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March 16, 2012

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

Re: President's Working Group Report on Money Market Fund Reform; Release No. IC-29497; File No. 4-619

Dear Chairman Schapiro:

We understand that the Commission continues to evaluate possible reforms to its regulation and oversight of money market mutual funds ("MMMFs"), including the imposition of a floating NAV, a holdback on investor redemptions, and a capital buffer requirement. SunGard Institutional Brokerage Inc., together with its affiliates (collectively, "SunGard"), has concerns about these proposed reforms, each of which would have far-reaching adverse consequences not only for MMMFs and their sponsors, but also for the other businesses that have come to rely on MMMFs as central to their cash management activities. Respectfully, we urge the Commission to refrain from implementing fundamental changes to the regulation of MMMFs at this time and to instead conduct a careful analysis of the effectiveness of the 2010 amendments to Rule 2a-7 and recent enhancements to its oversight of MMMFs in order to determine whether any further changes to MMF regulation are warranted.

SunGard Institutional Brokerage Inc., ("SIBI") a FINRA member and SEC-registered broker-dealer, is one entity under the corporate umbrella of SunGard. SIBI operates the SunGard Global Network Short-Term Cash Management Portal ("STCM Portal"), a MMMF portal that enables our customers—treasury specialists at corporations, hedge funds, public utilities, governments, and universities—to research, analyze, and trade hundreds of MMMFs through a single connection. Through our non-regulated entities, SunGard also offers a suite of liquidity management tools for corporate treasuries, streamlined payments processing solution, and a trust accounting platform. Through its STCM Portal alone, SunGard helps its corporate treasury customers manage over $100 billion of MMMF assets.

SunGard's tools and services enable corporations to effectively manage their short-term liquidity balances, and MMMFs play a central role in this process. In a 2011 SunGard survey of corporate treasurers and cash managers, over 55% of respondents answered that MMMFs are an *extremely* important part of their future investment management strategies, an increase of approximately 7%.[1] With approximately $4.5 billion in annual revenue, SunGard itself, in addition to its customers, relies upon MMMFs to hold operating cash balances.

Two features of MMMFs make them ideally suited for holding short-term corporate liquidity: (1) a stable $1 NAV throughout the course of the day, which creates the predictability of value necessary for the use of MMMFs in settling payment obligations; (2) the ability of investors to receive 100% of redemption proceeds at once. Yet these are the very features of MMMFs that would be directly undermined by the proposed reforms. A floating NAV would complicate valuation, because the precise value of a fixed number of MMMFs shares would not be known until prices are determined at market close and may create new tax consequences, since MMMFs would potentially incur short-term capital gains and losses as the funds' values fluctuated. A holdback requirement would also prevent MMMF investors from accessing their short-term liquidity on an as-needed basis to meet payment obligations as they arise. Indeed, 88% of corporate treasurers and cash managers surveyed in the 2011 SunGard investment study cited *immediate* access to cash as a major requirement of their cash investment policies.[2] Thus, imposition of a floating NAV or any sort of a holdback requirement would eliminate the high degree of liquidity that is a *sine qua non* for the continued use of MMMFs to hold corporate and trust liquidity balances. The users of our MMMF portal rely on the stable $1 NAV and full liquidity features of MMMFs as they shift their asset allocations across a range of available MMMFs and between various asset classes diversifying risk for their corporate cash while maintaining liquidity and adhering to cash investment policies.

Just as a floating NAV or holdback requirement would have drastic repercussions for SunGard and its clients, so too would the imposition of any sort of capital buffer requirement on MMMFs. A capital buffer that is financed by diverting fund income before distribution to shareholders would further depress already low yields on MMMFs. With interest rates remaining at a historic low, treasurers and cash managers are tasked to generate a return on cash to prevent value erosion through inflation and rising prices. A capital buffer funded from MMMF shareholder income would make MMMFs unsuited to the task of preserving capital while generating yield. Corporate treasurers would be forced to seek other options, such as increased reliance on bank deposits—which would only exacerbate the exposure of businesses to the counterparty risk of systemically important financial institutions—or suffering the higher

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[1] SunGard, "Corporate Cash Investment Report," February 2012, at 4, *available at* http://www.sungard.com/cashinvestment; *see also* "SunGard's Cash Management Investment Study Highlights Growing Importance of Money Market Funds for Corporate Treasurers," Feb. 8, 2012, *available at* http://sungard.com/pressreleases/2012/sgn020812.aspx.

[2] *Id.* at 12.

costs and decreased efficiencies of individually managing large portfolios of Treasuries, commercial paper, and other short-term debt instruments. Neither choice is appealing.

The Commission's regulation and oversight of MMMFs has been robust and successful, and the recent amendments to Rule 2a-7 appear to have been highly effective in enabling MMMFs to weather periods of unusual redemptions during last year. However, the imposition of a holdback requirement, a floating NAV, or a capital requirement on MMMFs would harm the multitude of businesses that have come to rely on MMMFs to store short-term liquidity and would have adverse effects that would ripple throughout the economy. Under these circumstances, making further substantial changes to the regulation of money market mutual funds at this time is not warranted.

Sincerely,

Robert K. Ward
Chief Operating Officer
SunGard
Wealth Management

cc: The Honorable Luis A. Aguilar
The Honorable Daniel M. Gallagher, Jr.
The Honorable Troy A. Paredes
The Honorable Elisse B. Walter
Eileen Rominger
Robert E. Plaze