

# United States Senate

WASHINGTON, DC 20510

September 14, 2012

Chairman Mary L. Schapiro  
Commissioner Elisse B. Walter  
Commissioner Luis A. Aguilar  
Commissioner Troy A. Paredes  
Commissioner Daniel M. Gallagher

Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Dear Chairman Schapiro and Commissioners Walter, Aguilar, Paredes and Gallagher:

I am writing to you today in regards to the SEC's recent efforts around money market fund reform. My concern is that a run on money market funds is still a real risk in the case of a financial system dislocation. As you know, about two thirds of assets in money market funds are institutional investor money, while one third of assets come from retail investors. In the event of a disruption in our financial system, Congress could be faced with a difficult choice: (1) allow individual investors to bear significant personal losses while institutional investors (who likely watch the commercial paper markets closely and would quickly recognize market distress) flee, or (2) provide another bailout for a fund or the fund industry.

Based on my read of Chairman Schapiro's initial draft proposal and the dissenting comments of some of the commissioners, I believe that the SEC may be honing in on a solution that might work. Both proposals point out the benefits of some form of a redemption restriction. Some observers in the industry have suggested a 3%-5% withdrawal holdback for 30 days as a way to help prevent the collapse of a fund in case of a market panic. Generally, these observers also suggest a de minimis exception of some form for small retail investors. On the other hand, the dissenting view of some commissioners appears to advocate for a "gating" approach that would allow some redemption restrictions managed by a fund's Board. It appears that there is common ground here around a set of rules that could stem a run and the potential need for government intervention. I am writing to encourage you to find an acceptable solution and move forward with a reform proposal along these lines for public comment.

In the end, an optimal solution will be found if the SEC Commissioners and industry work together to find an appropriate structure that minimizes the risk of a wholesale run. Whatever that solution, reforms now are better than a taxpayer bailout down the road. Inaction is not an option.

Sincerely,

A handwritten signature in blue ink, appearing to read "Boucark", with a long horizontal flourish extending to the right.

Bob Corker  
United States Senator