



THE DREYFUS CORPORATION

J. Charles Cardona
President

August 7, 2012

VIA EMAIL TO RULE-COMMENTS@SEC.GOV

Ms. Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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

Dear Ms. Murphy:

Chairman Shapiro's Congressional testimony on June 21, 2012 piqued the interest of the financial services industry when she stated that money market mutual fund ("money fund") sponsors *"have voluntarily provided support to money market mutual funds on more than 300 occasions since they were first offered in the 1970s."* Eyebrows were raised not only over the Chairman referencing time periods that pre-date the adoption of Rule 2a-7, but also over the total number of instances cited, which exceeded substantially those previously reported by independent services such as Moody's that had tallied "over 200" instances of sponsor support of money funds in both Europe and the U.S. for the period 1972-2008 (and with only 62 of those instances occurring as a result of the 2007-2008 financial crisis). We were not surprised, then, that certain Congressmen requested that the Commission provide the data and any related analyses that supported this tabulation.

However, we were disappointed to learn the actual methodology used to calculate the number of occasions of money fund sponsor support. Contrary to the information provided in footnote two of the Chairman's published testimony, the methodology for the tabulation includes (and without any related analytics) every money fund that obtained no-action relief from the Staff of the Division of Investment Management in 2008. In fact, that relief was sought by many money funds as a precautionary measure in order to improve their flexibility to deal with the then-prevailing, historically severe, market illiquidity. Recognizing that the need for relief could arise quickly given the unpredictability of the markets, the SEC Staff readily granted such relief both to funds that had a current need for sponsor support and to funds that sought relief solely as a precautionary measure. Thus, by focusing on all funds that sought relief, rather than on those funds that actually relied on such relief, the methodology included in its tabulation many money funds that neither needed nor received sponsor support.



BNY MELLON
ASSET MANAGEMENT

200 Park Avenue, New York, NY 10166
T 212 922 6680 F 212 922 6763 cardona.c@dreyfus.com

We also are concerned that the overstatement of 300+ instances of sponsor support was delivered as testimony to inform Congress and to influence it on the ongoing money fund reform debate. We believe that the Chairman's testimony, at a minimum, demonstrates a lack of appreciation for the circumstances surrounding the no-action relief provided by the Staff during the 2008 crisis. We further believe that this disconnect compromises that aspect of the testimony, which spoke to instances of sponsor support provided (i.e., in the past tense that, in plain English, is read to mean instances of support actually provided) and not instances where sponsors were not called upon to support their funds.

While the Commission has pursued reform proposals in the name of improving "the susceptibility of money funds to destabilizing runs," we believe the need for reform should be assessed in light of those past instances of actual net asset value distress for money funds, and the market, economic, or structural conditions that might have given rise to those circumstances. In this context, merely obtaining 60-day no action relief that the SEC Staff was readily granting during a historic liquidity crisis simply does not equate with "*occasions of sponsor support voluntarily provided.*"

We appreciate the opportunity to be heard on this important issue and we are open to ongoing discussions with you on this or any other matter related to money fund reform. You can contact the undersigned at 212-922-6680 in that regard. Thank you again for your time.

Sincerely,

J. Charles Cardona

J. Charles Cardona
President
The Dreyfus Corporation

cc: The Honorable Mary L. Schapiro, Chairman
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Troy A. Paredes, Commissioner
The Honorable Elisse B. Walter, Commissioner
Norm Champ, Director, Division of Investment Management
Robert E. Plaze, Deputy Director, Division of Investment Management