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SIFMA Statement on SEC's Proposed Money Market Fund Reform.

New York, NY, June 5, 2013—SIFMA today released the following statement from Timothy Cameron, managing director and head of SIFMA's Asset Management Group (AMG), after the Securities and Exchange Commission (SEC) today voted on proposed rules to reform money market funds (MMFs).

"While SIFMA's Asset Management Group continues to believe that the need for additional regulation is premature in light of the SEC's 2010 reforms, we are encouraged that the SEC has limited the scope of its proposal and believe that the imposition of redemption gates and fees is the most effective path forward.

"Overly broad regulation of MMFs, including a general mandate to float net asset values, would lead to serious negative consequences for the U.S. financial system and the broader economy and would be ineffective in preventing runs. Investors would have fewer choices for cash investing and would lose the benefits of these relatively safe and highly liquid products that provide an attractive alternative to a deposit account. Corporations and financial institutions would find it more difficult and more expensive to access the short-term funding they need to carry out their daily operations, pay their employees and spur the economic growth that creates jobs.

"SIFMA AMG maintains that the SEC's 2010 reforms have sufficiently increased the resiliency of MMFs, as proven by the funds' ability to withstand unusual market volatility over the past three years in the face of increased Eurozone risks, a U.S. debt ceiling crisis and the first-ever downgrade of the U.S. credit rating. We urge the SEC to keep any final reform limited in scope and supported by empirical data. As detailed in our January 2013 comment letter to FSOC, we believe that a combination of redemption gates and redemption fees is the only way to truly stop a run in MMFs.

"We will review this proposal in more detail with our members and look forward to providing more substantive comments."