September 8. 2009

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

From: Sabrina Saxer, Assistant Portfolio Manager
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Ivy Money Market Fund
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Re: File Number S7-11-09 – General Comments on Money Market Fund Reform

Thank you for the opportunity to comment on the proposed money market reform. While we recognize the need for regulatory reform, as prime retail fund managers, we are concerned that the proposals take on a "one size fits all" approach and that most of the proposed changes are specifically tailored to address systemic risks most associated with institutional prime funds.

Liquidity

While we are in agreement with the idea of minimal liquidity requirements for funds that may have large concentrations of risk associated with few investors, we believe that as the proposal stands, it is particularly punitive for retail funds which may have a more granular base of stable shareholders than an institutional fund.

We suggest that the SEC might consider additional tiering beyond retail vs. institutional for the proposed required levels of fund liquidity. In particular, the SEC should take into consideration average investor account size, the volatility of the fund assets, and the time frame of investor ability to redeem shares. In the example of the Reserve Fund, a handful of institutional investors were able to materially impact the NAV quickly, whereas, a fund with lower average account balances would require, perhaps, thousands of shareholder redemptions to have an adverse effect.

In addition, the SEC should formally define "Retail" and "Institutional" funds.

We would also like to note, that during the height of the crisis, there was no secondary market liquidity, even for instruments with extremely short maturities of the highest credit quality, hence the creation of the AMLF, the MIFF, and the CPFF. We would suggest that some sort of permanent backstop be available to create a secondary liquidity market should the need arise again.

WAM

We don't see a need to shorten the allowed WAM, especially given the fact that most funds normally maintain average maturities under the proposed limit of 60 days.

It is important to note that requiring an extreme amount of liquidity one week and in, and shortening the allowed WAM will negatively effect the yields of most funds and could incent a bar belling approach to fund management.

In addition, it might cause managers to reach for yield, by investing in longer dated maturities of weaker tier one credits, to compensate for the negative yield effect of greater short term liquidity. Essentially, regulating systemic risk might cause funds to take on increased credit risk.

Pricing

During the credit crisis, we observed extreme and irrational volatility in the market value of instruments that we reasonably expected to hold to maturity and in which we had no unusual concerns regarding credit quality. This volatility included government securities. It is our understanding that these extreme market value swings caused certain 2a-7 funds to reach or exceed the 30 bps allowed for discrepancy between amortized cost and market value. As a result, many sponsors were forced to request exception letters to support funds with market value impaired assets that were otherwise performing. The SEC responded by providing relief by temporarily allowing amortized cost pricing for instruments maturing within 60 days.

We believe a permanent change should be adopted to the rule for unimpaired assets to alleviate pressure associated with hysterical market behavior as it relates to the market value deviation test.

Disclosure of Portfolio Information

We do not believe that disclosing portfolio holdings monthly will further enhance shareholder understanding of fund risks; in particular, retail investors, who are likely to rely on the fund manager's expertise and the guidelines of the fund prospectus.

Tier Two Issuers

It is our belief that tier two issuers did not contribute to the credit crisis. Also, reported statistics indicate that 2a-7 funds rarely ever hold positions with tier two issuers. Therefore, eliminating them from the rule would make no difference in the credit quality of 2a-7 funds.

Thank you.

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