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April 11, 2022

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Re: File Reference No. S7-22-21; *Money Market Fund Reforms* (SEC Release No. IC-34441)

Dear Ms. Countryman:

Deloitte & Touche LLP is pleased to respond to the request for public comment from the Securities and Exchange Commission (the "Commission") on the proposed rule, *Money Market Fund Reforms* (the "proposal"). We share the Commission's goal of transparency of money market funds, the importance of which has been especially clear in light of market activity in the last two years. We therefore appreciate the opportunity to share our thoughts specific to the disclosure related to the proposed swing pricing requirement.

First, we understand swing pricing is designed to require redeeming investors – rather than the remaining investors in the funds – to bear the costs incurred as a result of redemptions. We encourage the Commission to evaluate whether clarification of some of the proposed disclosures would help a reader better understand the intended benefit of the application of swing pricing. For example, one proposed disclosure focuses on illustrating the general effect of the use of swing pricing on the financial statements. The Commission may want to clarify whether it expects a fund to disclose how the use of swing pricing during the period is reflected in certain line items within the financial statements or whether the Commission wants a fund to simply state that swing pricing indirectly offsets the effects of certain expenses or transactions costs included in net realized gains/losses included on the statement of operations.

We also suggest that the Commission consider clarifying the disclosures required in the financial highlights section of a fund's prospectus, annual report, and semi-annual report. Specifically, we suggest the Commission should consider:

- If clarification is needed about whether a money market fund would be required to include the effect of swing pricing on total return in the financial highlights; and
- Whether guidance on the appropriate methodologies to calculate the per share impact of swing pricing for each class of shares in the financial highlights would be helpful to preparers. For example, many funds determine the per share impact of amounts such as net investment income (loss) by dividing the number reported on the statement of operations by the average shares during the period. While this may be appropriate for net investment income (loss), the number of shares held throughout the period may fluctuate greatly and the use of a swung price

may not occur on a linear basis, as might be the case with certain income and expense amounts. This disparity in inputs may produce less meaningful results. Further, if funds use different methodologies to calculate the per share impact in the financial highlights, it may result in reduced comparability between funds. The appropriate allocation of the per share impact across each class of shares may also be confusing to the user, depending on fund flows in such share classes. The Commission may also wish to reassess whether presenting the per share impact of swing pricing would provide meaningful information to readers of the financial statements.

The proposal would require a money market fund using swing pricing to disclose the general methods used in determining whether the fund's net asset value ("NAV") will be adjusted due to swing pricing in the footnotes to the financial statements. We recommend that the Commission consider whether such a disclosure is consistent with that of an operating policy, which we understand swing pricing is intended to be, as opposed to an accounting and financial reporting policy. While a fund would normally disclose an accounting and financial reporting policy when it is material to the financial statements, an operating policy would normally not be disclosed under U.S. Generally Accepted Accounting Principles.

Finally, the Commission should consider clarifying whether it believes a fund's internal control over financial reporting should include an evaluation of the appropriateness and actual application of the general methods that a fund uses to determine whether the fund's NAV will be adjusted due to swing pricing. If so, this may be important to fund officers making the required Form N-CSR certifications, as well as to external auditors evaluating the design and implementation of relevant controls over financial reporting.

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We appreciate the opportunity to provide our perspectives on the proposal, and we would be happy to discuss further any of the points of our letter. If you have any questions or would like to discuss our views further, please contact Rajan Chari at (312) 486-4845 or Ryan Moore at (703) 251-1874.

Sincerely,

Deloitte & Touche LLP

Deloitte & Touche LLP

cc: Gary Gensler, Chair
Hester Peirce, Commissioner
Allison Herren Lee, Commissioner
Caroline Crenshaw, Commissioner
William Birdthistle, Director, Division of Investment Management
Paul Munter, Acting Chief Accountant