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**VIA E-MAIL RULE-COMMENTS @SEC.GOV**

Elizabeth M. Murphy, Secretary
U.S. 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 Options (Release No. IC-29497; File No 4-619)

Dear Ms. Murphy:

As Utah State Treasurer, I appreciate the opportunity to comment on the President's Working Group Report on Money Market Fund Reform Options. My office is responsible for the State's cash management, which includes managing and investing the State's funds, and debt management, including issuing general obligation and revenue bonds.

As both an investor and an issuer, I am concerned with the report option identified that money market mutual funds abandon their stable $1.00 net asset value and adopt a floating net asset value instead. I need a stable investment option other than bank deposits to effectively manage my cash positions.

The National Association of State Treasurers (NAST) and the Government Finance Officers Association (GFOA) have commented in opposition to this reform option. I agree with the sentiments expressed in their letters and am concerned that any requirement that money market mutual funds float their net asset value, or any other change to the fundamental nature of money market mutual funds, could negatively impact this important source of cash management for our State.

Thank you for your consideration.

Sincerely,

Richard K. Ellis
Utah State Treasurer

NATIONAL ASSOCIATION OF STATE TREASURERS

December 21, 2010

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

Re. File # 4-619

Comment Letter to the Securities and Exchange Commission on the President's Working Group on Financial Markets



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**Secretariat**
The Council of
State Governments

Dear Ms. Murphy:

The National Association of State Treasurers (NAST), the organization that represents the treasurers or chief financial officers of the fifty states, the District of Columbia, and Puerto Rico, wishes to go on record as opposing the proposal of the President's Working Group on Financial Markets that money market funds (MMFs) maintain a floating Net Asset Value (NAV), rather than a stable $1 per share as has been the standard. NAST believes that such a change would not be in the interests of either investors or debt issuers and could potentially destabilize the market

NAST further believes that a floating NAV could decrease investor demand and transform money market funds into, essentially, short-term bond funds. If this were to occur, it would negatively impact the current money market fund benefits by

- Increasing investment risk, especially in volatile market conditions. Money market funds are currently well regulated by the SEC (Rule 2a-7). Money market investors understand there is some relatively small level of risk;

- Eliminating daily liquidity and lengthening the time to obtain cash;

- Increasing fund administrative costs, thereby decreasing net yield;

- Reducing diversification and perhaps even precluding certain public investors from using floating NAV money market funds.

In addition, NAST believes that a floating NAV would push investors to less regulated or non-regulated markets increasing risk and increase accounting requirements of investors (e.g., mark-to-market). Finally, NAST believes that the floating NAV would reduce or eliminate a market for short-term public and non-profit debt. A floating

NAV could lead to a contraction in short-term public financing capability as investors, especially institutional investors, move to other products. It would also increase short-term debt costs for states due to the reduction of placement options.

NAST has previously commented on some of the negative aspects of a floating NAV, and the organization still believes that it is a bad idea whose adoption would not have a positive result for either investors or debt issuers. It does not accept the Working Group's statement that investors believe that money market funds are "risk-free cash equivalents" (p. 19). On the contrary, NAST believes that investors realize that money market funds have an inherent risk, albeit a small one. Furthermore, the Working Group itself states that moving to a floating NAV "might motivate investors to shift assets away from MMFs to . . . unregulated cash-management vehicles" (p. 19). This latter, we submit, would not be beneficial in any way. For these several reasons, the National Association of State Treasurers hereby goes on record as opposing a floating NAV for money market funds.

Sincerely,

President, National Association of State Treasurers