

January 20, 2012

The Honorable Mary Schapiro  
Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Dear Chairman Schapiro:

The undersigned companies and organizations, representing a diverse range of industries, rely on money market mutual funds to support our capital raising and investment needs. We strongly believe current rules governing money market funds strike the right balance, ensuring conservative operation and liquidity while fulfilling the cash management needs of businesses across the country. As such, we urge regulators to avoid making additional regulatory changes that would fundamentally alter the nature of money market funds, undermining their usefulness to businesses as a source of short-term investing and financing.

### **Reliable Investments**

Money market funds are a crucial instrument for businesses' daily cash management and the efficient operation of the U.S. economy. Throughout their 40-year history—a period which saw countless bank failures and substantial losses in other investment vehicles—money market funds have provided investors a variety of benefits, including enhanced diversification, robust credit analysis, high-quality, short-term assets, and preservation of capital. Moreover, money market funds provide significant administrative efficiencies and accounting and tax simplicity because of the stable \$1.00 per share value.

### **Efficient Marketplace for Short-Term Financing**

Money market funds play a vital role in providing short-term funding not only to corporations, but also state and local governments and financial institutions. Many businesses issue commercial paper to meet critical short-term financing needs such as replenishing inventories and financing expansion. Money market funds are major

buyers or outlets for such commercial paper and other short-term instruments such as variable rate notes and tax anticipation notes.

As such, money market funds are a vital part of the short-term liquidity marketplace, the backbone which supplies essential working capital to U.S. businesses. In fact, money market funds purchase *more than one third* of the commercial paper issued by American businesses each year. Anything that reduces the attractiveness of money market funds as an investment vehicle for business also reduces the role these funds can play as a source of short-term working capital for the economy. Said differently, *if new regulations cause money market fund assets to decline, the decline will also be seen in money market fund purchases of commercial paper and short-term instruments that are so vital in funding U.S. companies, municipalities, and state governments.*

### **Risks of Increased Regulation**

The 2010 revisions to SEC Rule 2a-7 have succeeded in strengthening money market funds' ability to withstand turmoil in the markets. However, additional changes to money market funds, such as moving to a floating NAV or adding a capital buffer, would almost certainly lessen the viability and attractiveness of these funds. With money market funds as less attractive investment options, businesses may find moving funds offshore or to other less-regulated products as alternatives—which is hardly consistent with efforts to reduce risk, increase market transparency and ensure greater market stability. For borrowers, these changes would diminish the market demand for commercial paper, reducing the availability of short-term financing for businesses to meet critical short-term funding needs. A constricted commercial paper market would also translate into significantly higher costs of short-term financing, assuming that such financing would even remain available.

### **Conclusion**

Money market funds are a vital cash management tool for businesses and are part of the foundational fabric of the short-term cash marketplace. We firmly believe existing regulations ensure the continued stability and viability of money market funds, and that additional regulatory options being considered will have dramatic negative consequences on American businesses' ability to raise the capital necessary to restore economic stability and job creation. Therefore, we strongly urge you to

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thoroughly evaluate the impact of additional regulation on American businesses and the broader economy and ensure that money market funds maintain their current utility before moving forward with any regulatory changes.

Sincerely,

Alcoa Inc.  
Association for Financial Professionals (AFP)  
Avon  
Cadence Design Systems  
Ciena  
Comcast Corporation  
Conair  
CVS Caremark Corporation  
Devon Energy Corporation  
Dominion Resources, Inc.  
Financial Executives International's Committee on Corporate Treasury  
FMC Corporation  
Johnson & Johnson  
Kraft Foods Global, Inc.  
National Association of Corporate Treasurers  
Safeway Inc  
The Boeing Company  
The ServiceMaster Company  
Treasury Strategies  
Tyson Foods  
U.S. Chamber of Commerce  
Wilbur-Ellis

cc: The Honorable Timothy Geithner, Secretary of the Treasury  
The Honorable Ben Bernanke, Chairman, Federal Reserve Board  
The Honorable Martin Gruenberg, Acting Chairperson, Federal Deposit  
Insurance Corporation  
The Honorable Gary Gensler, Chairman, Commodities Futures Trading  
Commission

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The Honorable Debbie Matz, Chairman, Credit Union National  
Administration

The Honorable Edward DeMarco, Acting Director Federal Housing Finance  
Agency

Mr. John Walsh, Acting Comptroller of the Currency, Office of the  
Comptroller of the Currency

The Honorable Roy Woodall, Independent Member of Financial Stability  
Oversight Council