in the coming months.

**Our reference**  
FM/2009/188 M

Yours sincerely,

Wouter Bos  
Minister of Finance of the Netherlands