

Congress of the United States
Washington, DC 20515

March 22, 2012

The Honorable Mary Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Dear Chairman Schapiro:

Recent reports suggest that the Securities and Exchange Commission (SEC) is considering further regulatory reforms targeted at money market mutual funds. Though supportive of the SEC's mission to mitigate risk and facilitate strong capital markets, we are concerned that these proposals – adopting a floating net asset value (NAV) mandate, severe redemption restrictions, and bank-like capital requirements – will instead unnecessarily limit consumer choice and drive a historically reliable financial product out of the market. We respectfully request that the agency refrain from pursuing these proposals and consider the unintended consequences that are sure to follow their implementation.

As of March 1, 2012, money market funds held approximately \$2.65 trillion in assets. On average, this figure includes a significant amount of short term debt issued by New Hampshire and its municipalities, though this is hardly unique to our state. In fact, roughly 60 percent of the short-term debt issued by states and municipalities across the country is financed by money market funds. This is debt used not only to manage internal cash flows, but also to provide necessary capital to develop critical public projects nationwide.

There is bipartisan consensus among New Hampshire policymakers that these proposed regulations will discourage and penalize this important financing source and investment vehicle, creating a danger that the product could disappear from the market completely. In February 8, 2012, correspondence with White House Chief of Staff Jacob Lew, New Hampshire Governor John Lynch noted that “money market funds hold more than half of the short-term debt that finances state and municipal governments” and that “without that financing, state and local governments may be forced to limit projects and spend more on financing.” Further, in a March 1, 2012, op-ed in *The Bond Buyer*, New Hampshire State Treasurer Catherine Provencher stated: “If money market funds do not remain a viable product, I — along with many colleagues in other states — would have to look for alternative sources of financing that could be more difficult and costly to obtain,

leaving less money available to build our schools and roads, ultimately to the detriment of our taxpayers.” As you know, you received a letter from fourteen organizations representing municipal and state officials with similar concerns. As former state officials, we appreciate these concerns.

In addition, we are concerned that these proposed regulations would have a negative and disproportionate impact on New Hampshire’s economy and its workforce. The financial services industry has made a number of significant investments in the state, including those dedicated to developing real estate and hiring and training employees. Not only would the addition of these regulations threaten to limit the money management options our state and municipalities rely on, but such a decision would also impact hundreds of quality jobs in New Hampshire. In this jobs climate, we should not be taking a step backwards.

We appreciate the need to ensure the stability of these financial products. At the same time, we are concerned about unintended consequences. In 2010, the SEC implemented new reforms to money market funds, including unprecedented liquidity and disclosure requirements, which significantly enhanced the stability of the industry, as evidenced by its ability to withstand the stresses associated with downgrades in government debt in 2011.

We appreciate the importance of these products to strengthen our economy, and the ability of our state and local governments to finance projects efficiently. However, we are concerned that the regulations being contemplated by the SEC would severely limit all of these functions.

Thank you for your consideration of our concerns.

Sincerely,

Kelly Ayotte

Janne Shaheen

Frank C. Munt

Charles F. Bass