

Government Finance Officers Association  
International City/County Management Association  
National Association of State Auditors, Comptrollers and Treasurers  
National Association of State Treasurers  
National League of Cities  
National Association of Counties  
U.S. Conference of Mayors  
American Public Power Association  
Council of Infrastructure Financing Authorities

August 19, 2013

The Honorable Mary Jo White  
Chair  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chair White,

The undersigned organizations listed above represent state and local governments and public infrastructure development agencies that rely on money market mutual funds (“MMMFs”) to meet their investment and short-term financing needs. Our organizations have long supported efforts to strengthen MMMFs while ensuring the preservation of this vehicle for cash management and financing of governments’ essential short-term needs.

On June 5, 2013, the Securities and Exchange Commission (“Commission”) approved proposed rules for MMMF reform (“Proposal”), which include the option of requiring a floating net asset value (“NAV”) for institutional prime and tax-exempt funds. We remain concerned about the impact of a floating NAV on our use of MMMFs for cash management and on these funds’ ability to provide municipal financing.

Forcing MMMFs to float their NAVs will create significant accounting, operational, and tax problems for investors and issuers. While we appreciate that the Commission acknowledges these problems, the Proposal provides no clear-cut solutions. Accordingly, we believe that it is incumbent upon the Commission to work jointly with other bodies and interested stakeholders to make certain that accounting, tax, and operational implications are fully addressed before the Proposal is finalized.

As a next step, we therefore request that the Commission convene a roundtable to discuss the issues that the Proposal—and particularly the option of requiring floating NAVs—raises for states and municipal governments, financing authorities, businesses, and others who rely on MMMFs for cash management and short-term financing.

Such a roundtable would afford the Commission and accounting and tax authorities an opportunity to collectively address the complicated repercussions of requiring MMMFs to float the NAV. Significant changes to investment policies, processes, and systems—including in many cases changes to state law—will be required to implement this alternative. The Proposal concedes as much, noting that the move to a floating NAV will necessitate complex and potentially costly changes to numerous financial and accounting systems. A roundtable would inform the Commission on the concerns of government finance

The Honorable Mary Jo White

August 19, 2013

Page 2

officials and the extent to which they may stop using MMMFs if unworkable regulations are implemented.

A floating NAV requirement for a broad category of MMMFs could also adversely affect states' ability to run local government investment pools ("LGIPs"). Many of these pools model their portfolio management on the risk-limiting provisions of SEC Rule 2a-7 in order to offer a stable \$1.00 share price. Changes to Rule 2a-7 that require a broad category of MMMFs to float their share prices could undermine the ability of LGIPs to provide cost-effective cash management for local governmental entities.

Given the many questions raised in the Proposal, we believe that convening a roundtable and continuing the dialogue with interested parties will aid the Commission in generating a more informed, effective rule. Such an approach will ensure that any potential regulatory changes aimed at MMMF reform will be consistent with the Commission's statutory responsibility to promote efficiency, competition, and capital formation. We appreciate the opportunity to continue working with the Commission on MMMF reform, and we would welcome the opportunity to discuss the logistical aspects of a roundtable, including prospective participants, in greater detail.

Sincerely,

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International City/County Management Association, Beth Kellar, (202) 289-4262

National Association of State Auditors, Comptrollers and Treasurers, Cornelia Chebinou, (202) 624-5451

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American Public Power Association, John Godfrey, (202) 467-2929

Council on Infrastructure Financing Authorities, Rick Farrell, (202) 547-1866