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LOUISIANA RETAILERS ASSOCIATION

THE VOICE OF FREE ENTERPRISE

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LOUISIANA RETAILERS ASSOCIATION

July 19, 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 Louisiana Retailers Association, 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 that would keep investors from being able to access as much as 5% of their investment for 30 days.

As the trade organization for the retail industry in Louisiana, we are deeply aware of the value that businesses derive from money market funds. 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 economy. 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. 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.

- **Increase the cost of financing.** Money market funds hold more than 1/3 of the commercial paper that businesses use to meet short-term obligations. If proposed reforms drive investors out of money market funds, the flow of short-term capital will be disrupted. The fear of such divestment is a real concern. Businesses across the country have expressed strong concern that they would be unable or unwilling to use floating-NAV money market funds. 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.

- **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.

We believe that the SEC should not consider proposals that only would create further financial challenges in Louisiana and throughout the nation. We thank you in advance for your time and consideration of our comments.

Sincerely,

Dawn B. Johnson

Dawn Johnson, Executive Director
Louisiana Retailers Association