



November 21, 2017

The Honorable Bob Casey  
United States Senate  
Washington, DC 20510

Re: SB1117

Dear Senator Casey:

As a non-profit organization in Pennsylvania with interest in economic development, we are writing to request your support for SB 1117, the Consumer Financial Choice and Capital Markets Protection Act of 2017.

This bipartisan legislation will increase access to capital for businesses in our state, and restore the ability to earn market rates of return on the investment of operating cash in money market funds.

As a result of a Securities and Exchange Commission (SEC) rule that went into effect in October 2016, businesses we support are no longer able to invest in stable value prime money market funds, which are safe, liquid investments that historically provide a reasonable rate of return on our short-term operating cash reserves. Instead, to utilize the benefits of a stable share price to efficiently and affordably manage cash that can be invested and withdrawn on a daily basis, our local businesses are required to utilize only money market funds that invest in the debt of the U.S. government, thereby foregoing 25-30 basis points of earnings that can be used to invest in our businesses and communities.

The SEC rule is also forcing our small businesses to pay higher borrowing costs and incur more credit limits from commercial banks. That's because the large, highly rated corporate borrowers have been able to replace their lost prime money market fund debt with bank borrowings, thereby crowding out bank lending to main street businesses. Some small businesses are now paying higher rates to alternative lenders while others are unable to borrow at any competitive rate. According to a study by Treasury Strategies, a Chicago-based treasury management consulting firm, for each \$1 billion of prime money market fund debt that a large company replaces with bank borrowing, 10,000 main street businesses lose access to \$100,000 in funding.

These are significant costs for small businesses to pay to address a non-existent risk. In the 40-year history of money market funds, only two funds have not maintained the stable \$1.00 per share price day in and day out. Over the same period, thousands of banks have failed.

I ask that you cosponsor and vote for SB 1117, which would restore the stable net asset value (NAV) for all money market fund investors. In doing so, you would be restoring an investment and short-term financing option that has been indispensable to small business expansion and economic growth in Pennsylvania and throughout the country. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Chris Whitlatch', is written over a light blue horizontal line.

Christopher Whitlatch, CEO