

**THE JENNISON/DRYDEN AND TARGET MUTUAL FUNDS
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August 22, 2008

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Attention: Ms. Florence E. Harmon, Acting Secretary

Re: File No. S7-19-08

Ladies and Gentlemen:

I am writing on behalf of the Board of Directors of the Jennison/Dryden and Target Mutual Funds. Our Board, which consists of ten independent and two management directors, oversees 63 investment portfolios with more than \$63 billion in assets. Among these portfolios are six money market funds having assets of more than \$28.3 billion.

We are very concerned about your recent proposal to eliminate references to ratings issued by nationally recognized statistical rating organizations (NRSROs) in the context of Rule 2a-7 credit determinations. We are especially skeptical about the Commission's expectation that a money market fund's board of directors would have ultimate responsibility for determining: (1) that each portfolio holding presents "minimal credit risks" and (2) whether the holding is a "First Tier Security" or a "Second Tier Security". Moreover, we do not believe that shifting this responsibility to fund boards is an appropriate response to public concerns about NRSROs. Fund boards have not been the source of the purported flaws in ratings and adding to their responsibilities is not a cure.

We respectfully urge the Commission to revise its proposal so as to avoid extending the responsibility for all credit and "Tier" determinations beyond the board's current oversight role. The investment adviser, with the input of its portfolio managers, is in a much better position than the fund board to evaluate the credit risk associated with a particular issuer. To the extent the Commission is concerned about the independence of the adviser or about potential conflicts of interest, it could require that the adviser's procedures be subject to periodic board oversight.

Credit Risk Determinations

The Commission states that it would substitute references to NRSRO ratings in Rule 2a-7 with "alternative provisions that are designed to appropriately achieve the *same purpose as the ratings.*" (emphasis added) The Commission proposes that a security would be an Eligible Security under the Rule "if the board of directors determines that it presents minimal credit risks,

which determination must be based on factors pertaining to credit quality and the issuer's ability to meet its short-term financial obligations." Currently, an "Eligible Security" includes an instrument that has received one of the two highest short-term rating categories from an NRSRO.

We vigorously disagree with the Commission's notion that money market fund boards of directors have the necessary expertise to determine whether a portfolio holding presents "minimal credit risks." We fail to see how, with little or no professional experience in the area of credit risk ratings, board members (and independent directors, specifically) could be seriously considered a credible substitute for NRSROs. Despite the flaws that those institutions may have, we don't believe that a mutual fund board can ever "serve the same purpose" as that of a rating agency, which, after all, has significant personnel and technological resources dedicated entirely to credit analysis. Replacing minimum credit standards independently determined by a small number of organizations with substantial expertise with subjective determinations by a very large number of organizations with widely varying degrees of expertise poses, in our minds, a grave risk to the continuing stability of the net asset value of money market fund shares.*

Continued Reliance on NRSRO Ratings

The Commission would allow fund boards to consider NRSRO ratings that the board concludes are "credible." Yet it provides no guidance as to what factors a board should review in determining whether an NRSRO's rating is credible. The board, according to the Commission, would need to make "an independent judgment of risk." How should the board make this judgment? Perhaps it could hire a consultant. But how then should the board assess whether the consultant's conclusions are reliable? Who would bear the additional cost? What should the board do if the consultant reaches a different credit determination than the NRSRO, but both determinations seem reasonable? How is the consultant better qualified than the NRSRO to make these credit determinations?

The time and the money that could be spent by fund boards in attempting to assess the credit-worthiness of complex money market instruments might become very substantial. Is this really how the Commission believes fund assets and board time should be expended?

First and Second Tier Determinations

The Commission has proposed that NRSRO ratings no longer be the basis on which a security is determined to be a "First Tier Security" or a "Second Tier Security" under the Rule. Instead, the Commission proposes that a security would be in the First Tier "if the fund's board had determined that the issuer has the highest capacity to meet its short-term financial obligations." All other eligible securities would be Second Tier Securities.

* We recognize that under the rule, we currently have a broad responsibility to determine that "Eligible Securities" present "minimal credit risk." We are able, however, to rely solely on NRSRO ratings or similar ratings to determine whether securities are "eligible." Under the Commission's proposals we would no longer have the ability to do so, which means that both determinations of "minimal credit risk" and "eligibility" would now rest solely on the shoulders of funds boards—a difficult and inappropriate result.

If, as we have contended, it's unreasonable to suggest that fund directors should have ultimate responsibility for determining whether a security presents "minimal credit risks," then, we respectfully suggest, it is, frankly, absurd for the Commission to expect those same directors credibly to calibrate whether that security is First Tier or Second Tier—whether the issuer of that security has the "highest capacity to meet its short-term obligations" or not.

Fund directors are ill-suited to make highly technical judgments as to ratings and risks and are particularly ill-equipped to discern the difference between a First Tier and a Second Tier Security. If the NRSROs, whose very business is to assess the credit-worthiness of often complex money market instruments, have been found wanting, we find it difficult to believe that independent directors, few of whom possess professional experience in credit analysis, could or should do a better job.

Our Recommendation

We strongly urge the Commission to reconsider its proposal and relieve fund directors of any responsibilities for final determinations as to the credit-worthiness of specific instruments. The Commission's clear priority, we respectfully suggest, ought to be to fix what is wrong with NRSROs. These agencies should remain key players under Rule 2a-7 so that the fund board can continue to exercise its traditional oversight role. If that is not feasible, the Commission, in our view, should nonetheless expressly provide that the fund board would have only a general oversight duty to monitor the adviser's process (as evidenced by procedures) relating to its credit determinations and assessments. Actual credit determinations themselves could continue to be delegated to the investment adviser, who would take into account ratings provided by the NRSROs as well as research provided by financial services firms and any other input that the adviser deems reliable.

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We as fund directors continue to be saddled with an ever-increasing burden of responsibilities without any relief of the kind that Director Donohue and his colleagues have long been considering but haven't yet acted on. This current proposal is notably inconsistent with that laudable goal.

We appreciate the opportunity to comment upon these important proposals.

Very truly yours,

/s/ Robin Smith

Robin Smith, Board Chair
Jennison/Dryden Funds
Target Funds