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The Honorable Mary Jo White
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman White,

Please accept this letter in opposition to rules proposed by the Securities and Exchange Commission ("SEC") for money market mutual funds ("MMMFs"). I join the US Conference of Mayors and my fellow Mayors who manage cities large and small across America to ensure that millions of Americans have access to community and public services.

As we oversee our cities' finances, we are concerned about rules proposed by the Securities and Exchange Commission ("SEC") for money market mutual funds ("MMMFs"). One of those proposals would require the adoption of floating net asset value ("NAV") for a broad array of MMMFs, including funds that invest in municipal securities ("municipal MMMFs"). Municipal MMFs provide cities and other local government entities with a critical source of low cost financing. We believe that this proposal's abandonment of a stable NAV—a traditional hallmark of MMMFs—will undermine the value of these funds for all investors and thereby severely reduce this critical source of short term funding for municipal governments. We therefore urge the SEC to reconsider its application of the floating NAV to all MMMFs and in particular to municipal MMMFs. We firmly believe that municipal MMMFs, like Treasury and federal government MMMFs, should be excluded from any structural changes.

Our local governments have a strong interest in the regulation of MMMFs. MMMFs represent both an important short-term financing option that municipalities rely on and a cash management tool to manage liquidity. While we support regulatory efforts aimed at reinforcing the viability and liquidity of MMMFs, forcing MMMFs to move to a floating NAV under the present proposal has the potential to drive investors away from MMMFs, preclude their use for many public entities, and ultimately eliminate their utility for local governments.

As of December 2012, municipal MMMFs held over 60 percent of outstanding municipal short-term l debt. In 2012 alone, local governments issued close to \$20 billion in short-term debt. A floating NAV would deprive investors of the stability that they have come to expect from MMMFs and will cause investors to exit these funds. As investors are driven away from municipal MMMFs, the ability of these funds to purchase municipal securities would diminish, and municipalities would be faced with fewer options to obtain cost-effective financing for public projects. State and municipal governments (and ultimately taxpayers) will therefore be forced to pay more to borrow, limiting resources otherwise available to pay for important infrastructure improvements as well as social programs and public safety projects.

We are particularly concerned that the SEC proposal fails to treat municipal MMMFs like other MMMFs that invest primarily in government securities, and instead proposes both a floating NAV and restrictions on redemptions for municipal MMMFs. Municipal MMMFs are an exceptionally high quality and stable short term investment alternative. Like other government MMMFs, municipal MMMFs did not experience redemptions during the financial crisis.

Municipalities are also investors in MMMFs. The SEC's floating NAV proposal would undermine our cities' use of MMMFs as an important cash management tool. Some state regulations dictate that state and local governments may only use investment vehicles that maintain a stable NAV. The switch to a floating NAV would thus preclude many of our finance officers from using MMMFs under existing state laws and policies. Without concurrent changes to these myriad state laws, adopting a floating NAV standard would strip many public entities of the option to invest in MMMFs and leave them no comparable alternatives.

Cities forced out of using MMMFs could face more risk with other cash management alternatives. For example, investors purchasing individual securities directly rather than through MMMFs lose the benefits of credit diversification. Other, less regulated cash vehicles provide less transparency for regulators and investors. Increased cash investment in bank products would concentrate risk.

In light of these concerns, we urge the SEC to reject the transition to a floating NAV especially for municipal MMMFs under its June 5, 2013 proposal. We firmly believe that this change will be harmful to cash management and short-term financing opportunities for municipalities like ours that rely on MMMFs for liquidity management. Furthermore, we believe that the shift to a floating NAV will ultimately pose significant risks the long-term health of the nation's economy.

Thank you in advance for your consideration of our comments on this important matter.

Respectfully,

Michael B. Hancock
Mayor