March 5, 2013

The Honorable Jacob Lew
Chairman
Financial Stability Oversight Council
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Response to Errors and Inaccuracies in the Letter from Former Chairmen, Commissioners, and Senior Staff of the U.S. Securities and Exchange Commission, to the Financial Stability Oversight Council, dated February 20, 2013

Dear Chairman Lew:

Better Markets[1] is writing to correct errors and inaccuracies in the letter that several former SEC Chairmen, Commissioners, and Senior Staff sent to the voting members of the Financial Stability Oversight Council ("FSOC") on February 20, 2013.[2]

Although the FSOC proceeded carefully, deliberatively, and as required by statute, the Letter nonetheless criticizes the process that the FSOC followed when it exercised its authority under Section 120 of the Dodd-Frank Act and issued proposed recommendations ("Proposed Recommendations") to the SEC regarding still-necessary reforms in the regulation of systemically significant money market mutual funds ("MMFs"). The Letter calls upon the FSOC to "defer to the SEC" with regard to MMF reform.[3] And more broadly, the Letter urges the FSOC to "respect the jurisdiction, independence, subject-matter expertise, and regulatory processes of **independent agencies such as the SEC.**"[4] Thus, the Letter not only opposes the FSOC's specific decision to issue the Proposed Recommendations regarding MMF reform, it also sets

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1 Better Markets, Inc. is a nonprofit organization that promotes the public interest in the capital and commodity markets, including in particular the rulemaking process associated with the Dodd-Frank Act.

2 Of course, many former SEC Chairmen, Commissioners, and Senior Staff did not sign the Letter. Notably, for example, former SEC Chairman Arthur Levitt was invited to sign the Letter, but declined to do so, as discussed in greater detail below. *See* Arthur Levitt, *SEC Missed Chance on Money Funds, Should Step Aside Now*, BLOOMBERG, Feb. 25, 2013, *available at* http://www.bloomberg.com/news/2013-02-25/sec-missed-chance-on-money-funds-should-step-aside-now.html.

3 Letter from Former Chairmen, Commissioners, and Senior Staff of the U.S. Securities and Exchange Commission to FSOC, Re: Jurisdiction of Independent Financial Services Regulatory Agencies at 5 (Feb. 20, 2013) ("Letter").

4 *Id.* at 1 (emphasis added).

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forth a much more general opposition to the application of Section 120 of the Dodd-Frank Act to **any** independent regulatory agency.

The Letter is, however, fundamentally mistaken and inaccurate in its assertions, reasoning, and conclusions. First, and most important, the suggestion that the FSOC should refrain from issuing recommendations under Section 120 to the SEC or **any** independent regulatory agency is an unsupportable proposition that directly conflicts with the express language and intent of the Dodd-Frank Act. It also utterly ignores the lessons learned from the worst financial crisis since the Great Crash of 1929, which has inflicted the worst economy on the U.S. since the Great Depression.[5] Second, and more specifically, the FSOC was required to act under the circumstances, and it did so appropriately on both procedural and substantive grounds when it issued the Proposed Recommendations. It followed the letter and the spirit of Section 120.[6]

THE LETTER REPRESENTS AN UNJUSTIFIABLE ATTEMPT TO CREATE AN "INDEPENDENT AGENCY EXCEPTION" IN SECTION 120 OF THE DODD-FRANK ACT.

The most important, far-reaching, and objectionable aspect of the Letter is its suggestion that the FSOC should invariably defer to the regulatory judgments and processes of the SEC and by extension, all independent agencies. Although couched in terms of the SEC, the Letter clearly expresses the broad view that independent agencies are per se inappropriate subjects of the FSOC's Section 120 authority to recommend new or heightened regulatory standards.

The Letter asserts that the SEC is "infinitely better equipped than the Council to consider and address complex securities-related regulatory problems."[7] As the justification for this claim, the Letter argues that the SEC (1) has a "bi-partisan," deliberative process that should remain undisturbed; (2) has "superior expertise" as the exclusive regulator of money market mutual funds; and (3) has a "highly transparent process for its formulation of regulatory policy."[8] Since similar arguments could be

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5 For an analysis showing that those costs will exceed $12.8 trillion, *see* BETTER MARKETS, THE COST OF THE WALL STREET-CAUSED FINANCIAL COLLAPSE AND ONGOING ECONOMIC CRISIS IS MORE THAN $12.8 TRILLION (Sept. 15, 2012), *available at* http://bettermarkets.com/sites/default/files/Cost%20Of%20The%20Crisis.pdf; *see also* U.S. GOVERNMENT ACCOUNTABILITY OFFICE, FINANCIAL REGULATORY REFORM: FINANCIAL CRISIS LOSSES AND POTENTIAL IMPACTS OF THE DODD-FRANK ACT, GAO-13-180, at 17 (Jan. 2013) (released Feb. 14, 2013), *available at* http://gao.gov/assets/660/651322.pdf (projecting that the cost of the crisis could exceed $13 trillion).

6 Better Markets filed a comment letter with the FSOC that fully analyzes all aspects of the Proposed Recommendations. *See* Letter from Better Markets to FSOC, Re: Proposed Recommendations Regarding Money Market Mutual Fund Reform (Feb. 15, 2013) (which is incorporated herein by reference as if fully set forth).

7 Letter, *supra* note 3, at 3.

8 *Id.* A closely related theme in the Letter is that the FSOC should stay its hand because the SEC has had exclusive "jurisdiction" over securities for the past 70 years. *Id.* at 2. In Section 120, Congress explicitly extended the FSOC's recommendation authority to financial activities or practices "under the respective **jurisdictions**" of the primary financial regulatory agencies. *See* Dodd-Frank Act, § 120(a). Thus, the

asserted on behalf of any independent agency, the purported logic in the Letter would extend to all independent agencies and would exempt all of them from Section 120.

These claims, however, are either untrue or irrelevant. Moreover, they ignore the language and purposes of the Dodd-Frank Act, as well as the painful and costly history of the still-unfolding financial crisis, which necessitated passage of the reform law in general and Section 120 in particular.

The supposedly bi-partisan and deliberative nature of independent agencies provides no basis for limiting the FSOC's Section 120 authority.

The Letter rests largely on the notion that the FSOC should defer to the SEC with respect to money market reforms because the SEC is a "bi-partisan" and "collegial" body.[9] The Letter asserts, for example, that—

> There have also been numerous instances where action was delayed or not pursued because a consensus—even one supported by the Commission's Chairman—could not be reached. This is an inevitable function of the structure of collegial regulatory bodies and, **by definition, reflects a sound result.** If a majority of Commission members cannot agree on an approach, **the best result is for the Commission to defer action** until more is known or until differing perspectives can find common ground. [10]

Elsewhere, the Letter claims that interference by FSOC would "undermine the incentives exhibited by Commission members to labor diligently in search of sound, **middle-ground policy outcomes**." [11]

This perspective is flawed on multiple levels: It rests on a false premise, it conflicts with the statute, it reverses important regulatory priorities, it exaggerates the threat of interference from the FSOC, and it ignores the painful lessons of the financial crisis.

False premise.

As a threshold matter, while "collegiality" is highly desirable at the SEC and elsewhere, the Letter is not correct in suggesting that the SEC is designed to be a "collegial" body that operates on the basis of "consensus." In reality, it is designed to be the opposite of a collegial body whenever consensus cannot be reached: Only a majority of Commissioner votes is required for the SEC to act. Thus, it is designed to implement

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historically exclusive jurisdictional purview of a primary regulator has no bearing on the scope of Section 120.

9 Letter, *supra* note 3, at 3.

10 *Id.* at 3-4 (emphasis added).

11 *Id.* at 4 (emphasis added).

policy on the basis of 3-2 votes whenever necessary or appropriate. This operational structure often leads to a complete **disregard** of "consensus," "collegiality," and "middle-ground policy outcomes," which the Letter mistakenly elevates above the SEC's accomplishing its important mission as appropriate.

Inconsistency with the plain language of the statute.

Regardless, however, of the degree of collegiality the SEC in fact observes, the notion that the SEC or any of the independent agencies should be read out of Section 120 altogether starkly conflicts with the plain wording of the law. Section 120 was written broadly to give the FSOC authority to make recommendations to "the primary financial regulatory agencies" without any caveats or exceptions related to the independent status of those agencies.[12] And in fact, the term "primary financial regulator" is expressly defined in the Dodd-Frank Act to include, among other agencies, the SEC.[13]

Thus, Congress has already accounted for the bi-partisan nature of independent agencies in Section 120, and it has determined that the political structure of those agencies should in no way interfere with the FSOC's task of addressing systemic risk by issuing recommendations wherever new or heightened standards are necessary. Accordingly, Section 120 was written to extend the FSOC's recommendation authority to the primary regulators, regardless of how independent, politically oriented, or collegial they may or may not be.

Reversed priorities.

More fundamentally, the Letter reflects precisely the wrong priorities. It exalts respect for the political process at independent agencies over the vastly more compelling need to reform our regulatory system so that we can avoid another financial crisis. In effect, the Letter urges the FSOC to respect the SEC's "process" no matter how long that process takes to address serious threats to systemic risk, and no matter how mediocre or ineffective the resulting "middle-ground policy outcomes" might be.

This is exactly the approach that Congress rejected. Congress recognized a need for an institution focused on systemic financial stability. FSOC's authority to suggest regulatory change is intended to make member agencies confront systemic risks that have been identified by the Council, and to alert Congress that regulatory change is needed. By issuing suggestions to the SEC, FSOC is doing precisely what Congress intended.

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12 Dodd-Frank Act, § 120(a).
13 *Id.* at § 2(12)(B).

Former SEC Chairman Arthur Levitt, who was asked but refused to sign the Letter, confirmed the need for additional money market reforms and further made the crucial point that the SEC's independence must yield where the agency has failed—as in this case—to protect the public interest:

> It is understandable, even desirable, for former regulators to defend the independence of the agencies they once served. . . . But in this case, the national interest—prevention of systemic risk—trumps all other considerations. In this case, the SEC's mandate to protect the public interest is paramount. If it won't pursue that mandate, the FSOC should.[14]

Mr. Levitt also highlighted one of the crucial reasons why important regulatory reforms that address systemic risk cannot be left at the mercy of an agency's deliberative process. That process often grinds to a halt as a direct result of industry lobbying and influence. That was in fact the cause of the SEC's paralysis over money market reforms. As Mr. Levitt explained, money-market firms "were able to put a roadblock in front of any new rules . . . . The SEC would already have taken action were it not for industry interference." [15]

To immunize an agency from the FSOC's recommendation authority, as argued in the Letter, would be to surrender exclusive control over vital regulatory reforms to a single, unreviewable agency which may not take appropriate, indeed essential, action. There were too many instances of exactly this type of regulatory failure prior to the financial crisis, reaching a crescendo in 2008, and this history simply cannot be cavalierly ignored, as in the Letter. This is true regardless of the reason for an agency's failure to act—whether it is the result of industry influence or capture, as Mr. Levitt suggests, or any other cause. Congress recognized that this was unacceptable, and Section 120 was intended to ensure that regulatory inaction in an area as vital as systemic risk could be effectively addressed by at least one other regulatory body, the FSOC.

Exaggerated threat.

The Letter also exaggerates the threat that the FSOC's authority poses to the SEC's independence. Under Section 120, the FSOC only has the power to issue a **nonbinding recommendation** that the SEC apply new or heightened standards and safeguards to financial activities or practices under the SEC's jurisdiction. Moreover, Section 120 includes additional procedural and substantive measures to help ensure that the authority is used only in appropriate circumstances. Thus, a condition of invoking Section 120 is a threshold determination that the activity or practice poses a risk of **significant** liquidity, credit, or other problems spreading among specified institutions, financial markets, or communities (a condition that MMFs undoubtedly met, as set forth

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14 Levitt, *supra* note 2, at 3.

15 *Id.*

below). In addition, as discussed below, Section 120 requires the FSOC to consult with the primary regulator, and to report to Congress regarding its recommendations and the responses of primary regulators.

Although the recommendation authority under Section 120 is a significant tool, designed to prompt regulatory action to address systemic risks where such action is not forthcoming from the primary regulator, it also has limits and boundaries that preserve the independence of that regulator. If the regulator chooses not to implement the suggestions of the Council, it may reject them and provide a written explanation for doing so.

Lessons of history.

Finally, the Letter cites to past experience to support its argument that the FSOC should not meddle in the affairs of the SEC. The Letter notes that "Congress has historically vested authority over particular markets" in independent regulatory agencies, and it is "[i]ncumbent upon FSOC to respect that independence—a function of our financial services system that has served the Nation well for more than seventy years." [16]

In fact, while the independence of independent agencies is very important and should be protected to the greatest extent possible, such independence is not limitless and history teaches that it must yield when overriding threats arise but go unaddressed. For example, the traditional reliance on individual agencies to discern and remediate systemic risk actually proved to be a dismal failure. One indisputable lesson of the financial crisis is that the past approach to regulation must be extensively revised and strengthened to prevent another devastating financial crisis and the economic ruin it would inflict.[17] One of the most important regulatory innovations adopted in the Dodd-Frank Act was the creation of the FSOC, charged with broadly monitoring our financial markets to identify and address potential sources of systemic risk and instability. To be effective in performing this function, the FSOC must have the authority to act **notwithstanding** traditional jurisdictional boundaries.

The legislative history pertaining to FSOC reflects the need to depart from the formerly "segmented" nature of financial market regulation. As explained by Senator Susan Collins (R-ME):

> The council would maintain **comprehensive oversight** of all potential risks to the financial system, and would have the power to act to prevent or mitigate those risks. The financial stability council would be composed

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[16] Letter, *supra* note 3, at 2.
[17] *See* BETTER MARKETS, THE COST OF THE WALL STREET-CAUSED FINANCIAL COLLAPSE AND ONGOING ECONOMIC CRISIS IS MORE THAN $12.8 TRILLION *supra* note 5.

> of representatives from existing Federal agencies which now have the responsibility to oversee **segments** of the financial system.[18]

The financial crisis illustrated the dire need for more effective and comprehensive assessment of systemic risk specifically in the MMF sector, which played a major role in exacerbating the financial crisis. In the most compelling example of MMF run risk, the Reserve Primary Fund broke the buck in mid-September of 2008 due to losses on debt instruments issued by Lehman Brothers Holdings, Inc. (which comprised only 1.2 percent of the fund's assets). The fund sponsors declined to provide support and a run immediately ensued. Within two days, investors sought to redeem $40 billion from the fund.

The run quickly spread to the entire prime MMF industry, and during the week of September 15, 2008, investors withdrew approximately $310 billion (or 15 percent) of prime MMF assets. The run abated only after massive interventions by the Treasury and the Federal Reserve, which guaranteed MMFs and established a variety of facilities to support the credit markets frozen by the MMF crisis.[19] Notwithstanding this intervention, the September 2008 run resulted in large and rapid disinvestment by MMFs in short-term instruments, "which severely exacerbated stress in already strained financial markets." That decline in outstanding commercial paper contributed to a sharp rise in borrowing costs for commercial paper issuers.[20] In addition, while the losses sustained by investors in the Reserve Primary Fund were modest, those investors suffered very substantial liquidity damage, losing access to their money for an extended period pending the outcome of judicial proceedings.[21]

In light of the financial crisis, including specifically this turmoil in the MMF sector, and in light of Congress's clear directives in Section 120, the sort of blind loyalty to the judgments of the SEC and other independent regulatory agencies advocated in the Letter is untenable.

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18 155 Cong. Rec. S3611, 3612 (Mar. 23, 2009)(statement of Sen. Collins)(emphasis added).

19 *See* SEC DIVISION OF RISK, STRATEGY, AND FINANCIAL INNOVATION, RESPONSE TO QUESTIONS POSED BY COMMISSIONERS AGUILAR, PAREDES, AND GALLAGHER, at 12 (Nov. 30, 2012), *available at* http://www.sec.gov/news/studies/2012/money-market-funds-memo-2012.pdf.

20 *See generally* Proposed Recommendations Regarding Money Market Mutual Fund Reform, 77 Fed. Reg. 69,455; 69,464 (Nov. 19, 2012) ("Release").

21 *Perspectives on Money Market Mutual Fund Reforms, Hearing Before the S. Comm. on Banking, Housing, and Urban Affairs,* 112th Cong. 6, 6-7 (June 21, 2012) (Testimony of Mary Schapiro, Chairman, SEC).

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The FSOC has ample expertise to discharge its duties.

The second basic argument advanced in the Letter is that the SEC has vastly more expertise than the FSOC in the area of money market reform. These claims regarding the SEC's expertise—and the FSOC's supposed lack thereof—are mistaken. The core expertise that the FSOC must have in the exercise of its Section 120 authority is not merely in securities regulation per se, but in discharging its three basic responsibilities: (1) "to identify risks to the financial stability of the United States;" (2) "to promote market discipline;" and (3) "to respond to emerging threats to the stability of the United States financial system."[22] The FSOC can certainly claim equal if not greater expertise in these areas than the SEC. In short, for purposes of exercising its Section 120 authority, the FSOC has the requisite expertise and is actually better positioned than the SEC to make judgments regarding potential threats to financial stability and appropriate remedies.

Even with respect to securities regulation, as distinct from systemic risk assessment, the FSOC has abundant expertise either among its members or at its disposal. The Chairman of the SEC is one of the FSOC's voting members, thus endowing the FSOC with the knowledge and experience that the SEC Chairman possesses. In addition, to ensure that the FSOC has access to sufficient technical knowledge, Congress created the Office of Financial Research, with the resources and authority to gather and analyze data needed by the Council. It also gave the FSOC sweeping authority to draw on a wide range of experts and consultants. FSOC has the authority to "appoint such special advisory, technical, or professional committees as may be useful in carrying out the functions of the Council."[23] Furthermore, any department or agency of the United States is authorized to "provide the Council . . . such services, funds, facilities, staff, and other support services as the Council may determine advisable."[24] And any employee of the Federal Government "may be detailed to the Council" and "shall report to and be subject to oversight by the Council" during such assignment.[25]

Moreover, Section 120 requires the FSOC to consult with primary financial regulatory agencies when issuing recommendations.[26] This consultative process helps to ensure that the FSOC is properly taking into account all appropriate factors relating to the financial activity at issue. Finally, in addition to all of these mechanisms designed to provide the FSOC with any knowledge and expertise not already available from its members, Congress established an oversight mechanism. Pursuant to Section 120, the FSOC must report to Congress on any recommendations it has made under Section 120, and any implementation or failure to implement those recommendations.[27] This

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22 Dodd-Frank Act, § 112(a)(1).
23 *Id.* at § 111(d).
24 *Id.* at § 111(h).
25 *Id.* at § 111(j).
26 *Id.* at § 120(b).
27 *Id.* at § 120(d).

oversight is yet an additional safeguard designed in part to ensure that the FSOC is effectively assessing systemic risk and devising solutions that work.

In light of these structural, consultative, and procedural mechanisms, which Congress carefully incorporated into FSOC's authority under Section 120, the notion that the FSOC lacks the requisite expertise cannot be taken seriously.

The procedures that FSOC must follow under Section 120 are no less transparent than the SEC's rulemaking process.

Finally, the Letter argues that the FSOC should not interfere with the SEC's rulemaking process on grounds of transparency. According to the Letter, the SEC "has a well-established and highly transparent process for its formulation of regulatory policy," whereas the FSOC "has not yet clearly established a framework within which it will propose and adopt new regulatory pronouncements."[28]

This assertion is inaccurate for two reasons. First, Congress was careful to ensure that the process under Section 120 would be abundantly transparent. Although the end result under Section 120 is not an actual rule, Congress nevertheless explicitly required that whenever the FSOC issues a proposed recommendation that a primary regulator apply new or heightened standards, it must provide public notice and comment of the sort normally reserved for a rulemaking.[29] As explained below, the FSOC followed these transparent procedures when it issued the Proposed Recommendations.

Second, the claimed level of transparency at the SEC is clearly exaggerated. For example, to date the SEC has never fully and clearly disclosed why it has failed to take action on MMFs. The media have speculated about the underlying reasons for the SEC's inaction, and who on the Commission was blocking reform, but there has never been real transparency as to how and why reform has not been forthcoming.

THE PROPOSED RECOMMENDATIONS TO THE SEC REGARDING MONEY MARKET REFORMS WERE PROCEDURALLY AND SUBSTANTIVELY APPROPRIATE.

In addition to the generalized opposition to FSOC's recommendation authority under Section 120, as applied to any independent agency, the Letter also criticizes specific aspects of the Proposed Recommendations, including the process that the FSOC followed when it issued the Proposed Recommendations.

The Letter also implicitly takes issue with the substance of those recommendations. The Letter states that it is "not intended to, and does not, express a position on the substance of the specific proposals recommended by FSOC."[30]

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28 Letter, *supra* note 3, at 3.
29 Dodd-Frank Act, § 120(b)(1).
30 Letter, *supra* note 3, at 1.

Notwithstanding this disclaimer, however, the Letter actually does impugn the substance of the FSOC's recommendations, albeit indirectly. It does so by insisting, as discussed above, that the SEC has far more expertise than the FSOC to evaluate the necessity of further reforms in the MMF sector, and by further insisting that the political and deliberative process of the SEC as an independent agency can be trusted to yield optimal regulatory solutions. Thus, the substance of the FSOC's Proposed Recommendations is relevant in part as a refutation of these claims in the Letter.

In this case, the FSOC acted appropriately in proposing recommendations to the SEC for new and heightened oversight of money market mutual funds. The FSOC followed all of the statutorily prescribed procedures and the resulting recommendations were amply justified in substance.

Overview of Proposed Recommendations.

The Proposed Recommendations, issued on November 13, 2012, have three basic components. First, they include **a proposed determination** that the activities and practices of MMFs could create or increase the risk of significant liquidity, credit, and other problems spreading among bank holding companies, nonbank financial companies, and U.S. financial markets.

Second, the Proposed Recommendations include **several proposals** for new and heightened standards and safeguards that would reduce the risk of destabilizing runs on MMFs and other significant problems spreading throughout the financial system as a result of MMF activities. Those recommended reforms include returning to a floating net asset value, establishing a capital buffer, and providing for a minimum balance at risk that would be subject to delayed redemption. The Proposed Recommendations also include further measures, such as more stringent investment diversification requirements, increased minimum liquidity levels, and more robust disclosure obligations. The Release notes that the Proposed Recommendations are not mutually exclusive but could be implemented in combination to address the structural vulnerabilities that make MMFs susceptible to runs.

Third and finally, the Proposed Recommendations **take into account the potential costs to long-term economic growth,** as required under Section 120.

The FSOC fully complied with applicable procedural requirements.

The FSOC discharged all of its duties under Section 120. As stated in the Release, the FSOC consulted with the SEC prior to issuing the Proposed Recommendations. Furthermore, the FSOC published the Proposed Recommendations in the Federal Register. That notice included a detailed explanation of the basis for its proposed determination that enhanced regulation of MMFs was necessary; a thorough analysis of the various substantive remedies that were being recommended to the SEC; and a discussion that took into account the potential costs to long-term economic growth that the new standards and safeguards might impose. The notice invited public comment on

all aspects of the Proposed Recommendations, and the FSOC even extended the comment period. There is simply no basis for attacking the FSOC's actions on procedural grounds.

All aspects of the Proposed Recommendations were justified in substance.

All of the elements in the Proposed Recommendations are well justified in substance. For example, the proposed determination that MMFs require additional regulation is well-founded, as MMFs continue to create systemic risk as a result of their structure and their interconnectedness with the financial markets. Past experience, both distant and more recent, fully supports this conclusion. The most dramatic example was the collapse of the Reserve Primary Fund in mid-September of 2008, described above, which triggered a run on the entire prime MMF sector, created massive disruption in the credit markets, imposed significant hardships on investors in the fund, and required a massive federal backstop. Indeed, so urgent was the need and so grave was the threat, this was the first time in history that the U.S. Treasury put U.S. taxpayer dollars at risk by guaranteeing an entire financial sector activity. It is equally clear that the MMF reforms adopted by the SEC in 2010, although beneficial, did not adequately address or mitigate the threat of systemic risk posed by MMFs.

The proposed remedies for addressing this continuing threat to financial stability are sound and deserve serious consideration by the SEC. They will help substantially reduce the ability of MMFs to trigger or propagate systemic risk in the financial markets. And because none of them is sufficient in and of itself to address those problems, the FSOC was correct in suggesting that they could be applied in combination.[31]

Finally, the FSOC fully satisfied its limited duty under Section 120 of the Dodd-Frank Act to take long-term economic growth into account as it formulated the Proposed Recommendations. The Release concludes that those costs would be minimal and that the Proposed Recommendations would have an overwhelmingly positive impact by reducing the likelihood or severity of future financial crises that would limit economic growth.[32] The FSOC was also correct in rejecting strenuous attempts by some critics to transform this limited obligation under Section 120 into full-blown "cost-benefit analysis" or some distorted "industry cost-only" variant of cost-benefit analysis.[33]

Thus, the FSOC's decision to issue the Proposed Recommendations, the process that the FSOC followed, and the substantive proposals all conformed to the letter and spirit of the Dodd-Frank Act.

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31 *See* Release, *supra* note 20, at 69,465; *see also* Letter from Better Markets to FSOC, Re: Proposed Recommendations Regarding Money Market Mutual Fund Reform, *supra* note 6, at 18-19.

32 *See* Release, *supra* note 20, at 69,481; *see also* Letter from Better Markets to FSOC, Re: Proposed Recommendations Regarding Money Market Mutual Fund Reform, *supra* note 6, at 22-23.

33 *See generally* BETTER MARKETS, SETTING THE RECORD STRAIGHT ON COST-BENEFIT ANALYSIS AND FINANCIAL REFORM AT THE SEC (July 30, 2012), *available at* http://bettermarkets.com/sites/default/files/CBA%20Report.pdf.

CONCLUSION

We hope that these comments are helpful as the members of the FSOC evaluate the arguments set forth in the Letter and as the Proposed Recommendations to the SEC on MMF reform are finalized.

Sincerely,

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