nhcuc New Hampshire College & University Council

September 6, 2013

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OFFICE OF THE SECRETARY

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Comments on Proposed Money Market Fund Reform; Amendments to Form PF (File No. S7-03-13)

Dear Ms. Murphy,

On behalf of the New Hampshire College & University Council (NHCUC) I appreciate the opportunity to provide these written comments in response to the SEC's rule proposal relative to money market funds (MMFs).

This is a critically important issue to the members of the New Hampshire College and University Council, which represents twenty-two, public and private institutions of higher education in the State of New Hampshire. Our diverse institutions serve as major centers of activity that are vital to the economic development of the community and the entire State of New Hampshire.

The NHCUC appreciates the serious work and analysis that the SEC has put forth in its nearly seven hundred page rule proposal. However, our members are collectively concerned that the proposal suggests regulations for municipal MMFs that may prove harmful to the investments of our institutions. It is our collective opinion that new regulations on municipal MMFs, such as restricting fund redemptions or removing the stable $1.00 NAV, would remove a number of the product's key benefits and make the product much less attractive to investors, pushing them to other types of short-term investment products.

Colleges, universities and other public debt issuers would be disproportionately impacted as investors avoid MMFs for other products. Dozens of colleges and universities across the nation regularly rely on MMFs to purchase the short-term and variable-rate debt that is necessary to ensure that they have access to capital to meet operational needs and finance major capital projects. For example, some of the variable-rate debt issued by just one of our member institutions is purchased by MMFs, which allows this institution to benefit from significantly lower financing rates while reducing operating costs. This type of low-cost financing is vitally important to major institutions of higher education, and any increase in interest rates would add to the cost pressures institutions face.

Colleges and universities are not alone in their reliance on MMFs as a cost-efficient funding mechanism. A number of organizations representing municipalities asked the SEC in a March 8, 2012 letter to weigh the negative effects structural changes to MMFs would have on municipalities. This same group has also noted that MMFs are by far the largest investor in short-term municipal bonds, with 74% of all outstanding short-term bonds being held by these funds. There is no doubt that less investment in municipal MMFs resulting from new regulations would have significant economic consequences for colleges, universities and other tax-exempt borrowers.

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Finally, municipal MMFs do not pose systemic risks to the financial system, only representing about 10% of total MMF industry assets. During the financial crisis in 2008 redemption activity with these funds was more highly correlated to the Treasury and government MMFs that are not subject to new regulations in the SEC proposal. This is additional evidence that these funds are not susceptible to massive investor redemptions, a primary concern the SEC has raised in justifying its proposal.

The NHCUC respectfully requests that the SEC change the currently drafted proposed rule to reflect the concerns of municipalities and exempt municipal money market funds from further regulation. Thank you for your careful consideration of this communication and the issues we have raised on behalf of our member institutions.

Sincerely,

Thomas R. Horgan
President and CEO