CHICAGOLAND
CHAMBER OF COMMERCE

The Wrigley Building
410 North Michigan Avenue, Suite 900
Chicago, IL 60611
P / (312) 494 6700
www.chicagolandchamber.org

April 7, 2017

The Honorable Randy Hultgren
2455 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Hultgren,

The Chicagoland Chamber of Commerce has been representing the depth and breadth of the business community for 113 years. Our members include the Fortune 100 to the neighborhood entrepreneur. The Chamber advocates on behalf of our members, and the broader business community, to support a pro-business agenda to ensure a competitive and stable economic climate.

We write today to express our support for the reintroduction of legislation aimed at addressing the Securities and Exchange Commission (SEC) modifications to SEC Rule 2a-7 of the *Investment Company Act of 1940* that change the net asset value (NAV) accounting methodology for money market mutual funds (MMMF) from stable to floating and impose liquidity fees and redemption gates on investors of these funds.

As we have written in the past, our members rely on the hallmark stable NAV feature in variety of ways. Many governments invest in money market funds because of their secure nature, simple accounting methodology and management, and liquidity—all features that are necessary for governments to protect public funds, access cash and pay bills when they are due. Changing the main feature of these funds to a floating NAV has created administrative and costly burdens to governments, large and small, in addition to having governments look to other, more expensive investments.

Another problem for local and state governments related to the changes to Rules 2a-7 is the impact it has on governments that issue debt, especially short term debt. Mutual funds are the largest purchasers of short term municipal bonds and due to the changing criteria in this rule; the demand for these bonds has diminished. This puts added pressure on local and state governments as it has led to higher debt issuance costs for many state and local governments across the country. At a time when the country and policy makers are focused on infrastructure, policies such as this actually hurt governments' ability to fund capital projects with municipal bonds, for the benefit of their citizens.

In addition, state and local governments as investors will continue to be adversely affected by the liquidity fees and redemption gates provisions of Rule 2a-7, which would be imposed during times of fiscal stress. The imposition of liquidity restrictions on MMMF investors have further pushed state and local MMMF investors away from MMMFs due to concerns about liquidity and potential losses that could result during times of fiscal stress. This puts government funds—taxpayer dollars—at risk.

We look forward to working with you and supporting your efforts to help state and local governments on this money market mutual funds issue and other regulatory matters of mutual interest.

Sincerely,

Theresa E. Mintle
President and CEO
Chicagoland Chamber of Commerce

Cc: Michael Reever, Vice President of Government Relations