IndianaChamber

The Voice of Indiana Business.®

Kevin M. Brinegar
President

ES141256

March 20, 2012

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

Dear Madame Chairperson:

On behalf of the Indiana Chamber of Commerce and our nearly 5,000 members, 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 100% of their investment when needed.

As Indiana's leading employer organization, representing companies from the largest multi-national corporations to small businesses in all 92 counties of our state, we are deeply aware of the value that these businesses derive from money market funds. In our view, forcing money market funds to float their NAVs or restricting 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 businesses, governmental bodies 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 are 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 of 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 obligations, such as funding payrolls, replenishing inventories and financing expansion. If proposed reforms drive investors out of money market funds, the flow of short-term capital to businesses will be significantly disrupted. The fear of such divestment is a very real concern. In surveys, public statements and letters to regulators, investors across the country have expressed clearly that they would be unable or unwilling to use 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. Reactions to redemption restrictions have been similar.

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- **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.

Money market funds in their current form are safe and serve a vital function in our economy. We at the Indiana Chamber of Commerce believe that the SEC should not consider proposals that only would create further financial challenges in our state and throughout the nation.

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

Sincerely,

Kevin M. Brinegar
President & CEO

KMB/jcc