

ES/41777

PULSIFER & ASSOCIATES

■ TRUSTEES AND INVESTMENT MANAGERS ■

May 17, 2012

Mary Shapiro,
Chair, SEC
100 F Street, NE
Washington, DC 20549

Re: money fund capital reserves

Dear Chairwoman: Shapiro -

I support a \$2.7 billion or 1% capital reserve on the \$2.7 trillion money fund industry.

Suppose the Fed pays a 1% or 2% interest on the set aside. Sweeten by making annual payments tax free. Not a lot for the industry but better than nothing.

With other Dodd-Frank measures how likely is a \$2.7 billion money fund meltdown?
Not very – especially with rigorous enforcement of fund asset quality and duration. **
Industry will wheeze but hey... nobody likes change?

Adding a 1% reserve to industry's pledge not to break the buck brings money fund investors 'belt and suspenders' confidence in the security of their liquid reserves.

Ignore Investment Company Institute complaints. Now is no time to shovel more free lunch to the industry

Thank you-


Nathaniel Pulsifer

** What became of the P1 and P2 asset designations?

Encl.

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Osterland, Andrew. "Capital cushions would gut money fund profits: ICI" *InvestmentNews.*, 16 May 2012. Web. 08 June 2012.

<<http://www.investmentnews.com/article/20120516/FREE/120519943>>.