Crane Data
112 Turnpike Rd. #303
Westborough, MA 01581

Sept. 17, 2013

Ms. Elizabeth Murphy, Secretary
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Comments on Proposed Money Market Fund Reform (File No. S7-03-13)

Dear Ms. Murphy:

I'm writing to urge the Commission to abandon both its floating NAV and "combination" options for money fund reform and to move forward with the liquidity fees and gates option. I'd also suggest the Commission scale back its disclosure proposals substantially. The benefits of these changes are likely limited, and the costs are likely significant. A floating NAV and additional disclosures or "transparency" would not have helped five years ago when the default of Lehman Brothers caused the Reserve Primary Fund to "break the buck."

I've been writing about and monitoring the performance of money market mutual funds for 20 years. My company, Crane Data, publishes ***Money Fund Intelligence***, the most widely read newsletter covering the money market mutual fund space, and produces ***Money Fund Symposium***, the largest annual gathering of money fund professionals and investors. Our customer base is primarily made up of providers of money market mutual funds, but we also count a number of investors, securities dealers, issuers, servicers and regulators among our clients.

We recently surveyed our subscriber base on these issues, and we include a summary of the results below. Respondents overwhelmingly oppose any floating NAV option, as commenters to the SEC, FSOC, and numerous other forums in the past have also made clear. Emergency liquidity fees and gates gathered the largest support, though the majority of our respondents prefer none of the three major options proposed by the Commission.

Crane Data appreciate the work done by regulators and by industry participants to date, and we hope that they are able to arrive at a solution that preserves the core features of money funds for both institutional and retail investors. We'd be happy to offer our assistance with any further data or historical inquiries.

Sincerely,

Peter G. Crane
President & Publisher

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Money Fund Intelligence

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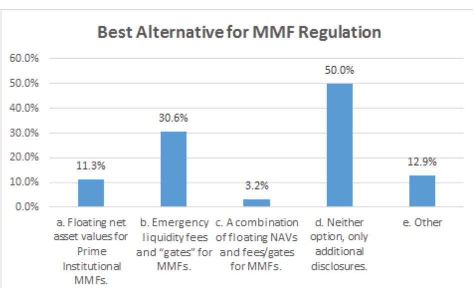
MFI Subscribers Oppose Float, Fear Reg Changes

Crane Data recently surveyed MFI subscribers and some www.cranedata.com visitors about the SEC's latest Money Market Fund Reform Proposals and some other issues. The responses indicate that **the vast majority oppose the floating NAV option** for prime institutional funds and **believe the stable NAV is extremely important** to MMFs.

MFI e-mailed the brief survey questions to its over 1,100 recipients and received 62 responses. Respondents included primarily money fund managers and sales professionals, but also a number of money fund investors, money fund service providers, and others. We also took some responses from visitors to our website. The survey may be accessed at: http://www.surveymonkey.com/s/Z77DJ95.

Crane Data's "2013 Money Fund Intelligence Subscriber Survey: SEC MMF Reform Proposal and Major Issues" (August 22, 2013) first asked readers to tell us which of the SEC's three reform options (floating NAV, gates or combination) is the best alternative. It asks, "**Which of the options do you think is the best alternative for money market mutual fund regulation?**" Our respondents replied: a. Floating net asset values for Prime Institutional MMFs (11.3%, 7 responses). b. Emergency liquidity fees and "gates" for MMFs (30.6%, 19). c. A combination of floating NAVs and fees/gates for MMFs (3.2%, 2). d. Neither option, only additional disclosures (50.0%, 31). e. Other, please specify (12.9%, 8). The "Other" responses included several for "gates only" and one for "capital buffer".



The survey next asks: 2. **How would you rank these options for Money Market Fund Reform?** (from 1 to 10 with 10 being the highest): Floating net asset values for Prime Institutional MMFs, Emergency liquidity fees and " gates" for MMFs, A combination of floating NAVs and fees/gates, Additional disclosures, or, Rejection of both floating NAV and fees/gates option. (See table for averages.)

We also ask: **3. Which of these options do you think would do the most harm?** Floating net asset values for Prime Institutional MMFs, Emergency liquidity fees and "gates" for MMFs, A combination of floating NAVs and fees/gates, Additional disclosures for MMFs, or, Other, please specify. Floating NAV and the combination of floating and gates received the highest numbers by far. (See below.)

The MFI Survey then asks readers, "**4. On a scale of 1 to 10 (highest), how important is the $1.00 stable value to money market mutual funds?** We also seek feedback on the following question: **5. What is the most important issue facing money market funds today?** Regulatory changes, Ultra-low interest rates, Rising rates, Lack of supply in money markets, Consolidation, Competition from banks or new products, or, Other, please specify.

In addition, we ask: **6. What is your outlook for the future of money market mutual funds?** Very bearish, Bearish, Neutral, Bullish, or Very Bullish.

The survey's question No. 7 is: **7. How much do you expect money fund assets to increase or decrease in 2013?** Decrease by over 10%, Decrease by 5-10%, Decrease by 0-5%, Little or no change, Increase by 0-5%, Increase by 5-10%, or, Increase by over 10%.

The survey asks: **8. What is your title or job function?** Money fund portfolio manager, analyst or trader, Money fund sales or marketing, Money fund business development or board, Money market security issuer or dealer, Money market fund investor, Money fund service provider, Money fund rater or regulator, or, Other, please specify. ◈

MFI SUBSCRIBER SURVEY 2013

1. Which of the options do you think is the best alternative for money market mutual fund regulation?	
a. Floating net asset values for Prime Institutional MMFs.	**11.3%**
b. Emergency liquidity fees and "gates" for MMFs.	**30.6%**
c. A combination of floating NAVs and fees/gates for MMFs.	**3.2%**
d. Neither option, only additional disclosures.	**50.0%**
e. Other.	**12.9%**
2. How would you rank these options for Money Market Fund Reform?	
Floating net asset values for Prime Institutional MMFs.	**2.94 Avg.**
Emergency liquidity fees and "gates" for MMFs.	**4.65 Avg.**
A combination of floating NAVs and fees/gates for MMFs.	**2.18 Avg.**
Additional disclosures.	**6.21 Avg.**
Rejection of both floating NAV and fees/gates option	**6.98 Avg.**
3. Which of these options do you think would do the most harm?	
Floating net asset values for Prime Institutional MMFs.	**51.6%**
Emergency liquidity fees and "gates" for MMFs.	**17.7%**
A combination of floating NAVs and fees/gates for MMFs.	**46.8%**
Additional disclosures for MMFs.	**1.6%**
Other.	**6.9%**
4. On a scale of 1 to 10 (high), how important is the $1.00 stable value?	
Average 9.2 (46 out of 62 responses were '10')	
5. What is the most important issue facing money market funds today?	
Regulatory changes	**64.5%**
Ultra-low interest rates	**50.0%**
Rising rates	**0.0%**
Lack of supply in money markets	**16.1%**
Consolidation	**3.2%**
Competition from banks or new products	**6.5%**
Other	**1.6%**

Source: Crane Data.