National Association of Corporate Treasurers
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December 11, 2017

The Honorable Jeb Hensarling
Chairman
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the National Association of Corporate Treasurers ("NACT") and treasurers across the country, I am writing in support of H.R. 2319, the Consumer Financial Choice and Capital Markets Protection Act of 2017. I had the honor of testifying before the Committee last on December 8, 2016, and addressed, in part, the unintended consequences of new rules governing money market mutual funds ("MMMFs"). We believe H.R. 2319 will help Main Street companies by restoring a stable net asset value ("NAV") for all MMMFs and codifying the ability of any MMMF to operate without imposing a mandatory liquidity fee on a redeeming shareholder.

NACT is an organization of treasury professionals from several hundred of the largest public and private companies in the country. We utilize MMMFs to handle treasurers' temporary investments of excess cash. We also benefit from purchases by MMMFs of the commercial paper corporate treasurers issue to finance the day-to-day funding needs of their companies. MMMFs are an important source of liquidity, and liquidity is the lifeblood of any business. Without having ample liquidity, production comes to halt, inventories run low, and bills are not paid on time. The cyclical nature of many businesses places significant importance on the availability of reliable financing and investment markets so that Main Street companies can operate efficiently and without disruption.

Since the July 2014 adoption by the Securities and Exchange Commission ("SEC") of changes to its Rule 2a-7 governing MMMFs, and their October 2016 implementation, Main Street companies have seen fewer choices for the investment of their cash, and for many, an up-tick in commercial paper borrowing costs as an important investor base went away. The regulatory changes caused $1 trillion to leave prime MMMFs with much of that moving to government MMMFs unaffected by all the same rules. At the same time, corporate treasury investors in these funds were unable to justify or implement quickly enough changes to our treasury and financial reporting systems required by the new rules.

Requiring a prime fund's NAV to float and be reported to the nearest hundredth of a cent significantly complicates investments in prime funds. Corporate treasury and financial reporting systems up until now have treated fixed NAV MMMFs as cash equivalents. Now MMMF shares in non-government funds have a floating NAV per share that must be tracked essentially in real time. For federal and state income tax purposes, a floating NAV requires treasurers to keep track of gains and losses when they inevitably buy MMMF shares at one price and sell them at another in the routine redemption of their investment. Since treasury systems must compete with other departments for internal IT resources, corporate treasurers are often unable to justify the required IT systems changes and are thereby forced to utilize sub-optimal investment alternatives.

H.R. 2319 would restore the indispensable features of MMMFs that allow Main Street companies to manage their cash flows securely, fund their businesses in the most cost-effective way, and more readily contribute to economic growth. We urge the Committee and its members to support this legislation, which maintains important investor and market protections while benefiting American business, our customers and our workers.

Respectfully submitted,

Thomas C. Deas, Jr.
Chairman