ES150993

# Congress of the United States

Washington, DC 20510

December 3, 2013

The Honorable Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Chairman White:

We write as representatives of the State of New Hampshire to express our concern over the current proposal put forth by the Securities and Exchange Commission (SEC) to impose new regulations on money market mutual funds, particularly municipal funds that are critical to state and local governments.

We believe strongly in the SEC's mission to protect investors and ensure that our capital markets are fair and efficient for all Americans. We recognize the SEC has been committed to money market fund reform since the financial crisis, and we appreciate its diligence in pursuing reforms to make the product more transparent and resilient.

However, we have serious concerns that the proposal will unnecessarily harm municipal money market funds. The proposal appropriately excludes Treasury and Government money market funds, which remained stable during the period following the bankruptcy of Lehman Brothers in 2008. Similarly, municipal money market funds did not experience large redemptions during the crisis and should also be excluded from the proposal. Applying either a floating net asset value (NAV) or investor redemption restriction to municipal funds is not appropriate and would dramatically reduce investment in these funds, thereby increasing borrowing costs for the already-strapped state and local governments that depend on money market funds to meet important financing needs.

Like Treasury and Government money market funds, municipal funds do not invest in the same types of corporate debt securities in which prime funds invest. As you know, during the financial crisis, prime money market funds held by large institutional investors were the only funds that experienced significant and rapid investor withdrawals. Municipal money market funds performed in a similar fashion to Treasury and Government funds, and many of these funds actually saw substantial inflows as investors sought out safer options for their money. Beyond this demonstrated stability during the financial crisis and in volatile markets since, municipal money market funds also continue to maintain liquidity levels that exceed current SEC requirements under the 2010 reforms that significantly enhanced the resiliency of money market funds, known as Rule 2a-7.

Municipal money market funds also play a critical role in the New Hampshire economy. Not only does our state invest hundreds of millions of dollars in these funds, but New Hampshire municipalities also rely on the funds to access much needed capital for our local communities. In fact, approximately two-thirds of the short-term credit that New Hampshire municipalities depend on to fund public projects is obtained via money market funds. If new regulatory changes lead to less investment in money market funds, stakeholders in New Hampshire, including our Governor and State Treasurer, have warned that less credit will be made available to our municipalities and may come at a higher cost.

Considering the stability of municipal funds and the impact of the proposal on local financing options, we request that the SEC reconsider imposing new regulations to municipal money market funds, and instead limit its final rule to only the prime money market funds held by institutional investors that have experienced significant, sudden investor withdrawals in the past.

We appreciate your attention to this request, and thank you for your work on behalf of investors.

Sincerely,

Jeanne Shaheen
Jeanne Shaheen
United States Senator

Kelly A. Ayotte
Kelly Ayotte
United States Senator

Carol Shea-Porter
Carol Shea-Porter
Member of Congress

Ann McLane Kuster
Ann McLane Kuster
Member of Congress