SVB Financial Group

Submitted Electronically

September 8, 2009

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Release No. IC-28807, File Number S7-11-09
Money Market Fund Reform

Dear Ms. Murphy:

As a federally registered investment adviser who manages short-term fixed income investments primarily for institutional clients, SVB Asset Management applauds the majority of the Securities and Exchange Commission's proposed rule amendments governing money market funds. We agree that the majority of the proposed amendments such as mandating certain liquidity thresholds, imposing portfolio weighted average life limits, restricting purchases to high quality credits, and providing greater transparency and consistency for risk disclosures will significantly strengthen the regulatory framework for money market funds and make them more resilient to periods of economic stress.

However, on the issues for which the Commission has requested comment, we are not in favor of the proposals for a floating net asset value ("NAV") and in-kind redemptions. Instead, we think that greater transparency and investor education are key elements of maintaining a strong money market funds industry.

Requests for Comments

A. *Floating Net Asset Value*

We view the removal of a stable $1.00 NAV as being imprudent which, if instituted, would effectively eliminate one of the most valuable cash management vehicles available to investors. Investors currently have limited investment alternatives in the short-term investment market space that do not require performing extensive due diligence based on limited publicly available information, incurring substantial costs, or dividing large amounts of capital into multiple instruments, while functioning as investments of high credit quality that carry minimum principal risks.

SVB Asset Management
185 Berry Street, Suite 3000
San Francisco, California 94107
PHONE 415.512.4200 svb.com

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A floating NAV will not prevent "run-on-the-fund" situations. A floating NAV is likely to be pro-cyclical in that falling net asset values in a supposedly "safe" instrument might encourage investors to liquidate their positions and further accelerate the "run." Conversely, during periods of rising net asset values, there will likely be investors who seek higher yields by exiting money market funds with floating NAV, which might exacerbate the cash flow volatility in money market funds.

Adopting a floating NAV for money market funds may also lead to valuation challenges and associated costs. Unlike equity securities, instruments purchased by money market funds are not traded on an exchange and therefore pricing and fair value may not be easily determined and may be open to significant subjectivity. In addition, investors may have to make expensive changes to their existing accounting, operational, and recordkeeping systems, which might undermine the convenience and simplicity of money market funds and cause assets to flow into other less regulated alternatives.

Bank-related instruments such as deposit accounts and certificates of deposit are typically considered to carry the same risk profile as money market funds. The FDIC guarantee of full deposit coverage of non-interest bearing accounts under the Transaction Account Guarantee program for participating banks is expected to expire on June 30, 2010. In addition, the temporary FDIC insurance limit of $250,000 per depositor will be in effect through December 31, 2013. For amounts exceeding the insured limit, investors are often forced to perform due diligence on complex banking institutions that frequently are not rated by Nationally Recognized Statistical Rating Organizations but may be facing financial difficulties. In a recent FDIC report, 416 institutions out of 8,195 FDIC-insured institutions were classified as problem institutions and another 26.94 percent of institutions were unprofitable as of the second quarter of 2009.[1] This data underscores the potential risk of bank deposits as a suitable alternative to money market funds. Compounding this risk is the difficulty of many investors in performing the proper due diligence as the information on individual institutions in the FDIC report is not made available to the public.

B. In-Kind Redemptions

We are not in favor of mandated in-kind redemptions for large shareholder amounts because it does not adequately address the adverse impact of sizeable redemptions by large shareholders on money market funds. Large shareholders receiving in-kind redemptions may seek to liquidate the securities in an unstable market and may further depress the pricing of the securities remaining in the money market funds. Proper monitoring of shareholder behavior and better forecasting of redemptions by "knowing your customers" would mitigate the effects of large redemptions better than enforced in-kind redemptions.

[1] FDIC Quarterly Banking Profile Second Quarter 2009.

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C. Greater Transparency and Investor Education

Money market funds, like any other investments, are not risk-free and steps should be taken to educate investors on those risks. We believe that prompt, clear, and simple risk disclosures for money market funds of certain information, including that listed below, is vital to investors' making educated investment decisions:

- Portfolio holdings;
- Liquidity profiles;
- Historical financial performance metrics (yield, weighted average life, weighted average maturity);
- Final maturity dates of securities;
- Maximum issuer concentration percentages including exposure to repurchase agreement counterparties; and
- Breakdown of shareholder ownership including percentages owned by the top ten shareholders of a money market fund.

Making this information publicly available would enable investors to compare and select money market funds that best fit their investment profiles and objectives.

Money market funds are not only important investment vehicles but also function as important sources of liquidity for Corporate America. We urge the Commission to carefully consider the impact of any regulatory changes, not only to investors but also to the overall financial system. Although risks exist in any investment vehicle, excessive steps to address such risks may ultimately prove to be counterproductive. We are hopeful that the Commission will be able to preserve the fine balance between protecting investors and maintaining fair, orderly and efficient markets.

Thank you for considering our comments. Please contact me at 415-512-4200 if you have any questions.

Sincerely,

/s/ Adam Dean

President
SVB Asset Management

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San Francisco, California 94107
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