



September 16, 2013

BY OVERNIGHT DELIVERY

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

Re: Money Market Fund Reform: Amendments to Form PF
Release No. IC-30551; File S7-03-13

Dear Ms. Murphy:

SunTrust Bank (the "Bank") is a large regional state chartered bank headquartered in Atlanta, Georgia. The Bank operates in twelve states and manages and/or administers over one hundred billion dollars in fiduciary and investment assets. The Bank's Wealth and Investment Management unit (including the Bank's affiliate, SunTrust Investment Services ("STIS"), a SEC registered broker dealer and investment adviser) directly provides trust, escrow and investment management services to over two hundred thousand individuals, private trusts, retirement accounts, charitable institutions, corporations, governments and other customers.

In the ordinary course of their business activities the Bank and STIS (together "SunTrust") maintain securities accounts for their customers which in many cases hold shares of money market mutual funds registered under SEC Rule 2a-7 ("money market funds"). Consequently, SunTrust processes over two hundred thousand money market fund purchase and redemption transactions on a monthly basis. Millions of additional postings occur each month within our money market fund omnibus accounts.

SunTrust's customers, including the Bank itself when acting in a fiduciary capacity, such as trustee of a trust account, invest in the complete spectrum of U.S. Government, prime corporate and tax exempt money market fund offerings. Therefore, SunTrust deeply appreciates this opportunity to comment upon the SEC's Money Market Fund Reform: Amendments to Form PF Releases No. IC-30551 ("Release") which it believes will have a broad and substantial impact upon both (i) short term investment options it may offer to its customers and (ii) its own business activities and competitive position.

Summary of Release - At the highest level SunTrust understands that the Release provides that:

A. Alternative 1 – If the Release’s “Alternative 1” is adopted:

- 1. Amortized Cost Pricing Discontinued.** - All money market funds will be forced to abandon the use of amortized cost as a basis for fund share pricing and replace the current fixed \$1.00 share price with a floating net asset value (“floating NAV”) share price.
- 2. U.S. Government Funds.** - Money market funds investing at least 80% of their assets in U.S. Government and U.S. Government agency securities (“U.S. Government Funds”) will continue to be permitted to price their shares with a market value calculated to the nearest full cent (“penny rounding”). Despite Alternative 1’s proposed adoption of a floating NAV pricing convention, penny rounding is expected to enable U.S. Government Funds to maintain a stable \$1.00 share price even under highly stressful market conditions.
- 3. Tax Exempt Funds and Prime Funds.** - All tax-exempt municipal money market funds (“Tax Exempt Funds”) and prime corporate money market funds (“Prime Funds”) will be required to:
 - (a)** Abandon amortized cost and the current fixed \$1.00 share price and adopt a floating NAV rounded to the nearest 1/100th of one cent (“four decimal pricing”) and/or
 - (b)** Tax Exempt Funds and Prime Funds which restrict customer redemptions to \$1,000,000 per day (“Retail Funds”) will be permitted to price their shares using the two decimal penny rounding convention. Despite the change to a floating NAV pricing convention, penny rounding is expected to enable Retail Funds to maintain a stable \$1.00 share price unless a Retail Fund suffers a severe credit loss.

B. Alternative 2 - If the Release’s “Alternative 2” is adopted, Tax Exempt Funds and Prime Funds will be required to adopt temporary redemption restrictions (“gates and fees”) which the mutual fund board of directors will have discretion to impose in order to prevent or respond to mass redemptions and permit the orderly administration of illiquid Tax Exempt Funds and Prime Funds.

SunTrust believes that the effects and consequences of many of the Release’s recommendations will vary greatly depending upon their specific application to U.S. Government Funds, Tax Exempt Funds and Prime Funds and for this reason will address each fund category separately in its comments set forth below. SunTrust has also engaged an independent consulting firm to review its operations and attempt to quantify the impact of certain of the Release’s recommendations upon its operations and systems from an activity based cost accounting viewpoint and these cost estimates are also provided herein as requested by the Commission.

A. Alternative 1

1. Amortized Cost Pricing Discontinued.

SunTrust does not believe that the findings made in the Release support making fundamental sweeping changes to the longstanding and well understood amortized cost method of pricing money market fund shares. Therefore, for the following reasons, SunTrust urges the Commission to reject Alternative 1 and its recommendation that all money market funds abandon stable amortized cost pricing methodologies.

(a) New Tax Basis Tracking Requirement Costs.

At the present time the use of amortized cost permits our customers to invest in money market funds without imposing upon omnibus account providers and other record keepers (“Intermediaries”) such as SunTrust corresponding obligations to track and report each customer’s basis in their account’s money market fund shares. *See* 26 CFR 1-6045-1(c)(3)(4). As the Release correctly observes, however, (i) abandoning amortized cost will endow money market fund shares with a new and unnecessary tax attribute, a taxable basis¹ and (ii) creating a tax basis in each money market fund share will, in turn, impose new “basis reporting” obligations upon SunTrust and other Intermediaries.

Specifically, if Alternative 1 is adopted, Intermediaries will be required to separately track and report each customer’s basis in money market mutual fund shares held with such Intermediary and to report such basis and all transactions occurring with respect to such shares to the IRS and each customer. Providing any new service will inevitably raise each Intermediary’s cost of operations which in turn must be passed on to its customers.

(b) The Basis Reporting Exemption for “Exempt Recipients” Will Not Reduce SunTrust’s Costs.

In SunTrust’s view the narrative set forth in the Release (pp. 115-120) dramatically understates the impact and burden the new tax basis reporting requirement will impose upon Intermediaries. The reason for this inaccuracy is the narrative’s misplaced reliance on provisions of the tax code which would exempt certain taxpayers (“exempt recipients”) from the new tax basis reporting requirement.² While these provisions of the tax code may reduce the burden’s place upon individual exempt recipients, they will provide no relief to Intermediaries such as SunTrust.

¹ US Chamber of Commerce FSOC Letter (Feb. 12, 2013) (available in File No. FSOC-2012-0003)

² *See Release* at p. 117-118. Although the Release suggests that this modified tax treatment may mitigate the impact of creating a tax basis with respect to certain investors, no mention is made in the Release of any reduced record keeper service requirements.

The tax code's exempt recipient provisions will not provide relief to SunTrust because SunTrust's systems cannot separately track exempt recipients. For this reason, if Alternative 1's floating NAV mandate is adopted, SunTrust would, notwithstanding the exempt receipt provisions of the tax code, be required to provide the new tax basis reporting service with respect to each of its thousands of money market fund customers and their millions of monthly money market fund transactions and postings.³ SunTrust urges the Commission to reexamine its assumptions regarding the recordkeeping burden arising from any change to a floating NAV pricing system and seriously consider the full extent of the increased burden which a new tax basis reporting requirement would impose upon SunTrust and similarly situated Intermediaries.

(c) Four Decimal Pricing is Not Supported by Our Existing Systems.

SunTrust does not support the Release's recommendation that institutional Prime Funds price their shares at values rounded to the nearest 1/100th of one cent. At the present time SunTrust's computer systems are not programmed to price mutual fund shares or any other security with a price expressed in greater than three decimal points.

(d) Increased Tax Basis Reporting and Four Decimal Pricing Costs

Our Consultant estimates that, unless our existing service providers can absorb these functions, the new systems and services which will be required to enable SunTrust to provide tax basis reporting and four decimal pricing with respect to its customers' money market fund shares will force SunTrust to spend over \$ 10,000,000 in initial startup costs and will thereafter increase our annual cost of operations by \$1,000,000 to \$2,000,000. Furthermore, even if this function can be provided by our existing service providers, our Consultant informs us that our contracts with them may allow the service providers to pass on to SunTrust (and we assume other Intermediaries) any similar costs which the service providers may incur as a result of the new tax basis reporting and four decimal pricing requirements. Our Consultant estimates that such pass through charges could be as high as \$5,000,000.

(e) A Floating NAV Will Not Prevent Runs on Prime Funds.

The Release makes clear that the primary risks associated with 2a-7 money market funds are concentrated in the Prime Fund sector which is most susceptible to redemption runs by investors. However, as noted in footnote 148 of the Release itself, in studying this issue the President's Working Group ("PWG") specifically concluded that:

To be sure, a floating NAV itself would not eliminate entirely MMFs' susceptibility to runs. Rational investors still would have an incentive to redeem as fast as possible the shares of any MMF that is at risk of depleting its liquidity buffer before that buffer is exhausted, because subsequent redemptions may force the fund to dispose of less-liquid assets and incur losses.⁴

³ Manually reviewing each of its accounts simply to identify exempt recipients would cause SunTrust to incur even greater costs.

⁴ PWG Report at p. 20

SunTrust concurs with the findings of PWG and believes that, of all of the reforms listed in the Release, the proposed new floating NAV pricing system is the reform least likely to be effective in preventing redemption runs. In fact SunTrust is very concerned that, for the reasons listed above, increased “transparency” with respect to miniscule daily fluctuations in a Prime Fund’s floating NAV may, in fact, lead to an increase in mass redemption activity for the reasons identified by the PWG.

As discussed more fully below, SunTrust believes that, if the Commission determines that additional 2a-7 reforms are necessary, the gates and fees identified in the Release’s Alternative 2 are the surest safeguards available to both prevent redemption runs and treat all investors in a troubled Prime Fund in a fair and equitable manner. SunTrust also believes that, if gates and fees are adopted, the unnecessary confusion and uncertainty generated by Alternative 1’s floating NAV proposal should be avoided by permitting all money market funds (and in particular U.S. Government Funds and Tax Exempt Funds which the Release itself concludes are unlikely to suffer redemption runs) to continue to use the existing amortized cost pricing methodology.

(f) Increased Statement Costs

Customer statements are one of the items that will be the most drastically impacted by any decision to abandon amortized cost pricing of money market fund shares.

At the present time, tax lot reporting for money market funds currently does not occur on a daily basis. If Alternative 1 is adopted, however, SunTrust will be required to determine the tax basis of all money market fund shares held by its customers and report this information on a daily basis for all accounts. Operationally, additional individual attention will be required to monitor the accuracy of this information. Technologically, systems will need to be modified to include this information.

This information will also need to be reported to customers and will significantly impact the length of each customer statement. Our customer statements are currently generated by a third party. It is anticipated that the new tax basis reporting changes will require programming and man-hour costs. Additionally, merely the cost of paper to print the reports and postage to mail the reports will increase significantly. Currently SunTrust creates 44,000 statements per month at an annual cost including printing and postage of \$560,000. If Alternative 1 is adopted, our Consultant estimates that the new tax basis requirement will increase our statement preparation expenses by 10-15 percent or \$50,000 to \$75,000.

2. Increased Costs cannot be Justified in the Case of U.S. Government Funds and Tax Exempt Funds.

The Release itself predicts that, in the case of U.S. Government Funds and Tax Exempt Funds, the adoption of Alternative 1 and a floating NAV pricing methodology will produce no material changes in the transactional pricing of these types of money market funds which are

expected to maintain a fixed \$1.00 share price even under a floating NAV pricing system.⁵ Given such expectations, SunTrust cannot find any justification for changing the present amortized cost system and increasing costs associated with providing U.S. Government Funds and Tax Exempt Funds to our customers. Indeed to the contrary, the entire text of the Release, and in particular the Commission's recommendation that all money market funds (other than institutional Prime Funds) be permitted to continue to use penny rounding pricing conventions, indicates that the Commission has already concluded that the additional information conveyed to the public by floating NAV pricing is unnecessary in the circumstances of U.S. Government Funds and Tax Exempt Funds. There is simply no need to change or expand the current regulations applicable to U.S. Government Funds and Tax Exempt Funds which, even at the height of the 2007-2008 financial crisis, were demonstrably stable and required no government support.⁶

3. Alternative 1's Retail Funds cannot be Offered through Omnibus Accounts

The Release recognizes that "[t]he operational challenges of implementing an exemption for retail investor funds are numerous and complex" (p. 78) and that "[a]pplying the daily redemption limitation method to omnibus accounts may pose difficulties" (p. 81). Having reviewed the terms of the Release's Retail Fund Exemption and its own operations, SunTrust believes that such "difficulties" are, in fact, insurmountable and that, if the Retail Fund Exemption is adopted in its present form (or any form which relies upon a real time individual customer aggregated daily transactional limit), SunTrust will be unable to offer Retail Funds to its customers through its omnibus accounts.⁷

(a) The Retail Fund Exemption's Customer Specific \$1,000,000 Daily Transaction Restriction cannot be enforced by Omnibus Account Intermediaries.

Money market fund shares offered to SunTrust's customers are currently held primarily in omnibus accounts where its customers' net purchases and sales are reconciled and net settlement is made on a daily basis with the money market mutual fund in a single transaction. Because SunTrust's customers hold over five billion dollars of 2a-7 fund shares, SunTrust's

⁵ In the case of a credit default or similar interest rate loss a money market fund may "break the buck" regardless of whether or not amortized cost or penny rounded floating market NAV pricing is used. (*See Release* at p. 62)

⁶ *See* Vanguard FSOC Letter (Feb. 12, 2013) (available in File No. FSOC-2012-0003) (Exhibit A – Tax Exempt Funds suffered net redemptions of only 3.6%)

⁷ *See* Comment Letter of Charles Schwab (Jan. 17, 2013) (available in File No. FSOC-2012-0003) ("Practically speaking, it may be that omnibus accounts, unless they are far under the threshold, would find a Prime Constant NAV Money Market Fund an unworkable option. They would continue to have access to Treasury or Government money market funds at a constant NAV, or could opt to invest in a Prime Variable NAV fund."); imoney.net "*Uncertainty Envelops Tax-Exempt Funds In Sec Money-Fund Proposal*", <http://www.imoney.net/news/235.aspx>.

daily omnibus net settlements with its 2a-7 money market funds are routinely in excess of \$1,000,000.

The terms of the Release's Retail Fund Exemption⁸ would impose upon omnibus Intermediaries such as SunTrust the following new obligations which would involve the provision of extensive new services at substantial additional cost:

- Identification of the beneficial owner of each account;
- Aggregation of holdings of each beneficial owner held in multiple accounts within SunTrust's wealth management, 401k and brokerage businesses;
- Real time coordination and tracking of redemption orders placed within all three separate and distinct computer systems which SunTrust maintains for its bank wealth management, 401k and brokerage platforms; and
- Additional real time coordination and continuous tracking of all redemption orders each beneficial owner may also place directly with the 2a-7 fund itself and other omnibus Intermediaries.

As explained more fully below, SunTrust is (i) unable to identify and track its customer's accounts on the basis of beneficial ownership⁹ as required by the Release's omnibus transparency requirements and, for this reason (among others) (ii) cannot enforce a customer specific \$1,000,000 daily transaction limit even within its own omnibus accounts. Therefore, SunTrust believes that, if the Retail Fund Exemption is adopted in its present form, SunTrust will be unable to offer Retail Funds to its customers.

(b) Inability to Identify Beneficial Owners.

Alternative 1 would classify a Tax Exempt Fund or a Prime Fund as a qualifying Retail Fund only if the mutual fund restricted redemptions by any beneficial owner of its shares to \$1,000,000 per day and force omnibus record-keepers such as SunTrust to identify the beneficial owner of each account and monitor their trading activities in real time.

However, the Release gives no guidance as to how the term "beneficial owner" is to be defined. This creates uncertainty because our customers have many types of business and trust

⁸ The Release provides that an omnibus account will be treated as a single shareholder for purposes of the Retail Fund Exemption's \$1,000,000 daily transaction limit unless the omnibus Intermediary can (i) identify each "beneficial owner" of its customer accounts and (ii) enforce the \$1,000,000 daily transaction limit separately with respect to each such beneficial owner. Moreover, the Release would also require an Intermediary to, in real time, coordinate its enforcement of each beneficial owner's \$1,000,000 aggregate daily transaction limit with all other fund Intermediaries and the mutual fund itself. (*Release* at p. 89)

⁹ The information and compliance burden suggested by the Release is much greater than that presently required by SEC Rule 22c which only requires that each account's taxpayer identification number (and not the identity of the beneficial owner or person exercising investment authority) be provided to a mutual fund in which the account is invested.

accounts with SunTrust. A single customer may have a personal banking account as well as other accounts (“separately titled accounts”) such as a joint account with a spouse, a revocable trust account, an irrevocable trust account and control one or more business accounts held in corporate or partnership form.¹⁰

Moreover, for purposes of the federal securities laws the term “beneficial owner” also generally includes persons who may exercise investment authority over such securities. *See* SEC Rule 13(d). If investment authority were to result in the classification of the Bank as the “beneficial owner” of each of its trust accounts it is clear that the Bank could no longer use Retail Funds as trust investments or as trust sweep account investment vehicles. Multiple asset management accounts managed by a single investment adviser would raise identical issues.

In the case of both (i) separately titled accounts and (ii) trust accounts and asset management accounts delegating investment authority to another party there is no single existing characteristic such as a social security number or a taxpayer identification number which an Intermediary could use to systematically identify and aggregate such accounts in order to begin to track them on its systems and enforce a coordinated daily redemption limit. SunTrust also cannot delegate this function to its record keeping and transfer agency vendors because such vendors have no access to its customer information (other than SSN and TIN).

Instead, in order to enforce a daily transactional limit, SunTrust itself would have to manually examine each of its accounts in order to identify each account’s beneficial owner and recode each account on its record-keeping system with an entirely new code identifying the beneficial owner of the account.

For these reasons, SunTrust will be unable to offer Retail Funds to its customers through its existing omnibus systems and instead could offer Retail Funds to its customers only if (i) each account were to establish a direct relationship¹¹ with the Retail Fund and (ii) the Retail Fund were to assume complete responsibility identifying the beneficial owner of each account and each account’s compliance with the \$1,000,000 per day limit.

¹⁰ In this regard the Commission may wish to examine the efforts of the FDIC which has faced a similar problem attempting to enforce its \$250,000 individual deposit insurance limit. The FDIC’s solution recognizes separate categories of deposit insurance for each type of account and, in fact, by using different forms of accounts a single individual may actually receive up to \$1,500,000 in FDIC deposit insurance protection by opening separate types of accounts. *See* http://www.fdic.gov/deposit/deposits/training/bankercbi/DIB_Banker.pdf.

¹¹ SunTrust expects that the time and effort which it would expend in establishing direct accounts for each of its customers with a Retail Fund would be at least equal to the costs described above which it would incur in connection with manually identifying and recoding such accounts on its own system. Moreover, in the case of directly held accounts, it is unlikely that such accounts would be able to continue to qualify for their current low cost 2a-7 fund institutional share class.

(c) Inability to Aggregate Orders in Real Time.

Even if SunTrust were to separately examine and recode each of its hundreds of thousands of accounts and thereby identify each account's "beneficial owner" it would still be unable to track all of a customers' daily redemption activity on a real time basis because different SunTrust lines of business use different record-keeping platforms and sub-transfer agents in the daily operation of their business activities. For example, SunTrust's wealth management unit may use Vendor A for its custody and trading activities, while SunTrust's 401k unit may use Vendor B to provide such services and its brokerage unit may use Vendor C for identical purposes. At the present time there is no need for SunTrust's three separate recordkeeping platforms to communicate daily trading activity with each other and they do not have this capability. Therefore, at the present time, SunTrust completely lacks the ability to enforce a real time unified daily redemption limit even with respect only those accounts managed on its own systems.

(d) Increased Cost.

Our Consultant estimates that manually examining and recoding our computer systems to identify and track the beneficial owner of each of our accounts and reconfiguring SunTrust's computer systems to coordinate and track 2a-7 fund redemptions currently made thorough its three separate mutual fund sub-transfer agents will require SunTrust to spend tens of millions of dollars in initial startup costs and will thereafter increase its annual cost of operations by additional millions.

Furthermore, neither SunTrust nor our Consultant is aware of any existing system whatsoever which can, in real time, coordinate and track redemption orders placed within SunTrust, with (i) other omnibus Intermediaries and (ii) directly with the mutual fund as required by Alternative 1's Retail Fund Exemption.

For the reasons set forth above, SunTrust believes that, in the case of omnibus accounts, compliance with the Retail Fund Exemption's \$1,000,000 daily trading limit will be cost prohibitive and, unless a centralized industry wide clearinghouse is established to aggregate and track all such transactions, completely impossible to enforce outside its own systems.

(e) Front End Qualifying Test

We note that another commentator has proposed defining a Retail Fund as a money market fund "limited to investors with a social security number and participant directed retirement plans.¹² We agree that this approach would be superior to the methodology described in the Release." However, if such a front end qualification approach is adopted, we would strongly urge (i) that the class of eligible investors be expanded to also include personal trusts and decedent's estates and (ii) that omnibus accounts (limited to eligible investors) also continue to be permitted to invest in Retail Funds.

¹² BlackRock Inc. Comment Letter dated September 12, 2013

4. Tax Exempt Funds and Prime Funds

- (a) SunTrust will be placed at a Severe Competitive Disadvantage if it is unable to Continue to offer Stable Value Tax Exempt Funds to its Sweep Account Customers solely because Tax Exempt Funds are also required to Qualify as Retail Funds.**

As discussed above, SunTrust firmly believes that, under the terms set forth in the Release's Alternative 1, Retail Funds cannot be practically offered to its omnibus account holders. Therefore SunTrust understands that, if Alternative 1 is adopted, it will no longer be able to offer stable value (\$1.00 NAV) Tax Exempt Funds ("stable value Tax Exempt Funds") to its customers.¹³ SunTrust is extremely concerned, therefore, that its inability to offer Retail Funds to its customers, particularly its inability to offer Retail stable value Tax Exempt Funds to its sweep account trust and brokerage customers, will place it at a severe competitive disadvantage.

Unlike SunTrust, SunTrust's mutual fund competitors (and their affiliated banks and brokerages) do not use omnibus accounts. Therefore, despite classification as Retail Funds, SunTrust believes that such competitors will continue to be able to offer stable value Tax Exempt Funds to their customers. This disparity, which will be created solely by the Release's unnecessary linkage of the Retail Fund Exemption and a Tax Exempt Fund Exemption, will by that very fact create an uneven playing field in which (i) banks and brokerages with affiliated Retail Tax Exempt Funds operations will be able to offer tax exempt sweep accounts to their customers while (ii) other banks and brokers, such as SunTrust, who do not have affiliated Retail Tax Exempt Funds (and must instead use omnibus accounts) cannot offer comparable products. Nowhere in the Release is this serious anti-competitive issue addressed and, in light of the importance to consumers of maintaining the existing level of competition among all banks and brokerages, SunTrust strongly urges the Commission to reject the Release's recommendations which would link an exemption for Tax Exempt Funds to the exemption created for Retail Funds.

- (b) Tax Exempt Funds should be Regulated in the same manner as U.S. Government Funds and should not be Required to also Qualify as Retail Funds.**

Page 71 of the Release asks: "Should money market funds that invest primarily in municipal securities be exempted from the floating NAV requirement?" If Alternative 1 is adopted, SunTrust strongly endorses the creation of a separate Tax Exempt Fund Exemption identical to the U.S. Government Fund Exemption which is not linked to the Retail Fund Exemption and which may continue to use amortized cost pricing.

Stable value Tax Exempt Funds are widely used by SunTrust's individual and fiduciary customers as sweep vehicles for their brokerage and trust accounts and, as noted above, for

¹³ See Comment Letter of Charles Schwab (Jan. 17, 2013) (available in File No. FSOC-2012-0003)

competitive reasons SunTrust is extremely concerned by the Release's current recommendation that, if Alternative 1 is adopted, only Tax Exempt Funds which also qualify as "Retail Funds" will be permitted to maintain stable \$1.00 per share pricing. SunTrust believes that the facts discussed in the Release fully justify a separate favorable treatment of Tax Exempt Funds based solely upon the fact that they are overwhelmingly held by individuals rather than institutions. As noted in the Release, the dispersed individual ownership base of Tax Exempt Funds is an empirical fact and does not have to be validated by the impossible to enforce \$1,000,000 daily transaction limit proposed in the case of the Retail Fund Exemption. (*Release* at p. 69, fn 181)

Creation of a separate exemption for Tax Exempt Funds (unencumbered by the Retail Fund Exemption) would eliminate the Retail Fund Exemption's individual beneficial owner transaction tracking requirements and thus allow SunTrust and similarly situated Intermediaries to (i) continue to offer stable value Tax Exempt Funds to our customers as sweep vehicles using our existing omnibus accounts and computer systems and (ii) preserve the present level playing field which permits both (a) bank and brokerage with affiliated mutual fund complexes and (b) unaffiliated omnibus Intermediaries to continue to offer stable value Tax Exempt Funds to their customers.

For the reasons set forth above, if Alternative 1 and its floating NAV pricing system is adopted, SunTrust strongly encourages the Commission to create a freestanding Tax Exempt Fund Exemption akin to the U.S. Government Fund Exemption which would permit SunTrust to continue to offer Tax Exempt Funds to its customers through its existing omnibus accounts.

B. Alternative 2

SunTrust recognizes that Alternative 2, which will mandate that Tax Exempt Funds and Prime Funds adopt contingent temporary redemption restrictions, could make Tax Exempt Funds and Prime Funds less attractive to certain of its customers who value absolute liquidity highly. However, unlike Alternative 1, SunTrust believes that the Release's Alternative 2 is narrowly tailored to the internal operations of Tax Exempt Funds and Prime Funds themselves and, therefore, appears unlikely to impose significant additional costs upon SunTrust in its capacity as a money market fund Intermediary. However, if redemption fees are contemplated, as noted above, SunTrust may not be able to enforce them separately with respect to individual accounts invested in its omnibus money market fund accounts. Therefore, if the Commission is convinced that further money market fund reforms are necessary, SunTrust would strongly prefer that the focused and more efficacious redemption gates contemplated by the Release's Alternative 2 be adopted and that the disruptive and destabilizing recommendations advanced as the Release's Alternative 1 be rejected.

C. Request for Additional Time and Permission to Supplement our Response

Our review of the issues presented in the 700 pages of the Release and efforts to collect the cost information requested by the Commission therein are continuing and, therefore, we reserve the right to supplement this response when all of our cost estimates are finalized.

Because we have been unable to complete our cost analysis at this time, we also respectfully request that the Commission extend the comment period. An extension of the

comment period for an additional 60 days will enable SunTrust to complete our efforts to assemble data and to respond more fully to the questions and requests for information set forth in the Release.

Very truly yours,

SUNTRUST BANK

By: 

John J. Geraghty
Executive Vice President

cc:

The Honorable Mary Jo White
Chairman
Securities and Exchange Commission

The Honorable Luis A. Aguilar
Commissioner
Securities and Exchange Commission

The Honorable Daniel M. Gallagher
Commissioner
Securities and Exchange Commission

The Honorable Michael Piwowar
Commissioner
Securities and Exchange Commission

The Honorable Kara M. Stein
Commissioner
Securities and Exchange Commission

Norman B. Champ, III
Director
Division of Investment Management
Securities and Exchange Commission