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State of Rhode Island and Providence Plantations
General Treasurer
State House - 102
Providence, Rhode Island 02903

Gina M. Raimondo
General Treasurer

August 27, 2013

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

Re: Money Market Fund Reform; Amendments to Form PF; Release No. IC-30551; File No. S7-03-13

Dear Ms. Murphy:

I am writing in response to the Securities and Exchange Commission's June 5, 2013 proposed rule on money market funds and its potential impact on state and municipal financing.

As General Treasurer of the State of Rhode Island, I am charged with protecting the state's financial assets with sound financial investments. Money market funds (MMFs) play an important role in providing both safe, liquid cash management tools as well as a source of funding for statewide public projects.

The State of Rhode Island, along with some municipalities and quasi-public agencies, currently invest more than $500 million in the Ocean State Investment Pool. This important tool in our short-term investment portfolio is also a valuable resource that ensures all short-term providers offer competitive rates.

While these proposals do take the appropriate approach by not treating all types of MMFs in the same way, such as excluding most MMFs that invest primarily in government securities, my office does have concerns.

This proposal may change MMFs in such a way that they would no longer be an attractive investment option for state and local governments. Of concern, is the requirement of a "floating" NAV for MMFs. As an investor, this change could create administrative burdens and costs, including accounting and tax complexities that would diminish the product's usefulness. It could also result in investors choosing alternative means of managing cash that could prove to be more expensive, less diversified and riskier.

A floating NAV for money market funds could also have negative economic consequences for the state as a borrower. As investors pull money from MMFs and the pool of MMF assets shrinks, less funding may be available for the state and local governments that depend on these funds to provide short-term lending. Financing costs for municipalities could rise if MMFs become less popular with investors and the product's assets contract.

In particular, the proposal does not treat municipal MMFs like other government funds, but instead includes municipal funds with non-government funds, subjecting them to a floating NAV and other new regulations. This is concerning as municipal MMFs do not appear to pose the types of threats that the SEC proposal seeks to address. The liquidity profile and redemption activity patterns with municipal funds have demonstrated the product's resiliency in periods of market volatility. Applying the same rules to municipal MMFs as those of other government MMFs seems more appropriate and less disruptive to the states' and municipalities' ability to access short-term funds.

As the SEC considers moving forward with any final money market fund rule, please consider its impact on states and municipalities.

Best wishes,

Gina Raimondo
General Treasurer
State of Rhode Island