April 14, 2011

Bill Spivey
[redacted]

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

RE: File No. 4-619 President's Working Group Report on Money Market Fund Reform Comments

Dear Ms. Murphy:

Thank-you for allowing the public to comment on the report of the President's Working Group on Financial Markets – Money Market Reform Options (the "PWG Report"). As you are aware, the PWG Report proposes certain fundamental changes to the regulation of money market funds to address systemic risk and reduce their susceptibility to runs.

My concern is that several of the options in the PWG Report – specifically, options (a) (floating net asset values), (e) (two-tiered system with enhanced protection for stable NAV funds), (f) (two-tiered system with stable NAV funds reserved for retail investors), and (g) (regulating money market funds as special purpose banks) - would fundamentally change the money market industry for the worse, as other commenters have noted in letters to the Commission. Moreover, as other commenters also have noted, it is not clear that other options in the PWG Report – specially, options (c) (mandatory redemptions in kind), (d) (insurance for money market funds) and (h) (enhanced constraints on unregulated money market fund substitutes - would be effective in achieving the goals set out in the PWG Report, especially standing by themselves. For approximately forty years, money market funds have served an invaluable purpose as efficient cash-management vehicles, with investors suffering minimal losses. Fundamentally changing the money market fund industry would serve little purpose other than to hurt investors. Moreover, money market funds were in part created to help small investors circumvent outdated banking regulations that had come to benefit only banks. Considering that history, it would be ironic for the Commission to adopt regulations to make money market funds more like banks, as options (d) and (g) would. For those reasons, I would recommend that the Commission not adopt any of those options.

As argued by the Investment Company Institute (the "ICI") in its January 10, 2011 comment letter to the Commission, the remaining option, that money market funds would have access to some form of private emergency liquidity facility ("ELF"), would not fundamentally change the money market industry, and an ELF would be effective in helping money market funds with significant and unexpected liquidity demands. It is for those reasons that I generally support proposals that would encourage prime money market funds to participate in an ELF, including the ICI's proposed liquidity facility.

Notwithstanding my support for the ICI proposal, the Commission should encourage other forms of ELF and let the market decide which form is the best for money market funds and their shareholders. Among other things, the Commission should adopt regulations that provide for certain minimum standards for an ELF, but not necessarily adopt regulations so specific that they effectively require a form of ELF as proposed by the ICI. The Commission also should adopt regulations that would require all prime money market funds to participate in an ELF if the funds intend to maintain a stable NAV. In normal markets, prime money market funds are not likely to participate in an ELF in order to improve their performance. Liquidity support is like insurance, however, and should not be purchased only when loss is imminent. Finally, the Commission should not delay in adopting regulations that require prime money market funds to participate in an ELF. While the money markets appear more stable than they have since September 2008, appearances of stability can be deceiving. Few investors immediately before September 2008, for example, anticipated the problems that money market funds then were to face over the next several months. Moreover, the longer the Commission delays adopting regulations, the more resistance there will be to implementing meaningful change. It would be a waste to let the attention now focused on the PWG Report to go unaddressed.

Thank-you, again, for allowing me to submit my comments and for your consideration in this matter.

Sincerely,

Bill Spivey