The Business Council

KENNETH ADAMS
President & CEO

January 14, 2011

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

Re: Request for Comment on the President's Working Group Report on Money Market Fund Reform (Release No. IC-29497; File No. 4-619)

Dear Ms. Murphy:

On behalf of The Business Council of New York State, a statewide business trade organization representing over 3,000 members in all sectors of our state's economy, I write to add our voice to those opposing proposals advanced as part of the Report of the President's Working Group on Financial markets on Money Market Fund Reform Options. In particular, we oppose recommendations which would require money market funds to establish a floating Net Asset Value, rather than a stable $1 per-share value, as has been the industry standard.

It is important to acknowledge the comprehensive changes adopted by the SEC last year with respect to Rule 2a-7 to strengthen the resiliency and stability of money market funds and provide increased transparency of money market funds' investments and operations to investors and regulators. In light of the adoption of those recent regulatory changes and the ongoing regulatory changes being implemented pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, all of which seek to promote financial stability and transparency, we question the need for, and urge caution with respect to, some of the additional reform options in the Report and with respect to which the SEC seeks comments. We are concerned that many of those options would make money market funds an undesirable and unworkable investment option for meeting the needs of current money market fund investors.

Businesses issue commercial paper to meet short-term financing needs such as funding payroll, replenishing inventories, and financing expansion. Since the mid-1980s, money market funds have been major, reliable buyers of those securities and today purchase more than one-third of the commercial paper issued by American businesses. Should regulators eliminate these funds' stable net asset value (NAV) some investors will be forced to walk away due to mandatory investment guidelines that require a stable per share value. Others will take their money elsewhere after the simplicity and convenience of the stable NAV disappears. These harmful consequences will occur whether all funds are required to abandon the stable NAV (Option a. of the PWG Report) or a significant subset of funds are required to float their value in a "two-tier" system (Options e. and f. of the PWG Report).

There are no immediate substitutes for money market funds in this financing role. Bank lending cannot fill this funding gap unless banks raise substantial new capital. Unregulated private pools might see an opportunity to expand, but encouraging investors to migrate to these vehicles hardly seems consistent with efforts to reduce risk, increase transparency, and ensure greater market stability. Mandating a floating NAV would make short-term financing for American business less efficient and far more costly, ensuring a severe setback for an economy emerging from recession.

We appreciate the opportunity to comment and ask on behalf of our members that you give our views all due consideration.

Sincerely,

mm