



MUTUAL FUND DIRECTORS FORUM
The FORUM for FUND INDEPENDENT DIRECTORS

May 2, 2012

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: President's Working Group Report on Money Market Fund Reform (File No. 4-619)

Dear Ms. Murphy:

The Independent Directors Council and the Mutual Fund Directors Forum issued the attached statement on behalf of mutual fund independent directors and trustees to voice our shared concerns about the potential collateral consequences and negative impacts that changes to the fundamental structure of money market funds could have on investors, on capital markets and on the economy in general. The joint statement supplements the comments IDC and MFDF each have previously submitted regarding possible money market fund regulation.

Sincerely,

A handwritten signature in black ink that reads "Amy Lancellotta". The signature is written in a cursive style.

Amy B.R. Lancellotta
Managing Director, IDC

A handwritten signature in black ink that reads "Susan F. Wyderko". The signature is written in a cursive style.

Susan Ferris Wyderko
President & CEO, MFDF

cc: The Honorable Mary L. Schapiro, Chairman
The Honorable Elisse B. Walter, Commissioner
The Honorable Luis A. Aguilar, Commissioner
The Honorable Troy A. Paredes, Commissioner
The Honorable Daniel M. Gallagher, Commissioner

Eileen Rominger, Director
Robert E. Plaze, Deputy Director
Diane C. Blizzard, Associate Director
Division of Investment Management

Mary John Miller, Under Secretary for Domestic Finance
U.S. Department of the Treasury



news release

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FOR IMMEDIATE RELEASE

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(MFDF) Chris Sullivan

212/473-4442

MUTUAL FUND INDEPENDENT DIRECTORS AND TRUSTEES EXPRESS CONCERN ABOUT FURTHER MONEY MARKET FUND REGULATION

WASHINGTON, DC, MAY 2, 2012—Two groups representing mutual fund independent directors and trustees are joining together to voice their shared concerns about the potential collateral consequences and negative impacts that changes to the fundamental structure of money market funds could have on investors, on capital markets and on the economy in general. The [Mutual Fund Directors Forum](#) and the [Independent Directors Council](#) each represent independent directors and trustees of mutual funds, who play a crucial role in overseeing the operations of funds on behalf of their shareholders. Independent directors' oversight role gives them first-hand experience with and knowledge of the impact of regulation on money market funds, the important role of money market funds for their investors, and the importance of money market funds to the U.S. capital markets.

The director groups are unified in their views of money market funds:

- Money market funds create important benefits to investors by providing them with an easy-to-use and competitive option for managing cash. As a key provider of credit to federal, state and local governments, as well as to many corporations and financial institutions, money market funds also provide significant benefits to the capital markets and to the American economy as a whole.
- In 2010, the Securities and Exchange Commission adopted rule amendments designed to make money market funds much more resilient in times of stress. Subsequently, money market funds have proven to be highly resilient in volatile markets. In the face of unprecedented challenges such as the impasse over the federal debt ceiling, the historic downgrade of the United States credit rating, and the sovereign debt crisis in Europe, money market funds have functioned well.

- The fundamental changes to money market funds currently being considered by the SEC – requiring the net asset value of money markets to float instead of retaining a stable \$1 net asset value (NAV), or restricting investor redemptions and imposing capital requirements on money market funds – would render these funds substantially less attractive to investors and will likely result in investors moving their cash to less-regulated and/or less-transparent products. Other assets will likely flow to banks, exacerbating their need for capital and concentrating risks in that sector.
- Movement of investor money to such other products would greatly diminish the benefits now provided to investors and the capital markets by money market funds while at the same time increasing the systemic risk posed by these alternative products.
- Rulemaking without a thorough understanding of these financial and economic consequences is simply not an appropriate approach to regulation. Prior to proposing fundamental changes to money market funds, the SEC must first fully analyze the effects of the 2010 amendments; the consequences of its proposed changes for investors and for business and state and local issuers of money market securities; and the systemic risk created in driving investors from money market funds to alternative cash management products.

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The Forum is an independent, non-profit organization for investment company independent directors, dedicated to improving mutual fund governance by promoting the development of concerned and well-informed independent directors. This statement has been approved by the Forum's Board of Directors.

IDC serves the fund independent director community by advancing the education, communication, and policy positions of fund independent directors, and promoting public understanding of their role. IDC's activities are led by a Governing Council of independent directors of Investment Company Institute-member funds. This statement has been approved by IDC's Governing Council.