



18 May 2004

The Honourable Randal K. Quarles  
Assistant Secretary for International Affairs  
U.S. Department of the Treasury  
Washington, DC 20220

Dear Mr. Quarles

In connection with the signing on this date of the Australia-United States Free Trade Agreement (the "Agreement"), I have the honour to confirm the following understanding reached by the Governments of Australia and the United States regarding Chapter Thirteen (Financial Services) of the Agreement.

During the course of discussion of Article 13.16 of the Agreement, relating to the Financial Services Committee (the "Committee"), the Government of Australia requested that the Committee serve as a forum for discussion of certain cross-border issues pertaining to securities. Taking note of the Committee's mandate to consider issues regarding financial services that are referred to it by a Party, including ways to further integrate financial services sectors between the Parties, both Parties agreed that the Committee would provide an appropriate forum for discussion of these issues. The Parties further agreed that the Committee would report to the Joint Committee on its work concerning these issues within two years of the entry into force of the Agreement.

I would be grateful if you could confirm that your Government shares this understanding and have the honour to propose that this understanding shall constitute an integral part of the Agreement.

Australia also notes, with respect to the issues pertaining to securities as described above, that it proposes the Committee discuss cross-border access for foreign securities markets and foreign collective investment schemes, other such prudential issues, and related matters. Australia further confirms that the Parties recognized the usefulness of existing arrangements for cooperation between Australia and U.S. securities regulators and the ongoing talks to facilitate the licensing of each other's securities industry professionals.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Mark Vaile".

Mark Vaile  
Minister for Trade



DEPARTMENT OF THE TREASURY  
WASHINGTON

ASSISTANT SECRETARY

May 18, 2004

The Honorable Mark Vaile MP  
Minister for Trade  
Parliament House  
Canberra ACT 2600

Dear Minister Vaile:

I have the honor to confirm receipt of your letter of this date, which reads, in relevant part, as follows:

“In connection with the signing on this date of the Australia–United States Free Trade Agreement (the “Agreement”), I have the honor to confirm the following understanding reached by the Governments of Australia and the United States regarding Chapter Thirteen (Financial Services) of the Agreement.

During the course of discussion of Article 13.16 of the Agreement, relating to the Financial Services Committee (the “Committee”), the Government of Australia requested that the Committee serve as a forum for discussion of certain cross-border issues pertaining to securities. Taking note of the Committee’s mandate to consider issues regarding financial services that are referred to it by a Party, including ways to further integrate financial services sectors between the Parties, both Parties agreed that the Committee would provide an appropriate forum for discussion of these issues. The Parties further agreed that the Committee would report to the Joint Committee on its work concerning these issues within two years of the entry into force of the Agreement.

I would be grateful if you could confirm that your Government shares this understanding and have the honour to propose that this understanding shall constitute an integral part of the Agreement.”

I have the further honor to confirm that my Government shares this understanding and that it shall constitute an integral part of the United States–Australia Free Trade Agreement.

In addition, the United States acknowledges Australia’s proposal that the Committee discuss certain specific cross-border issues relating to securities.