

ICI VIEWPOINTS

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## Financial Times Column Mischaracterizes the Debate over Money Market Funds

By Paul Schott Stevens

We were disappointed to see how Gillian Tett's recent *Financial Times* column ("[The Achilles Heel of America's Financial System](#)") mischaracterized the role of U.S. money market funds, the dramatic improvements resulting from the 2010 regulatory reforms, and the debate over further structural changes.

Tett asserts that the "debate...is stuck." She fails to mention that this is the case because the Securities and Exchange Commission (SEC) has received an [outpouring of opposition](#) from hundreds of individuals, businesses, and organizations representing investors and issuers who rely upon money market funds. They have rightly pointed out that changes promoted by some at the SEC would destroy the value of money market funds for investors and for the businesses and state and local governments that rely upon them as a vital source of financing, and thereby hurt an already struggling economy.

What's worse, these same damaging changes would increase risk in the financial system. Forcing hundreds of billions of dollars out of money market funds will ramp up risks both in the banking system and among alternative funds that lack the risk-limiting rules and transparency of money market funds. Harm to investors, harm to the economy, and more risk to boot—that would be, to use Tett's phrase, "shameful and dangerous" indeed.

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