I received the SEC Proposed Rule (Release No. 33-9408), Money Market Fund Reform; and today (9/17/13), I am providing comments. In addition, I also prepared one Appendix that I have attached to this submission to provide a high-level visual as means to further illustrate and expand upon my comments. My views and opinions are the result of my experience attained when I served in the following capacities: Wells Fargo Bank, N.A. – Vice President; MGM MIRAGE – Senior Vice President and Treasurer; and Walmart Stores, Inc. – Vice President Finance, Capital Markets & Assistant Treasurer.

Prior to my specific comments, I have two general observations:

1. While I believe that there is benefit in money market fund reform, it is my opinion that this reform is best approached in the context of broad regulatory reform, in general. Money market funds are an important segment of the global financial markets with a primary function that of managing the flow of funds between and among excess short-term cash investors and net borrowers. Preservation of cash is central to their management philosophy given their focus on stability and liquidity. At the same, liquidity and stability is also central to the ongoing Basel III and Dodd-Frank regulatory reform initiatives. Thus, reform that serves to strengthen stability and liquidity, in general, can have broad and far-reaching exponential benefit to the global financial market, as a whole. Accordingly, I believe that it would be instructive to consider how the two alternatives (floating NAV and liquidity buffers) fit into the broader equation of reform, in general, and the cost-benefit of approaching these alternatives in isolation (specifically system changes that would be required specific to the adoption of a floating NAV) and whether or not these alternatives could be modified to not only address concerns specific to money market fund reform but, at the same time, serve reform needs more broadly.
2. It appears that these two alternatives serve to focus on the symptoms that arose at the time of the financial crisis, which, in my opinion, are not the cause but rather the result of, to a large degree, the existing framework and structure of the market itself. The U.S. money market is the largest, in both size and scale, of any other such market in the world. Furthermore, the securities central to fund portfolios are unparalleled and often unique across the global financial system. I believe that by focusing on the framework and structure of the market, while at the same time addressing the symptoms, can better strengthen the end result – not only for the U.S. market but for the global financial market, in totality. Central to this focus on framework and structure would be the benefits of greater diversification within the existing product offerings in which money market funds are able to invest – type, form, duration. By allowing for greater diversification, this has the potential to mitigate a funds' concentration risk and serve to better align and match investor/borrower interests. As one brief example specific to the question of framework and structure would be ABCP. Currently, the commercial paper market allows for distinctions to be made between and among financials, non-financials, Tier 1, Tier 2 and ABCP. However, there is a distinct difference with ABCP that is a function of short-term trade receivables and/or payables versus long-term capital asset-based or Tier I versus Tier 2 ABCP. I believe that allowing for greater distinction in this market, whether type and form (via multi-layered ABCP classifications) or duration (via modifications to the existing WAM/WAL standards), can lead to a dilution of certain degrees of existing concentration risk in not only this market but the broader global market, in general, as this market is and important and distinct short-term segment of the overall market – and one that often fills a critical non-LIBOR based duration niche globally.

Specific comments:

FLOATING NAV

Conversion to floating NAV represents a significant change to the structure and pricing of this asset class by focusing on daily price transparency. I believe that a continued emphasis on transparency within the financial market system, as a whole, is necessary and prudent with further work ongoing (derivative reform) specific to said element. With that being said, I believe that the costs and implications (tax, accounting, system) specific to the adoption of a Floating NAV, coupled with the proposal's exemption provisions, outweigh the potential benefits as compared to the fee (liquidity/gate) alternative. The current money market fund valuation and pricing method is an efficient form of pricing allowing for transactions to be settled on a daily basis. In addition, this market often serves as the primary source of short-term financing for many of the world's largest companies via their commercial paper issuance[1], said issuance frequently supported by some of the world's largest globally syndicated credit facilities. Given the global nature of certain of these companies' supply chains, this short-term financing market, of which money market funds are a critical component, is a vital element within the global financial market system with efficiency an important and necessary aspect[2]. Beyond the efficiencies specific to daily transaction settlement, there are significant efficiencies with the current valuation and pricing method specific to accounting, tax and technology, as well. See additional clarifying comments specific to exemptions, accounting, tax and technology as follows:

Accounting: Conversion to a Floating NAV heightens the risk that short-term investments are reclassified on a company's balance sheet. Setting aside the costs and implications of said modification from a reporting, SOX compliance and policy perspective[3], which could be substantial depending upon size and scale of company, I believe that equally concerning is the risk that this reclassification would have on companies' debt securities (both bank and bond) and their compliance with related covenants. These securities often have very specific definitions specific to "cash and cash equivalents" versus "investments" and detailed covenant calculations pertaining to said definitions, as well. Accordingly, given the scale of absolute debt securities and the direct correlation of said securities and covenant compliance with the rating agencies, there is a risk of exponential impact beyond the level of company in the reclassification of cash to investments that must be taken into consideration.

Tax: I believe that the benefits of converting to a Floating NAV, regardless of administrative relief granted, are outweighed by the costs and additional reporting and compliance specific to the new tax requirements. Furthermore, introducing new tax legislation in to the system at a time in which broad tax reform, fiscal budget resolution and the Federal Reserve's future exit strategy are being discussed and addressed, shifts focus and resources away from these critical macro elements and diverts attention in the process. In addition, increasing tax compliance specific to cash held in U.S. money market funds may also raise the risk of altering the existing flow of funds, potentially taking liquidity out of an important element of the U.S. financial market and into non-regulated segments of the global financial market.

Technology: The U.S. financial market is a vital element in the global liquidity transmission channel and money market funds (with their respective inflows and outflows) an important segment in this channel. Thus, as opposed to incurring significant cost specific to technological system modification for a subset of this liquidity, I believe that it is beneficial to look at technology modification at a macro level so as to not only gain greater insights into liquidity needs and priorities, in general, but also to better understand cost synergies that can be gained at the same time.

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[1] See Panel C of this proposal (p. 305) – Non-Fncl Co CP as % of Non-Fncl Co CP Outsnd: 45.16%

[2] See Appendix: Global Supply Chain and Global Financial Market for a visual of the macro level of these interconnected elements within this transmission channel.

[3] Many companies have highly detailed and rigid investment guidelines specific to excess cash, which often requires multiple layers of supervisory review and approval, often up to the company's board level. Money market funds are often a primary vehicle for which excess cash is invested, subject to specified criteria and guidelines.

With transparency and increased granular insight a critical component of ongoing OTC reform coupled with broader reform reporting requirements now and in the future (stress test results, Basel III compliance [LCR, NSFR]) it would be important to understand how Floating NAV conversion, factors into these broader system requirements, in general. I believe there is risk in diverting existing technology resources that are currently focused on existing system modification reform requirements and other necessary non-reform, technology related strategic initiatives, resulting in delays and the lessening the opportunity to create a more cohesive system-wide technology platform over the long-term.

Exemptions: I believe that allowing for a Floating NAV exemption specific to government money market funds may lead to increased outflows of non-government funds and inflows to government funds. Knowing that commercial paper issuance, via the U.S. short-term debt markets, is a primary source of liquidity to some of the world's largest and most highly rated companies (Tier I), this shift given the exemption could potentially lead to increased pricing for commercial paper issuance by said companies, as a result. In turn, this could create an improper perception of increased risk specific to these companies, with the increased pricing reflected in their commercial paper issuance simply a reflection of a preference for a Floating NAV exemption made available to government money market funds as opposed to real risk, in general[4].

LIQUIDITY FEES/GATING FEES

I believe that the adoption of a default liquidity fee is a better course of action than the Floating NAV alternative, as outlined in this proposal. First, liquidity fees lessen the magnitude of change specific to a core liquidity element in the global transmission channel, including the tax, accounting and technological system requirements, as well. In addition, liquidity fees, as described in this proposal, are not entirely dissimilar to a reverse form of fees and or penalty payments that exist in the market today (prepayment penalties specific to bank credit facilities or a consumer mortgage; early retirement of debt provisions in debt securities; early termination of LIBOR contracts) with a liquidity fee a function of demand for funds by an investor and penalty fees, as noted above, a function of early supply of funds. As a result, this similarity may lessen the degree of investor education required and lead to quicker acceptance, adoption and implementation. As important, a liquidity fee, as opposed to Floating NAV, can also preserve daily transaction settlement capability, an important characteristic of the U.S. short-term debt market, and thus, maintain the efficiencies and effectiveness of liquidity specific to this channel. My primary concern in regards to the imposition of a gating fee parallels my previous classification concerns to Floating NAV and potential risk/implications of reclassification of cash on the balance sheet. With that being said, I would be interested to understand if there is an accounting risk that cash, subject to a gating fee withdrawal restriction, could result in said class being reclassified as "restricted cash" on the balance sheet given the risk of temporary transfer and change of control from investor to fund under certain proscribed conditions.

Specific to the liquidity fee itself, I believe that it is appropriate and reasonable to implement a standard fee, allowing a certain degree of flexibility specific to automatic versus discretionary. However, I would be interested to understand if consideration has been paid to allowing for a certain degree of flexibility specific to the absolute fee percentage as based upon fund class or some other form of qualitative characteristic. Currently, the financial market has a significant number of standard fees in place today, which are often applied relatively uniformly across a variety of transactions. However, the absolute percentage value applied in said transaction often varies (administrative agent fee: bank credit facility; bookrunner – high yield security versus investment grade security; arranger fee – syndicated

[4] See Figure I (p. 34) and respective market inflows into Prime Retail, which contains Tier I, non-financial commercial paper issuance by many highly rated global companies, at the time of the Lehman Bankruptcy. Said inflows and increased demand, in many instances, resulted in reduced commercial paper pricing for highly-rated, Tier I non-financial companies in relation to the increased pricing for financial and lower rated security issuers, thus, reflecting perceived safety and reduced risk of these companies at a time of unprecedented market crisis.

credit facility) depending upon size, scale and complexity of transaction involved. As such, I believe that allowing for the liquidity fee to vary as a function of certain defined qualitative aspects can preserve of the transactional based nature of the fee itself yet afford appropriate differentiation as a function of said transaction.

COMPLIANCE DATE

I believe that the relatively condensed comment, understanding, adoption and implementation of the 2010 Rule 2a-7 amendments provides support in regards for a reduced implementation timeline, in a non-Floating NAV case. The U.S. short-term debt market is the largest in the world serving as a significant source of liquidity in the global transmission channel and money market funds a major supplier to this market. Accordingly, I believe that a condensed money market fund implementation reform allows for necessary and vital frameworks and standards to be established specific to money markets in advance of broader, global regulatory reform, in general, with said ripple effects of this standard-setting have far-reaching global impacts.

ABCP

This proposal addresses ABCP in its current form, which currently does not distinguish between short-term, working capital related trade receivables and payables versus long-term capital asset based. The existing commercial paper designations and reporting in place currently also do not make subtle, yet important, distinctions between Tier I and Tier II ABCP as well as financial and non-financial ABCP. Accordingly, I can understand the nature of the guarantor comments when taken from the single form ABCP designation perspective. However, I believe that there is a distinct difference between these forms of ABCP and that by establishing these specific ABCP distinctions in the commercial paper market provides increased granular, transparency and insight into the nature of the underlying asset. This, in turn, can alleviate the need for a guarantor requirement specific to trade related receivables/payables versus requirements specific to long-term capital asset based issuance. Specific to trade related payables, these payables are not classified as debt on a company's balance sheet but rather short-term, or current, liabilities. In many cases, a company's debt securities (bank and bond) may have guarantor requirements; however, trade related payables do not typically require any form of guarantee given that they are a normal and customary course of a company's operations. Furthermore, trade related payables (and receivables) are captured in the operating activities section of a company's Statement of Cash Flows as opposed to the financing activities section and both rating agency methodology metrics and debt security covenants reflective of said distinction between a trade payable and debt. With a company's rating a critical determinant in commercial paper access, including Tier I versus Tier II designation, I believe that excluding trade related ABCP from the guarantor provisions outlined in this proposal is prudent and logical and also reflects a more seamless alignment with existing bank and rating agency treatment of said receivables/payables, as well. Finally, allowing for greater distinction between the many forms of ABCP can also accomplish an additional objective, which is that of diversification. Increasing diversification within this market can not only better assist funds in meeting the diversification requirements specific to Rule 2a-7 but also can reduce issuer concentration risk, open up new channels of short-term debt funding to qualified issuers, and provide more refined pricing segmentation within this important asset class.

DISCLOSURE

Without providing granular comment to the specific sections of this proposal which serve to address increased disclosure, I support more detailed security disclosure, in general, and believe that increased disclosure serves many important objectives. Increased, timely disclosure enables investors to make more informed decisions in a rapidly changing and fluid landscape, which, in turn, can lead to increased investor knowledge and serve to mitigate risk that often arise in a more opaque environment. In addition, this detailed disclosure can capture critical metrics specific to individual fund performance for the necessary evaluation and differentiated analysis between and among funds and also provide an important mechanism that highlights risks specific to money market funds, in general. Finally, additional disclosure requirements align with the broader ongoing regulatory reform efforts specific to increased transparency and disclosure. Accordingly, I believe that a continued emphasis on increased disclosure, despite the initial costs, are an important and necessary element in further strengthening the financial market system, as a whole.

STRESS TESTING

In general, I believe that the proposals in regards to stress testing are important and necessary. However, I believe that the stress testing methodology should serve to align with existing stress methodologies in practice today – specifically as it pertains to macro market stress scenarios – so as to eliminate confusion that could arise should different measures of stress be introduced into the equation. Money market fund flows are an important liquidity element in the global transmission channel. This channel, as a whole, is subject to macro stresses and the technology and mechanisms by which liquidity flows within the channel often allow for significant velocity between and among its many interconnected elements in a very condensed period of time (a record outflow in bonds were recorded in a single month [June 2011] in the midst of notable market uncertainty: Greece and EU concerns, Federal Reserve tapering uncertainty, pending debt ceiling discussions). Accordingly, I believe that stress testing should be applied in a uniform manner across money market funds with consistency in regards to the stress scenarios for the financial system, as a whole. At a fund level, this can allow for an objective comparison of funds across the industry and further transparency and insight into an individual fund's performance in relation to its peers. This can enable greater evaluation and analysis of the distinct holdings themselves at times of defined stress scenarios and differences and risks that may arise specific to certain security segments (commercial paper, bank CD, repos) at times of said stress scenarios, which, in turn, allows for a more thorough understanding of the inflows and outflows within the liquidity transmission channel, as a whole.

FUTURE CONSIDERATIONS

Transparency: This proposal focuses on transparency in regards to pricing. At the same time, though, I believe there is benefit in focusing on issues specific to timely, transparency in regards to the underlying securities and account holders within the short-term debt market. Given the highly correlated nature of both the short-term and long-term debt markets, greater transparency into the dispersion of securities and account holders between and among funds can have both short and long-term benefits. Short-term benefits that of gaining the necessary advanced warning signals specific to default and concentration, which can exponentially heighten widespread redemption risk at not only the level of firm but also industry and market, in general; and long-term benefits that of developing a better understanding of the ongoing evolution of these markets, both its underlying securities and investors, in the midst of global regulatory reform. I would also be interested to understand whether there are potential transparency synergies specific to the ongoing OTC derivative reform work, as well, with collective transparency efforts serving to not only strengthen the U.S. financial market but also the global financial market, as a whole, given the nature of funds flows and ease of transmission between and among the various markets. Finally, increased granular transparency into the composition of security holdings, in general, has important benefits to companies, as well. Whether it is to gain greater clarity into the holders of their securities for purposes of education and relations or timely monitoring of the movement (both inflows and outflows) between and among their individual securities so as to better understand the nature and origin of changes in their securities' secondary pricing levels, this transparency can allow for detailed insights into their entire capital structure and further refinements in management of said structure, as a result.

Rule 2A-7: I believe that Rule 2a-7, including its 2010 amendments, provides a solid structure and foundation for money market funds from which to build upon. In addition, as demonstrated in the RFSI study and directly reflected in fund performance in the summer of 2011, the Rule 2a-7 2010 amendments have had a positive impact in regards to mitigating risk, in general, and more specifically to breaking the buck. With these amendments having been in place for over two years, adoption well understood by the broader market and voluntary disclosure of information by money market funds increasing during this time, I would be interested to understand how Rule 2a-7 could be further clarified (as outlined in this proposal pgs. 489-498) and amended to reflect the provisions contained in this proposal at the same time, as opposed to the creation of new rules and additional exemptions (Floating NAV: government money market funds, retail money market funds [daily exemption limits, investor account balance, shareholder concentration]). This could allow for further refinement to the original amendments in light of ongoing market change (diversification, WAM, WAL) and address the need for additional amendments, much like Basel II has evolved to Basel III, without introducing new reform altogether into an already complex reform equation.

Thank you for the opportunity to present my comments.

Best regards,

Cathy Santoro

U.S. Securities and Exchange Commission
Money Market Fund Reform: September 17, 2013 - Appendix

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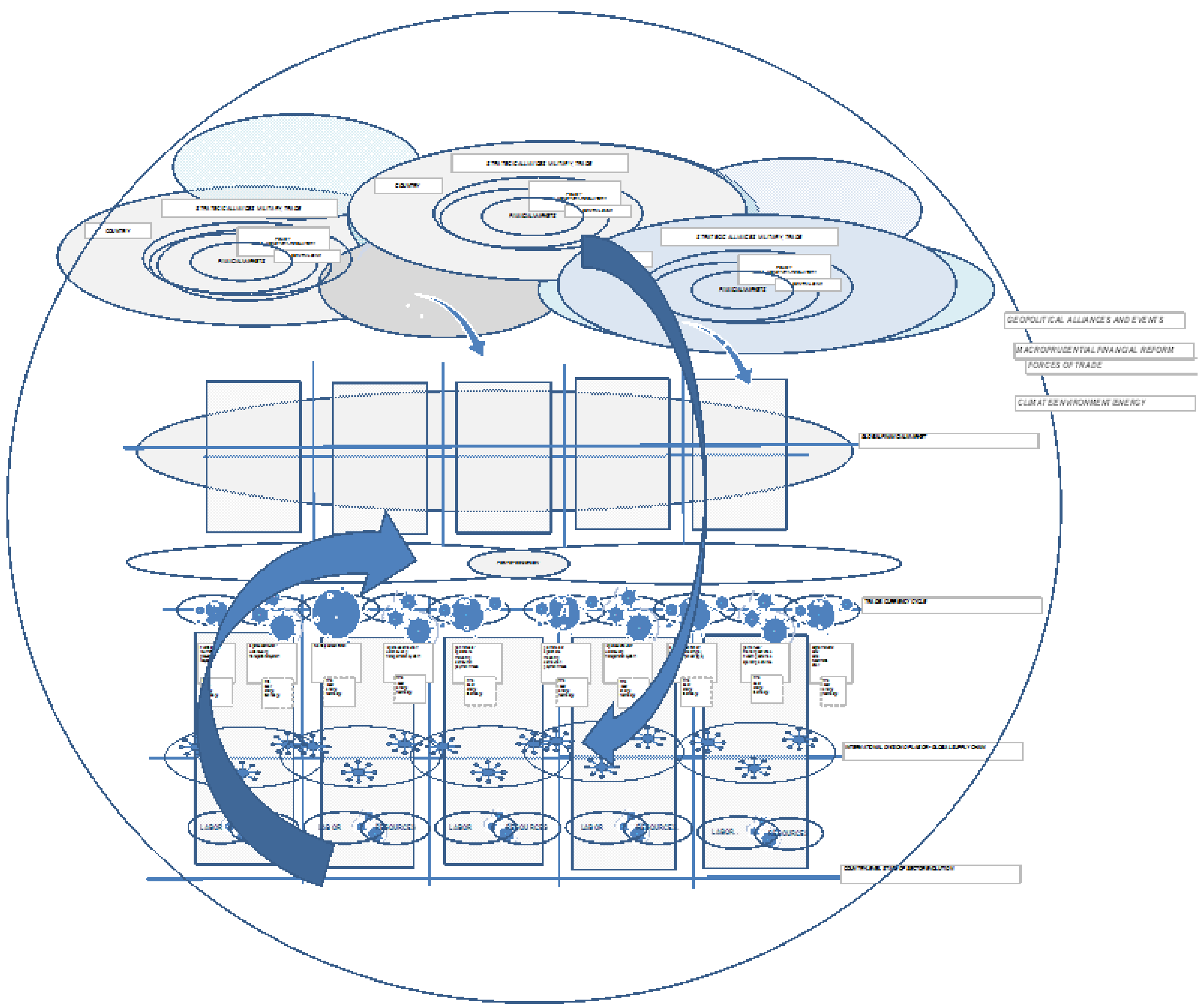
The electronic funds flow transmission between and among banks, investors, companies and rating agencies within the global financial market serves to eliminate certain natural barriers that exist at the level of country, company, and physical bank, prior to the point of conversion[1], thus, allowing for greater reach, diversification and flow of funds globally for all parties involved. Ironically, though, it is this same movement and fluidity in the transmission channel that can lead to panics, "runs on the bank", "break the buck" and financial crisis, supported by technology and interconnectivity within the global financial market system, as a whole. Ultimately, though, regulatory agencies and related regulatory reform serve to reintroduce important gates and borders to elements of this transmission channel so as to more efficiently and effectively move and transfer liquidity to where it is most needed while, at the same time, minimizing risk and contagion, in general, that can arise in this globally interconnected system.



[1] I believe that the point of conversion is simply a reflection of that moment in time in which a good alters form from that of a physical state to that of an electronic state. See chart and comments on p.2 of this Appendix for further details specific to physical cash conversion.

Although the size and scale of a company will significantly affect the absolute amount and composition of said company's respective cash inflows and outflows, the fundamental variables of the equation most often remain relatively constant (cash + incoming paper checks + credit card receipts + incoming wires/ACH – disbursements (outgoing paper check; outgoing wire/ACH). In addition, the level and magnitude of a company's cash and paper checks as well as global reach specific to said company can also often exponentially impact the number of distinct banks involved given the physical aspect of cash and paper checks and need for handling and processing by a bank at the local level. Ultimately, though, this physical cash and paper checks concentrate into a bank account and convert into an electronic form as it moves into the global financial market transmission channel.