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Achieving Real Consensus on Money Market Funds

We are disappointed to see Securities and Exchange Commission Chairman Mary L. Schapiro ("In the Money-Market for More Oversight," Wall Street Journal, Sept. 20) recycling the same arguments already rejected by the majority of her Commission colleagues as a basis for imposing so-called structural changes on money market funds. A "substantial consensus" exists, she argues, in favor of these changes—a consensus of bank regulators, pundits, and journalists.

This "consensus" excludes the views of hundreds of organizations on record before the SEC as opposed to these changes—among them myriad leaders of state and local government, businesses of all kinds, and investor groups. Nor does it take into account the concerns voiced by more than 100 members of the House and Senate, from both political parties. The Chairman's "consensus" has no use for the extensive empirical analysis devoted to these issues by ICI and others over the past five years—or for the contrary views of the majority of the SEC commissioners.

Having failed to impose her own version of reform, Chairman Schapiro now calls upon the Financial Stability Oversight Council to do so. Regulators would do better to heed the SEC majority. They are not prepared to surrender the SEC's regulatory role with respect to money market funds. Instead, they simply urge more careful study of the potential adverse consequences of the SEC staff's reform agenda, of a variety of regulatory alternatives, and of the effect of the extensive changes that the SEC already has made to money market funds since 2008. That, we think, is a far more promising route for achieving real consensus.

For more on money market funds, please visit our Money Market Funds Resource Center.