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September 16, 2013

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

Re: File Reference No. S7-03-13, SEC Proposed Rule, *Money Market Fund Reform; Amendments to Form PF*

Dear Ms. Murphy:

Deloitte & Touche LLP appreciates the opportunity to comment on the SEC's proposed rule *Money Market Fund Reform; Amendments to Form PF*.

The proposal outlines two main alternatives for amending rules that govern money market funds. The first alternative would require all institutional money market funds (MMFs) to transact at a floating net asset value per share (NAV). To value their investments, such funds would be required to use market-based factors instead of amortized cost, which is used in determining NAV. For funds with a $1.00 target share price, fluctuating daily share prices would also be rounded to the nearest 100th of a penny rather than to the nearest penny (i.e., rounded to four decimal places instead of two).

The second alternative would also require retail and institutional MMFs (i.e., other than government funds) to use market-based factors instead of amortized cost to value their investments, but it would permit such funds to continue to use penny rounding. However, under this alternative, if a fund's weekly liquid assets (as defined in the proposal) fall below 15 percent of its total assets:

- The fund would be required to impose a 2 percent liquidity fee on all redemptions from the fund unless the fund's board determines that the fee is not in the best interests of the fund.
- The fund's board could impose a temporary suspension of redemptions (a "redemption gate") for up to 30 days in any 90-day period.
- The fund would be required to promptly notify the public. Public notification would also be required when the fund makes decisions about liquidity fees and redemption gates and would include a "discussion of the board's analysis in determining whether or not to impose a fee or gate."

In addition to using either alternative above or a combination of the two, MMFs would be required under the proposal to (1) enhance their disclosures, (2) strengthen their "stress-testing," (3) increase their diversification, and (4) provide additional information about their holdings and liquidity.

The observations below are in response to the SEC's request for comments on the proposal.

Classification of Money Market Funds as "Cash Equivalents"

According to the proposal:

- A floating NAV MMF would continue to qualify, under normal market conditions, as a cash equivalent under U.S. GAAP.

- A fund that combines liquidity fees and gates with a floating NAV would qualify as a cash equivalent under U.S. GAAP.

We agree with the SEC that an MMF would still qualify, under normal market conditions, as a cash equivalent in an investor's financial statements (i.e., balance sheet and statement of cash flows) if (1) its NAV floats and (2) it has the ability — as determined by the board of directors of the fund — to impose liquidity fees and gates.

We recommend that the SEC carry forward to the adopting release the proposal's provisions regarding an investor's ability to classify MMFs as cash equivalents — including the points (and support for them) that are outlined in the bulleted items above.

Public Disclosure of Financial Statements of Advisers as Sponsors

The proposal asks respondents to indicate whether the SEC should "require fund sponsors to publicly disclose their financial statements, in order to permit non-shareholders to evaluate the sponsor's capacity to provide support [to the fund]." However, some fund sponsors may not currently apply Regulation S-X when preparing their financial statements and possibly may not use the same basis of accounting as SEC registrants. Therefore, the SEC would need to consider whether the public disclosure of a sponsor's financial statements that use different accounting standards or another basis of accounting would be acceptable. In addition, if public disclosure of a sponsor's financial statements were to be required in an MMF's registration statement, the SEC would need to consider (1) whether such financial statements would need to be audited, (2) the auditing standards under which such financial statements would need to be audited, and (3) whether the SEC would require a consent from the independent auditor of such financial statements.

Other Financial Reporting Matters

We encourage the SEC to consider adding certain clarifications in its final rule release to help preparers and auditors consider potential financial reporting implications related to the following questions:

- How many decimal points should be presented in the financial highlights for the year of adoption and years before adoption in both the semi-annual and annual financial statements? If the SEC determines that the prior-year financial highlights should be recasted to include additional decimal points, would the SEC expect auditors to audit such recasted amounts?

- How should the change in valuation method in the year of adoption and the effect on the financial statements be disclosed?

- What disclosures should MMFs make in their financial statements when liquidity fees and gates have been imposed?

The SEC should also consider removing the text on page 380 of the proposal that identifies exchange-traded equity securities and U.S. government and agency securities as examples of securities that have "quoted prices for identical securities in an active market." These securities may not necessarily have such quoted prices.

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We appreciate your consideration of these matters and would welcome an opportunity to discuss them with you further. If you have any questions about our responses, please do not hesitate to contact Robert Fabio at (516) 918-7235 or Rajan Chari at (312) 486-4845.

Very truly yours,

/s/ Deloitte & Touche LLP