

ICI VIEWPOINTS

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Summing Up Investors' Strong Support for Money Market Funds

By Paul Schott Stevens

In recent years, the discussion around money market funds has been as intense as it has been varied. Regulators have contemplated a wide range of reform proposals, in turn inspiring scores of citizens, organizations, businesses, and government officials to weigh in and share their views.

The tenor of this input to regulators overwhelmingly has supported money market funds (MMFs), their role in the economy, and their value to investors. In this regard, I commend your attention to a recent [comment letter to the Securities and Exchange Commission from the Arnold & Porter law firm](#) that demonstrates the length and breadth of this support. The letter reviews the changes contemplated, then summarizes how those changes have been received by commenters of all kinds.

The entire letter is well worth your review, but here is an excerpt:

In reviewing the public comment file, what is striking is the multitude of comments by users of MMFs who describe the essential role MMFs play across a range of cash management operations for businesses and public entities, as well as the essential role of MMFs as purchasers of corporate commercial paper and state and local government debt. While one might expect the fund industry to participate vigorously in the debate over potential new restrictions on MMFs...the [Securities and Exchange] Commission must also give great weight to the fact that businesses, chambers of commerce, state and local governments, and their associations across the country have written about the importance of MMFs in bringing efficiencies to their cash management operations and in substantially reducing their cost of funding. There is a consistent message from these users that they either will not use, or will sharply reduce their use of, MMFs if any of the three proposals are adopted, because the resulting product will no longer meet their investment needs. For more on money market funds, their supporters, and the stakes of the debate, please visit www.preservemoneymarketfunds.org.

Paul Schott Stevens was President and CEO of ICI.