THE PROFIT SHARING AND 401(k) ADVOCATE ♦ SHARING THE COMMITMENT SINCE 1947
500 Eighth Street, NW, Suite 210, Washington, DC 20004 ♦ 202.863 7272♦
ferrigno@401k.org

Edward Ferrigno
Vice President, Washington Affairs

September 8, 2009

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
Washington, DC
delivered electronically

RE: File Number S7-11-09
Proposed Rule on Money Market Fund Reform

Dear Ms. Murphy,

Thank you for considering the comments of the Profit Sharing / 401k Council of America (PSCA). PSCA is a 60-year old non-profit association representing companies that sponsor profit sharing and 401(k) plans. PSCA speaks for over 1,200 companies who employ approximately five million plan participants throughout the United States. PSCA's members range in size from very small firms to conglomerates with hundreds of thousands of employees. All regard their profit sharing or 401(k) plans as vital factors in their business success.

PSCA commends the Commission for its efforts to strengthen money market funds. According to our latest survey of 2008 plan experience, forty-eight percent of profit sharing and 401(k) plans include a money market fund investment. The Investment Company Institute reports that over eight percent of IRA assets are held in money market funds. Half of IRA assets, and over ninety percent of new contributions, are rollovers from employer provided retirement plans.[1]

The Commission is requesting comments on whether or not money market funds should continue to be permitted to use stable net asset values. This feature is valued by both plan sponsors and participants. Some employees are more likely to participate in their 401(k) plans if they contain an investment alternative where the principle valuation does not fluctuate. Also, the availability in a 401(k) plan of an investment with a stable net asset value has an impact on asset allocation strategy. If money market funds utilize a floating net asset value, some plan sponsors would eliminate money market funds as a plan investment. The remainder would have to employ an extensive communication program to explain the change to plan participants.

[1] *The U.S. Retirement Market, First Quarter2009,* Investment Company Institute, August 2009.

The Commission’s discussion of the pros and cons of a stable net asset value in the proposed rule points out that “the balance the Commission struck was that, in exchange for permitting this valuation method, it would impose certain conditions on money market funds designed to ensure that these funds invested only in instruments that would tend to promote a stable net asset value per share and would impose on the funds’ boards of director an ongoing obligation to determine that it remains in the best interest of the funds and their shareholders to maintain a stable net asset value per share.” PSCA recommends that the Commission continue this approach and not require money market funds to adopt a floating net asset value. Our recommendation considers that the broad reforms proposed by the Commission, even if only partially implemented, will significantly reduce the chance of a fund breaking the buck and ensure that the appropriate “balance” needed to permit a stable net asset value is maintained.

Thank you for considering our comments. Please do not hesitate to contact me if you have any questions or if I can be of any assistance.

Sincerely

Edward Ferrigno