



1401 H Street, NW, Washington, DC 20005-2148, USA
202/326-5800 www.ici.org

June 8, 2012

Office of the Comptroller of the Currency
250 E Street, SW, Mail Stop 2-3
Washington, DC 20219

Re: Short-Term Investment Funds (OCC-2011-0023)

Dear Sir or Madam:

The Investment Company Institute (“ICI”)¹ appreciates the opportunity to comment on the notice of proposed rulemaking that the Office of the Comptroller of the Currency (“OCC”) has issued to revise the requirements imposed on banks pursuant to 12 CFR 9.18(b)(4)(ii)(B), the short-term investment fund (“STIF”) rule (“STIF Rule”).² We support the efforts of the OCC to improve investor protection by strengthening the resilience of STIFs and increasing the transparency of these products. ICI and its members have invested substantial time and resources in similar efforts to ensure the continued success of money market funds, another type of fund that also seeks to maintain a stable net asset value (“NAV”).

Since 1983, money market funds have been governed very effectively by the Securities and Exchange Commission (“SEC”), pursuant to Rule 2a-7, a carefully crafted rule under the Investment Company Act of 1940 that strictly limits the risks these funds can take. The framework of Rule 2a-7, combined with all the regulatory protections applicable to mutual funds in general, has made these funds, for more than 25 years, uniquely valuable to investors and an indispensable source of short-term financing in the U.S. economy.

In 2010, the SEC approved far-reaching amendments to Rule 2a-7 that enhanced an already strict regime of money market fund regulation by imposing new credit quality, maturity, and minimum liquidity standards and increasing the transparency of these funds. These reforms proved their value last summer when money market funds—without incident—met large volumes of shareholder

¹ The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of \$13.4 trillion and serve over 90 million shareholders.

² See *Short-Term Investment Funds*, Department of the Treasury, Office of the Comptroller of the Currency, 77 FR 21057 (April 9, 2012) (“Release”), available at <http://www.gpo.gov/fdsys/pkg/FR-2012-04-09/pdf/2012-8467.pdf>. The OCC’s STIF Rule governs STIFs managed by national banks and federal savings associations.

redemptions during periods of significant market turmoil, including a credit event involving the historic downgrade of the U.S. government debt.³

We are pleased that the OCC (also a member of the FSOC) in its proposal has recognized the significance of the SEC's 2010 amendments to Rule 2a-7. The Release suggests that the changes to the STIF Rule were "informed by" the SEC's actions. We urge the OCC to take full account of the reforms already implemented for money market funds as it changes its STIF Rule. Indeed, so far-reaching were these reforms that today's money market funds are dramatically different and more resilient to economic and financial shocks—a fact that has largely been ignored by some in the regulatory community whose commentary seems predicated on the notion that the industry is unchanged since 2008. We therefore support efforts by the OCC to carefully study the money market fund regulatory regime, including the 2010 amendments, as part of its analysis of ways to improve investor protection by strengthening the STIF product.

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We would welcome the opportunity to speak with you in more detail about our comments. If we can provide any more information, please feel free to contact me directly at kmcmillan@ici.org or 202-326-5815 or Jane Heinrichs, Senior Associate Counsel, at jheinrichs@ici.org or 202-371-5410.

Sincerely,

/s/ Karrie McMillan

Karrie McMillan
General Counsel

³ For an overview of how the SEC's 2010 amendments have made money market funds more resilient and how their experience under these new requirements helped position the money market fund industry to successfully weather last summer's market events, *see* Letter from Karrie McMillan, General Counsel, Investment Company Institute, to Mohamed Ben Salem, General Secretariat, International Organization of Securities Commissions (May 25, 2012) ("ICI Letter to IOSCO"), available at http://www.ici.org/pdf/12_iosco_mmf_com_ltr.pdf, at Section II (pages 5-14). Despite meeting these challenges, certain members of the Financial Stability Oversight Council ("FSOC"), including members of the SEC, have publicly suggested additional changes to money market funds that would alter the fundamental characteristics of these funds—such as stable net asset value and ready liquidity—thereby destroying their value to investors and the economy. *See e.g.*, Remarks by SEC Chairman Mary L. Schapiro at SIFMA's 2011 Annual Meeting (November 7, 2011), available at <http://www.sec.gov/news/speech/2011/spch110711mls.htm>. For a discussion of the industry's opposition to three such policy options—requiring money market funds to let their share prices fluctuate or "float," requiring money market funds or their advisers to maintain capital buffers against money market fund assets, and imposing permanent redemption restrictions—*see* ICI Letter to IOSCO at Section III (pages 14-32).