



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**

David A. Stella  
SECRETARY

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September 29, 2011



MR. DAVID A STAWICK  
SECRETARY  
COMMODITY FUTURES TRADING COMM  
THREE LAFAYETTE CENTRE  
1155 21ST STREET, N.W.  
WASHINGTON, D.C. 20581

MS. ELIZABETH M. MURPHY  
SECRETARY  
SECURITIES AND EXCHANGE COMM  
100 F STREET, NE  
WASHINGTON, D.C. 20549-1090

RE: Study of Stable Value Contracts

Dear Mr. Stawick and Ms. Murphy:

On behalf of the Wisconsin Department of Employee Trust Funds (ETF) and the public sector employees in the Wisconsin Deferred Compensation Program (WDC) who currently have over \$462,000,000 invested in the WDC's stable value fund, I ask you to exclude stable value fund contracts from any future swaps regulations your agencies are considering.

The WDC has offered a stable value fund option since 1985. It has consistently been one of the most heavily used options. Nearly thirty percent of the WDC's 50,900 participants hold assets in the WDC's stable value fund. WDC participants invest in the stable value fund because of the features it provides: income, liquidity, and protection of principal. These attributes, along with rates of return generally higher than those offered by money market funds, make stable value funds very attractive to our participants.

We are concerned that if that stable value fund contracts are regulated as swaps, this may result in the elimination of stable value funds as an investment option for our participants. Stable value funds' lack of correlation with stocks provides greater diversification benefits to participants than other conservative fixed income alternatives can provide and are a key component of our participant's planned income sources during their retirement years. Please consider the potential outcomes of your swaps study carefully, as it is of great importance to our participants.

ETF supports the comments filed by the Stable Value Industry Association, which discusses in depth how stable value funds are structured and the existing regulatory oversight that already exists for stable value funds. Thank you in advance for your consideration of our comments.

Sincerely,

David A. Stella  
Secretary

cc: Wisconsin Deferred Compensation Board  
Wisconsin Congressional Delegation

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