THE SPARK Institute, Inc.

Submitted Electronically

January 18, 2013

The Financial Stability Oversight Council
Attn: Amias Gerety
1500 Pennsylvania Ave., NW
Washington, DC 20220

Re: **Proposed Recommendations Regarding Money Market Mutual Fund Reform - Docket Number FSOC-2012-0003**

Ladies and Gentlemen:

The SPARK Institute is writing to express our concerns about the Proposed Recommendations Regarding Money Market Mutual Fund Reform (the "Proposed Recommendations") made by the Financial Stability Oversight Council ("FSOC") on November 19, 2012. The SPARK Institute is a not-for-profit organization that represents the interests of a broad based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators, trade clearing firms and benefits consultants. Our members include most of the largest retirement plan record keepers and investment product platform providers that will be impacted by the Proposed Recommendations. Collectively, our members serve approximately 70 million participants in 401(k) and other defined contribution plans.

We are very concerned that the Proposed Recommendations will adversely impact money market funds, and as a result will also negatively impact tens of thousands of retirement plans and millions of plan participants. Money market funds with a stable $1.00 net asset value ("NAV") serve important functions in the operation and administration of defined contribution retirement plans (e.g., 401(k) plans) as convenient, cost-effective, simple, stable and liquid cash management tools. They are also used in many plans as a low risk capital preservation option for participant investments. As of the September 30, 2012, defined contributions plans invested $153 billion dollars in money market funds.[1]

[1] Investment Company Institute, The U.S. Retirement Market, Third Quarter 2012 (December 2012).



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Limited Use and Availability of Money Market Funds for Retirement Plans - Collectively, the Proposed Recommendations would limit the use and availability of money market funds for retirement plans because they would require plan record keepers to make significant and cost prohibitive changes to their record keeping systems. Record keepers are unlikely to undertake making the required changes. Consequently, money market funds may be eliminated as investment options in participant directed 401(k) and similar defined contribution plans. Additionally, the money market funds that could possibly be made available for use by retirement plans without costly system changes may not appeal to plan participants because of the impact the Proposed Recommendations will have on their operation and performance. Having to eliminate or replace money market funds, including notifying and educating participants about the changes, will be disruptive to plans, confusing to participants and costly for plans, plan sponsors and service providers.

Plan Operational and Administrative Concerns - The money market funds that may be available to retirement plans may not be able to serve many of the necessary plan operational and administrative functions they perform today. Retirement plans commonly use money market funds as a sweep fund to facilitate a number of different transactions that may be initiated by either the employer or plan participants, including for example, receiving deposits of employer contributions,[2] processing plan distributions, processing investment transfers, maintaining plan forfeiture accounts, and providing liquidity as part of unitized funds (employer stock funds). Having to identify alternatives to money market funds and potentially having to modify plan operational and administrative procedures will be disruptive and costly for plans, plan sponsors and service providers.

The benefits, utility and appeal of money market funds that are able to maintain a stable $1.00 NAV under existing rules far outweigh the potential benefits and costs for retirement plans and participants under the Proposed Recommendations. Therefore, The SPARK Institute urges the FSOC and SEC not to make the changes in the Proposed Recommendations and to consider other alternatives that would not jeopardize the availability, utility and appeal of money market funds for retirement plans.

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[2] Plan contributions are frequently deposited in a money market fund account in the plan while the record keeper verifies and processes the contribution for allocation among the investments selected by the participants. The contributions may only be held in the money market fund for one day but it is vital for plans to be able to temporarily hold them in a fund that generally has a stable NAV.

Thank you for considering our views and concerns regarding the Proposed Recommendations. The SPARK Institute is available to provide additional information and clarification regarding our concerns. Please do not hesitate to contact us at (704) 987-0533.

Respectfully,

Larry H. Goldbrum
General Counsel

cc: Elisse B. Walter, Chairman of the SEC
Luis A. Aguilar, Commissioner
Daniel M. Gallagher, Commissioner
Troy A. Paredes, Commissioner