

MEMO# 24352

June 9, 2010

Draft Letter to Conferees Regarding Repo Three Day Stay; Conference Call Scheduled for Thursday, June 10

[24352]

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TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 24-10
SEC RULES COMMITTEE No. 24-10 RE: DRAFT LETTER TO CONFEREES REGARDING REPO
THREE DAY STAY; CONFERENCE CALL SCHEDULED FOR THURSDAY, JUNE 10

As you know, on May 20, 2010, the U.S. Senate passed the "Restoring American Financial Stability Act of 2010," H.R. 4173, which follows the U.S. House of Representatives passage of the "Wall Street Reform and Consumer Protection Act of 2009" on December 11, 2009. A conference to reconcile the two bills will begin this week.

Section 210(c)(10) of the Senate bill raises significant concerns for mutual funds that are creditors of a nonbank financial company undergoing "orderly liquidation," as outlined in the bill. Specifically, the Senate bill imposes a three business day delay against the enforcement of a qualified financial contract of a covered financial company in default. Such a delay would be problematic for mutual funds investing in repurchase agreements with companies subject to the bill.

In an effort to address these concerns, attached is a letter urging conferees to revise this provision during the conference process. We are going to hold a conference call with members on Thursday, June 10 at 3:00 pm Eastern time to discuss the draft letter and Senate bill provision and ask interested members whether they would consider adding their company names to the letter. In a separate letter to conferees, the Institute also has expressed concerns with certain elements of the Senate bill, including those relating to Section 210(c)(10). As background, also attached are talking points detailing the primary concerns we have with this provision.

The dial in number for the member call scheduled for Thursday, June 10 at 3:00 pm Eastern time is 888-946-7203 and the passcode is 18450. If you plan to participate on the call, please contact Jennifer Odom at jodom@ici.org or 202-326-5833.

Jane G. Heinrichs
Senior Associate Counsel

[Attachment](#)

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