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United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

July 15, 2014

The Honorable Jack Lew
Secretary, U.S. Department of the Treasury;
Chairman, Financial Stability Oversight Council
U.S. Department of the Treasury
500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Lew:

At the recent hearing on the Financial Stability Oversight Council (FSOC) I stated that I would follow up in writing regarding other important issues. I write regarding the 2014 FSOC Annual Report and money market mutual funds (MMFs). The Annual Report notes FSOC's interest in MMFs and highlights the Securities and Exchange Commission's (SEC's) June 2013 proposed rules to reform the structure of MMFs. My understanding is that the SEC is finalizing its proposed rules for MMFs, however, there are significant tax, accounting and compliance concerns regarding the proposed rules with respect to potentially forcing certain MMFs to have a floating net asset value (NAV). If a floating NAV does become part of any final rule, tax, accounting and compliance issues need to be resolved ahead of time, especially in light of the fact that investors hold over $2.5 trillion in MMF assets.

Please let me know what solutions the Department of Treasury, the Internal Revenue Service and the SEC have been working on to date to address the issues raised by commenters regarding the tax, accounting and compliance issues associated if a floating NAV is part of any SEC final rule? In addition, if any relief or solution is being finalized, such measures should be issued to the public for review and comment in order to have the benefit of the analysis and reaction from MMF investors and commenters to ensure that unintended consequences of a floating NAV do not occur.

If you have any questions please do not hesitate to contact me or Elad Roisman of my staff at (202) 224-3791.

Sincerely,

Mike Crapo

Mike Crapo
United States Senator