CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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July 18, 2014

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

Re: Money Market Fund Reform; Amendments to Form PF 17; File No. S7-03-13

Dear Chair White:

The U.S. Chamber of Commerce ("Chamber") is the world's largest business federation representing the interests of over three million companies of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and effective regulatory structure for the capital markets to fully function in a 21st century economy. The CCMC welcomes the opportunity to provide input and comment on the proposed ***Money Market Fund Reform; Amendments to Form PF*** ("Proposed Money Market Fund Rule"). We appreciate that throughout this process the SEC has sought to both strengthen and preserve this vital product, and we share that goal.

The CCMC has previously written[1] to the Securities and Exchange Commission ("SEC") expressing concerns that the Proposed Money Market Fund Rule may have far reaching consequences on the ability and increase the cost of non-financial businesses to raise short-term capital and manage cash. We continue to believe that a floating net asset value (NAV) does not address run risk and would severely, if not irreparably, harm the viability of money market funds. As we have

[1] *See* September 17, 2013 Letter from David Hirschmann, CEO, Center for Capital Markets Competitiveness, U.S. Chamber of Commerce. Available at: **http://www.sec.gov/comments/s7-03-13/s70313-234.pdf**.

pointed out, there are significant tax, accounting, and operational implications of a floating NAV. We know that the SEC is seeking to address each of these issues.

In fact, press reports indicate that the tax compliance issues, critical to the operation of the Proposed Money Market Fund Rules, are being discussed between the Department of the Treasury and the SEC. The CCMC and others have commented upon the need for resolving these tax issues in order for the Proposed Money Market Fund Rules to be finalized. However, the public has not been given information on how the IRS will address these issues. Guidance on tax compliance is critical for stakeholders as it may well determine if Money Market Funds are a continued viable option, and how that guidance would interact with the Proposed Money Market Fund Rules.

Given the importance of this issue to the potential viability of the resulting product, we believe, respectfully, that the SEC should not proceed to adopt the final rule that includes a floating NAV until it can be certain that the proposed tax changes will work. The only effective way to achieve this is by giving stakeholders the opportunity to evaluate if the proposed tax change will actually achieve the desired outcome. This is the approach taken with respect to the guidance on the Application of Wash Sale Rules to Money Market Fund Shares (IRS Notice 2013-48) published July 3, 2013.

Before the SEC finalizes the Proposed Money Market Fund Rule, we believe the Commission could easily obtain this needed input without significantly delaying money fund reforms. The SEC should allow for an abbreviated 15 day comment period to be opened for the IRS to publish proposed tax compliance guidance, and for stakeholders to have the opportunity to provide commentary to the IRS and the SEC.

However, should the SEC decide to proceed without the benefit of that input, we ask that the SEC consider what process it will follow should it turn out that the IRS guidance does not work, or even if further legislative changes are needed to ensure that the resulting floating NAV product remains viable. If it turns out that the IRS does not or cannot effectively address the issue, this will both undermine the goal or the SEC's rule and have material implications for the cost benefit analysis the SEC has done.

We believe that it is more important to get this right than to meet an artificially imposed deadline, and the CCMC stands ready to assist you in that effort.

Sincerely,

David Hirschmann

cc: The Honorable Dan Gallagher
The Honorable Luis Aguilar
The Honorable Kara Stein
The Honorable Mike Piwowar