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June 20, 2018

The Honorable Mark Warner  
United States Senate  
Washington, DC 20510

The Honorable Tim Kaine  
United States Senate  
Washington, DC 20510

Dear Senators Warner and Kaine:

I am writing to request your favorable consideration of S. 1117, the Consumer Financial Choice and Capital Markets Protection Act. This bipartisan legislation would restore the ability of state and local governments to use non-government money market funds to strengthen our neighborhoods, spur economic development and create jobs. Similar legislation (H.R. 2319) is under consideration in the house, and I understand S. 1117 will be considered at a hearing of the Senate Banking Committee on June 26.

For over 40 years, state and local governments have used money market funds as a safe investment option for the management of short-term cash, and as a source of low-cost capital for public infrastructure investment. Reforms were adopted in 2010 and 2014 to improve the resilience of money market funds during a financial crisis, but one such reform appears to have gone too far. It was a rule that was implemented in October 2016 that prohibits public and private sector institutions that invest short term cash from investing in prime and tax-exempt money market funds that have a stable net asset value (NAV). That has limited the investment options of state and local governments, and wiped out billions of dollars of low-cost liquidity used to finance public infrastructure, affordable housing, economic development and other priorities.

S. 1117 would fix the unintended consequences of the SEC's floating NAV rule, while leaving in place those reforms that were designed to improve financial stability and protect investors. It offers a commonsense approach to helping states, counties and cities to more effectively manage their finances and serve the needs of their communities. I ask that you support this legislation and push for its enactment as soon as possible.

Sincerely,

John W. Foust

cc: Rep. Gerald Connolly  
Rep. Barbara Comstock  
Rep. Don Beyer