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Fidelity: Money Market Reform Could Hike Muni Borrowing Costs.

(Reuters) – Fidelity Investments, the largest provider of U.S. money market funds, told Securities and Exchange Commission officials that proposed industry reform could increase the borrowing costs of U.S. municipalities by up to \$13 billion, according to an SEC memo.

During an Aug. 16 meeting with the SEC's Division of Economic and Risk Analysis, Fidelity officials said U.S. municipal financing costs could increase anywhere from \$1 billion to \$13 billion, depending on the amount of money market-related funding that is refinanced with more expensive debt.

A Fidelity slide presentation with the figures was part of the discussion with regulators, according to the memo Reuters obtained on Wednesday.

Money market funds currently provide low-cost financing to U.S. states and cities by buying the short-term debt they issue to fund their operations.