

**MEMO# 25911**

February 14, 2012

## **Senator Toomey Remarks on Money Market Fund Reform**

[25911]

February 14, 2012

TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 11-12  
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 8-12  
SEC RULES MEMBERS No. 14-12 RE: SENATOR TOOMEY REMARKS ON MONEY MARKET FUND REFORM

In remarks before an audience at the U.S. Chamber of Commerce last week, Senator Pat Toomey (R-PA), addressed the regulation of money market funds and the important role they play in today's financial markets. Noting that there is a "concerted effort to impose very, very, very troublesome regulations that . . . [could] threaten the viability of the product itself," Senator Toomey advocated that the industry aggressively push back in the face of such threats because investors and borrowers will pay a price in the absence of money market funds. He next expressed concern about potential regulatory changes, such as a mandatory floating NAV, redemption restrictions, and capital buffers that would drive money out of money market funds to banks. "Forcing our financial markets to rely just on the bank intermediary activity, . . . [would] very likely . . . drive up costs for borrowers, drive down returns for investors, provide less liquidity, fewer options."

Senator Toomey then highlighted the importance of the SEC's 2010 money market fund amendments and recalled how the reforms were tested this past summer when money market funds met, without incident, large volumes of shareholder redemptions during periods of significant market turmoil. Senator Toomey concluded his remarks by stating that he would not rule out proposing legislation aimed at protecting money market funds from possible new rules being planned at the SEC.

A copy of Senator Toomey's speech is attached.

Jane G. Heinrichs  
Senior Associate Counsel

[Attachment](#)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.