



JAMES L. McINTIRE  
State Treasurer

State of Washington  
Office of the Treasurer

September 16, 2013

Ms. Elizabeth Murphy, Secretary  
United States Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: Proposed Rule on Money Market Fund Reform Amendments to Form PF  
File Number S7-03-13**

Dear Ms. Murphy:

In the aftermath of the tumultuous 2008 market events, the Securities and Exchange Commission (SEC) made important revisions to Rule 2a-7 to strengthen the regulatory framework, increase transparency for investors, tighten restrictions on weighted average maturity and credit quality, and adopt weighted average life restrictions and liquidity guidelines. These positive changes bolstered the safety of critical elements frequently used by corporations, individuals, fund managers and governmental entities for short-term investing.

Now five years later I am concerned that SEC's proposal to require a floating net asset value (NAV) could have unintended negative effects on governmental fund managers and their local government investors. As I explained in a previous letter to the Commission, the vast majority of Local Government Investment Pools (LGIPs) are operated in a 2a-7-like manner (even though we are not regulated by the SEC) because it provides a solid framework for safely operating LGIPs. While I appreciate that your current proposal does not appear to threaten our existing LGIP due to our conservative investment policies, it may limit investment and cash management options for other LGIPs, and could affect our future options too.

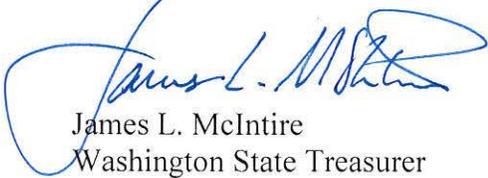
LGIPs provide safe and liquid investment options for local governments in Washington and in at least 40 other states. For example, in the 2008-09 financial crisis, local government deposits in our LGIP grew by over 50 percent as local governments sought safety, security and modest returns for their short-term cash funds. Though our \$10 billion LGIP could adapt to operating on a floating NAV basis, doing so would require system, accounting and procedural changes for many of our 400 local government participants that are still trying to recover from the financial crisis and who will never have the personnel or financial capacity to accommodate this level of accounting detail. This would be a disservice to our struggling local governments by yet again causing turbulence and uncertainty as their staff and systems deal with another round of rule,



process and reporting changes. I ask that you keep these entities in mind as you structure your final proposal.

Thank you for considering the needs of LGIPs and the governmental entities that rely on them.

Sincerely,



James L. McIntire  
Washington State Treasurer