



February 27, 2012

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

Dear Chairman Schapiro:

On behalf of the Texas Association of Business, I am writing to express our concerns about the proposed changes to the structure of money market funds. We strongly oppose proposals that would force these funds to abandon their stable \$1.00 per-share price and instead "float" their net asset values (NAVs). We also oppose redemption restrictions which would keep investors from being able to access as much as 5% of their investment for 30 days.

As Texas' leading employer organization, representing companies from the largest multi-national corporations to small businesses in nearly every community of our state, we are deeply aware of the value that these businesses derive from money market funds. However, in our view, forcing money market funds to float their NAVs or restrict the ability of investors to retrieve 100% of their money would harm businesses, and the broader U.S. economy. Specifically, the proposed reforms would:

- **Hobble cash management.** Many governmental bodies, businesses, and 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 businesses would be forced to use alternative funds that are less regulated, less secure, and less liquid.
- **Drive up the cost of doing business.** Businesses and other institutions use money market funds to hold excess cash for short periods of time. Floating the NAV would undermine the convenience and simplicity using money market funds for cash management by confronting businesses with new tax, accounting, and legal hurdles. The consequences of such a move would increase costs and affect all sectors of the U.S. economy.
- **Increase the cost of financing.** Money market funds hold more than one-third of the commercial paper that businesses use to meet short-term obligation, such as funding payrolls, replenishing inventories, and financing expansion. If proposed reforms, such as redemption restrictions, drive investors out of money market funds, the flow of short-term capital to businesses will be significantly disrupted.
- **Create a financing gap.** Few immediate substitutes are available to fill the financing gap that would be created by a rapid shrinkage of money market funds. Even if banks could raise the new capital needed to meet corporate and municipal demand, the lending market would be less efficient and costs would rise. Alternative funds are less regulated, less secure, and less liquid.

In addition, in surveys, public statements, and letters to regulators, businesses across the country have expressed strong concern that they would be unable or unwilling to use a floating-NAV money market funds. In fact, more than three quarters of corporate money market fund users surveyed stated that they would move cash out of these funds if the stable NAV is eliminated. Limiting the ability of investors to retrieve their money when needed would also be very unpopular and lead to diminished investment in the funds.

Now, the Texas business community has joined that collective voice. We believe that the SEC should not consider proposals that only would create further financial challenges in Texas and throughout the nation.

We thank you in advance for your time and consideration of our comments on this important matter.

Sincerely,

A handwritten signature in black ink that reads "Bill Hammond". The signature is written in a cursive, flowing style.

Bill Hammond
President and Chief Executive Officer