



ARTHUR TAMBARO
PRESIDENT & Chief
Executive Officer

One World Financial Center
15th Floor
New York, NY 10281

212 551 5410

atambaro@royalalliance.com

January 7, 2011

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

Re: Request for Comment on the President's Working Group Report on Money
Market Fund Reform (Release No. IC-29497; File No. 4-619)

Dear Ms. Murphy:

Royal Alliance Associates is a broker-dealer and an investment adviser registered with the United States Securities And Exchange Commission. Our firm distributes securities and investment advisory products and services throughout the United States through over 2,000 independent registered representatives and/or investment advisory representatives. These representatives serve primarily, though not exclusively, retail investors and in many cases serve as their client's primary financial adviser.

For almost three decades, money market funds have provided individuals, companies and other organizations with a powerful tool for managing cash, while also providing a crucial source of funding for American business. As financial intermediaries dealing with the needs of retail investors, businesses, and non-profit institutions, we are deeply aware of the value that these clients derive from money market funds.

While we support steps to improve the regulatory framework governing money market funds, we oppose measures that would fundamentally alter them. One such step would be to force money market funds, directly or indirectly, to abandon their stable per-share value. We urge the Securities and Exchange Commission and the Financial Stability Oversight Council not to take this path, and to reject any reform options that would impose floating net asset values on money market funds.

For the investors whom we serve, the benefits of money market funds are clear: They provide a high degree of liquidity, diversification, and stability in principal value, along with a market-based yield.

The benefits of the stable net asset value (NAV) are equally clear. Investors purchase and redeem millions of dollars in money market fund shares every day. With a stable NAV, typically set at \$1.00 per share, those investors are relieved of the burden of tracking gains or losses for tax or

financial accounting purposes. Forcing these funds to float their value would make every money market fund sale a tax-reportable event, unacceptably increasing tax and recordkeeping burdens.

Many institutions operate under legal constraints or investment policies that prevent them from investing cash balances in instruments that fluctuate in value. If money market funds were required to float their NAVs, many clients would be forced to use alternative funds that are less regulated, less secure, and less liquid.

Such changes would sharply restrict the short-term financing that American business and government relies upon. Money market funds own roughly 40 percent of all commercial paper outstanding, and hold nearly two-thirds of short-term debt that finances state and local governments. Changing the fundamental nature of money market funds will disrupt that vital flow of funding. There are no immediate, well-regulated substitutes for money market funds in this role—bank lending cannot fill this funding gap unless banks raise substantial new capital, and the President’s Working Group has recognized the investor and systemic risks inherent in encouraging investors to migrate to unregulated cash pools. During a prolonged period of adjustment, and perhaps permanently, financing for American business and state and local government would be less efficient and far more costly—hardly a tonic for an economy still hampered by the aftereffects of recession.

We appreciate the efforts of the President’s Working Group, the Commission, and the Council to find ways to make America’s financial system stronger. We respectfully suggest, however, that doing away with the stable NAV for money market funds would get us no closer to that goal, while risking profound disruption to the operations of thousands of American businesses, nonprofits, and governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur Tambaro". The signature is fluid and cursive, with a large loop at the beginning.

Arthur Tambaro
President & CEO

cc: The Honorable Mary Schapiro, Chairman, U.S. Securities and Exchange
Commission
The Honorable Kathleen L. Casey, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Elisse B. Walter, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Luis A. Aguilar, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Troy A. Paredes, Commissioner, U.S. Securities and Exchange
Commission