September 20, 2013

Via E-Mail to: rule-comments@sec.gov

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

Re: Edward D. Jones and Co., L.P. Comment on Money Market Reform (Release No. 33-9408; IA-30551; File No. S7-03-13)

Dear Ms. Murphy:

Edward D. Jones and Co., L.P. ("Edward Jones") appreciates the opportunity to provide comment in response to SEC Release No. 33-9408; IA-30551, the Securities and Exchange Commission's ("SEC") request for comments on money market reform. We acknowledge the delay in submitting this letter and appreciate the SEC's consideration of the firm's comments. We commend the thoughtful approach taken by the SEC in its consideration of two alternatives designed to strengthen and preserve the utility of money market funds. The positions put forth below are largely reflective and consistent with the firm's February 15, 2013 comment letter to the Financial Stability Oversight Council on money market reform.

Edward Jones is a full-service broker dealer headquartered in St. Louis, Missouri with more than twelve thousand financial advisors in the United States. Our firm is focused on serving the needs of the serious, long-term individual investor by providing personalized service and promoting an investment philosophy that emphasizes quality and diversification of investments.

Today we serve more than 4.3 million households comprised of nearly 7 million clients. Money market funds have been used extensively by our clients for more than thirty years and play an important role in their daily lives as efficient cash management tools for check-writing, debit card access, ATM access and as a convenient vehicle for the collection of dividends and interest to fund future purchases of securities.

Edward Jones is encouraged by the approach of the SEC proposals for further reforming money market mutual funds which seek to strike the proper balance between the protection of investors and the mitigation of market risk. We strongly support alternative one which we believe appropriately recognizes the distinction between different types of money market funds and preserves the character and utility of money market funds for retail investors. However, the firm has concerns with how the application of liquidity fees and the potential for fund boards to impose redemption restrictions, as described in alternative two, will impact the utility of prime and municipal money market funds for retail investors.
Alternative one: Floating NAV

We strongly support alternative one which we believe appropriately recognizes the distinction between different types of money market funds and preserves the attractiveness of money market funds as a cash management tool for retail investors. We believe exempting retail and government money market funds from a floating net asset value (NAV) while requiring institutional prime funds to operate with a floating (NAV) addresses possible systemic risks and increases the resiliency of money market funds. Money market funds invested in Treasuries and other U.S. government-guaranteed securities pose significantly less risk than prime funds invested in commercial paper or other forms of short-term corporate debt.

Based on our years of experience offering money market funds\(^1\), we believe the extensive use by our clients has largely been contingent upon the safety and convenience of a stable NAV. A stable NAV allows retail investors to use money market funds for cash management purposes without worrying about daily price fluctuations. A stable NAV for retail investors will also avoid burdensome tax calculations, such as the need to calculate taxable gains and losses that would otherwise be incurred due to market fluctuations on even minimal purchases or sales within the fund.

We appreciate the challenges of defining a retail money market fund and are encouraged by the approach the SEC has taken in limiting a shareholder of record from redeeming more than $1 million in any one business day. We agree with the SEC's assessment that the daily limit is high enough to preserve the viability and desirability of money market funds for most retail investors. The typical Edward Jones client holds money market funds in amounts valued in the thousands or tens of thousands, well below the threshold proposed in the rule. However, from time-to-time, our clients may have far more significant investments in money market funds, such as when a client realizes proceeds from the sale or maturity of a security.

While the SEC is understandably concerned about redemptions during periods of market stress where investors move to a cash or cash-equivalent position, a significant percentage of the firm's money market fund redemptions are the result of clients wishing to invest in other securities. As currently proposed, this rule will limit the utility of money market funds as a sweep option for large transactions, resulting in delays for retail investors placing over $1 million in money market funds. Whatever redemption limit the SEC ultimately proposes, the firm respectfully requests the SEC consider indexing the threshold to inflation or some other widely recognized economic benchmark to ensure the limit continues to be viable for retail investors in the future.

\(^1\) Edward Jones clients primarily utilize two money market funds for cash management purposes: the Edward Jones Money Market Fund and the Edward Jones Tax Free Money Market Fund. Both funds were created and are managed through Federated Investors, Inc. ("Federated"). Federated and Edward Jones jointly own the investment adviser to the funds, with Edward Jones holding a 49.5% limited partnership interest in such adviser. Edward Jones receives compensation in connection with its ownership interest in the adviser to the funds.
In consideration of alternative one, we also wish to emphasize the importance of omnibus accounts being treated as an aggregation of individual client positions. We have a significant number of clients buying and selling shares of money market funds every day, which would cause us to reach individual daily limits quite quickly if we were required to aggregate individual client positions for purposes of the threshold. We believe the proposal recognizes the importance of the treatment of omnibus accounts, but want to ensure clarity in order to minimize disruption of service and promote access to funds for our clients.

Alternative two: Liquidity fees and redemption gates

The firm believes the SEC should apply the same retail money market fund exemption in alternative two as provided in alternative one by exempting government, retail municipal and retail prime funds from the liquidity fees and gates requirements. Retail investors count on the liquidity and accessibility of money market funds as essential features in order to use money market funds as an effective cash management solution. The application of liquidity fees and the potential for fund boards to impose redemption restrictions to prime or municipal money market funds when a fund's level of weekly liquid assets falls below 15% of total assets will impact the character and utility of money market funds for retail investors. We believe even the remote possibility of a liquidity fee or a delayed redemption will result in some retail investors rejecting prime or municipal money market funds as a reasonable cash management solution.

Municipal money market fund exemption

The firm supports the Commission's proposed exemption of retail and government money market funds from the floating NAV alternative, but believes further clarity is needed with respect to municipal money market funds. While the Commission has indicated that municipal money market funds "would likely" be covered by the retail fund exemption, we believe further guidance is necessary as to the treatment of these funds. Municipal money market funds are a valuable cash management solution for retail investors and an important source of capital for states and municipalities. We support an exemption for retail municipal money market funds as we do not believe retail municipal money market funds pose a systemic risk given the high level of liquidity maintained, minimal rates of default and low susceptibility to runs of redemptions due to shares typically being held by a large number of individual investors.

Combination of alternative one and two

The firm is cognizant that several members of the Commission expressed interest in a combination of alternatives one and two. The firm has not provided comments on such an approach given the lack of clarity in the proposal on how such a combination would be constructed and implemented. Should the SEC move forward with a hybrid approach combining elements of alternative one and two the firm respectfully requests the SEC provide the opportunity to submit additional comments.

Edward Jones appreciates the constructive approach the SEC has taken in considering meaningful reforms to money market funds. The firm sincerely appreciates the
opportunity to provide comment on this significant regulatory initiative. We support additional reforms that mitigate market risk while preserving the utility of money market funds for individual investors. Please contact the undersigned if you have questions regarding this comment letter.

Sincerely,

Jesse Hill
Government and Regulatory Relations
Edward Jones