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August 15, 2014

Mr. Kevin M. O'Neill
Deputy Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Notice of Proposed Exemptive Order Granting Permanent Exemptions Under the Securities Exchange Act of 1934 from the Confirmation Requirements of Exchange Act Rule 10b-10 for Certain Money Market Funds (File No. S7-08-14)

Dear Mr. O'Neill:

The Investment Company Institute¹ supports the Securities and Exchange Commission's proposed exemptive relief for floating net asset value (NAV) money market funds under the immediate confirmation delivery requirements of Rule 10b-10 under the Securities Exchange Act of 1934.² As discussed below, however, we request that the SEC clarify the conditions associated with the proposed relief.

Rule 10b-10 governs the confirmation requirements for broker-dealers. It requires broker-dealers to provide customers a confirmation containing specified information relating to the customer's purchase or sale of a security at or before the completion of the transaction. With respect to money market funds that seek to maintain a stable NAV, the rule permits broker-dealers to provide the confirmation monthly, rather than at the time of each transaction, provided that no sales load is deducted upon the purchase or redemption of shares in the fund.³

The SEC recently adopted amendments to Rule 2a-7 under the Investment Company Act of 1940 that require institutional prime and institutional tax exempt money market funds to sell and

¹ The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of \$17.3 trillion and serve over 90 million shareholders.

² SEC Release No. 34-72658 (July 23, 2014), available at <http://www.sec.gov/rules/exorders/2014/34-72658.pdf> ("Release").

³ See Rule 10b-10(b), which governs "alternative periodic reporting."

redeem shares based on the current market-based NAV (that is, "float").⁴ Because share prices of these funds may fluctuate, absent exemptive relief, broker-dealers will not be able to continue to rely on the alternative periodic reporting that is currently permitted under Rule 10b-10 for stable NAV money market funds. Instead, broker-dealers will be required to provide immediate confirmations for all such transactions.

In the SEC's 2013 money market fund proposing release, the SEC requested comment on whether, if the SEC adopted the floating NAV requirement, broker-dealers should be required to provide immediate confirmations to all floating NAV money market fund investors.⁵ In response, ICI argued that the potential cost of providing investors with immediate confirmations would be significant and an expense that is ultimately borne by investors. Given that the price fluctuations in floating NAV money market funds are likely to be insignificant, the need for investors to receive immediate confirmations did not appear to outweigh the costs to broker-dealers to provide confirmations on a transaction-by-transaction basis. Thus, we urged the SEC to permit broker-dealers to provide confirmations for floating NAV money market fund transactions on a monthly basis.

After consideration of the likely costs associated with requiring immediate confirmations for such transactions, the SEC has proposed to grant exemptive relief from the immediate confirmation delivery requirements, provided that the broker-dealer has notified the customer of its ability to request delivery of an immediate confirmation and the broker-dealer has not received any such request from the customer.⁶ The Release notes that this condition would provide investors with an option to receive confirmation information regarding a transaction at or before the completion of a securities transaction, while also providing relief to broker-dealers in circumstances where customers would not view this additional information as beneficial.

The Release does not, however, specify whether the notification requirement to floating NAV money market fund customers can be made on a one-time basis—such as in a new account application or in a notification to existing shareholders prior to the compliance date. One-time notification (as opposed to notification on a transaction-by-transaction basis) minimizes operational impacts for both customers and broker-dealers and sufficiently informs customers by ensuring the notification is delivered prior to the first transaction. Additionally, one-time notification allows broker-dealers to cost-effectively comply with the notification requirement, an important consideration because the cost of compliance ultimately will be borne by floating NAV money market fund customers.

⁴ See generally SEC Release IC-31166 (July 23, 2014), available at <http://www.sec.gov/rules/final/2014/33-9616.pdf>.

⁵ See SEC Release No. IC-30551 (June 5, 2013), available at <http://www.sec.gov/rules/proposed/2013/33-9408.pdf>, at 352-353.

⁶ The new condition is in addition to the existing requirements listed under the alternative periodic reporting provision permitted for stable NAV money market funds under Rule 10b-10(b)(2) and (3).

We therefore request that the SEC clarify in the adopting release that broker-dealers can satisfy the proposed notification requirement for each floating NAV money market fund by a one-time notice to the customer rather than requiring a notice in connection with each transaction.

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We look forward to working with the SEC as it continues to examine these and other issues that are critical to ensuring that the money market fund industry makes a smooth transition to the new money market fund rules. In the meantime, if you have any questions, please feel free to contact me directly at (202) 218-3563 or Jane Heinrichs, Senior Associate Counsel, at (202) 371-5410.

Sincerely,

/s/ Dorothy Donohue

Dorothy Donohue
Acting General Counsel

cc: The Honorable Mary Jo White
The Honorable Luis A. Aguilar
The Honorable Daniel M. Gallagher
The Honorable Kara M. Stein
The Honorable Michael S. Piwowar

Norm Champ, Director
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Stephen Luparello, Director
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Securities and Exchange Commission