

A message from Dechert

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Dechert Submits Letter to FSOC Regarding U.S. Treasury Secretary's Proposed Agenda for FSOC to Take MMF Actions

Thomas P. Vartanian, chair of Dechert LLP's Financial Institutions practice, has sent a letter to the Financial Stability Oversight Council (FSOC) in regard to Treasury Secretary Geithner's September 27, 2012 letter to members of the FSOC concerning recommendations for actions with regard to Money Market Funds (MMFs), including recommendations to the Securities and Exchange Commission (SEC) regarding reform of the MMF regulatory structure.

Dechert's letter discusses a series of issues that the FSOC must consider in connection with any potential MMF recommendation:

- What internal agency rules will define the FSOC's exercise of its section 120 authority to ensure the appropriateness of the process, and the absence of bias and predisposition of relevant issues?
- How can the FSOC conclude that MMFs come within its statutory purview over "nonbank financial companies" when the Board of Governors of the Federal Reserve System has not completed the necessary regulatory action under Dodd-Frank to define that term?
- Has the FSOC determined that MMFs are engaged in "financial activities" that pose the financial stability threat required under section 120?
- How will the FSOC consult with the SEC commissioners and key SEC staff who are most knowledgeable about how MMFs work and are regulated?
- What will be the parameters of the required analysis of the costs to long-term economic growth (Cost Benefit Analysis) associated with each proposed recommendation?
- How will the FSOC's notice and request for comment on any proposed recommendations address the requirements of the law, including the need for public comment on the Cost Benefit Analysis?
- How will the FSOC inform the public of its responses to the comments that it receives and of the basis for any final recommendations it may make to the SEC?

[Read the letter \(PDF\)](#)



Thomas P.
Vartanian

[Send an email](#)

T: +1 202 261 3439

F: +1 202 261 3333

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