

Submitted Electronically

January 10, 2011

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

RE: Release No. IC-29497, File Number 4-619
President's Working Group Report on Money Market Fund Reform

Ladies and Gentlemen:

SVB Asset Management is pleased to submit this letter in response to the Securities and Exchange Commission's request for comments on the options presented in the President's Working Group Report on Money Market Fund Reform. The Securities and Exchange Commission (the "Commission") and the newly-established Financial Stability Oversight Council, which will be taking over for the President's Working Group, are considering various options to materially reduce the susceptibility of money market funds ("MMFs") to runs.

In general, we support the efforts taken by the Commission to address the safety and soundness of the money market fund (the "MMF") industry. We also support some of the proposed options intended to reduce the susceptibility of MMFs to runs. However, we are concerned with the unintended consequences of some of the options, and we urge caution so that reforms intended to strengthen the system don't have the opposite effect. In particular, we strongly oppose the proposals relating to floating net asset value and to mandatory redemptions in kind. We discuss our reasons for this strong opposition and our position on other issues raised in the Request for Comments below.

Background on SVB Asset Management

SVB Asset Management is a wholly-owned subsidiary of Silicon Valley Bank, a California chartered bank and a member of the Federal Reserve System. Silicon Valley Bank is the principal subsidiary of SVB Financial Group, a financial holding company, which had total assets of \$14.75 billion as of September 30, 2010. As a federally registered investment adviser that manages short-term fixed income investments primarily for institutional clients, SVB Asset Management currently manages approximately \$7.4 billion in cash portfolios for companies in the technology and life science industries.

With nearly \$3 trillion in assets under management, money market funds serve not only as important investment vehicles, but also function as important sources of liquidity for businesses, financial institutions and governments. While the recent Rule 2a-7 amendments have improved the risk profile of money funds, we believe that Prime money market funds will

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continue to face challenges from portfolio concentration as a result of tight supplies of short-term dated securities, rising exposures to sponsor concentration risk and diminished capacity of money funds to generate competitive yields. Importantly, the performance of money market funds during the financial crisis also highlighted the vulnerability of the funds to runs, which not only harm fund shareholders but cause significant dislocation in short-term funding markets for companies and financial institutions and ultimately result in rapid declines in economic activity. We agree with the President's Working Group that policymakers should aim primarily at mitigating systemic risk and containing the contagion effect that strains on individual MMFs can have on other MMFs and on the broad financial system.

Specific Responses to the Request for Comments

Floating Net Asset Value

We strongly oppose abandoning the stable \$1 net asset value (NAV) for a floating NAV standard. This proposal would not address the risk of MMFs' susceptibility to runs. During times of distress, investors still will be incentivized to make the earliest redemptions to avoid being the last investors to withdraw funds because subsequent redemptions may force the fund to dispose of less-liquid assets and incur higher losses. The risk of contagion arising from such an event would likely result in a systemic fear across the financial industry.

In addition, a floating NAV MMF would defeat the purpose and eliminate the benefits of having Rule 2a-7 MMFs as separate investment products. Fundamentally changing the nature of money market funds will likely create substantial legal, operational and practical hurdles and encourage a large portion of the assets to move to investment products that are unregulated or less regulated than Rule 2a-7 MMFs and that are less transparent and less prudently managed. This consequence might even increase systemic risks and diminish MMFs' capacity to supply credit to borrowers in short-term debt markets.

Private emergency liquidity facilities for MMFs

We view this option favorably as it is the one most likely to address the Commission's concerns over the risk posed by the MMF industry. A private emergency liquidity facility would complement the SEC's new liquidity requirements and enhance an MMF's ability to withstand outflows without selling assets in depressed markets. Such a facility would reduce the damage that a run on a single fund might cause to the rest of the industry. Even though a liquidity facility might not be able to stop a run on a fund that had "broken the buck," it could prevent contagion of this run to other MMFs and the MMF industry as a whole.

However, the Commission should carefully review the challenges of implementing this option. Mandatory participation for the facility need be imposed only for MMFs that invest in instruments bearing credit risk (i.e., Prime MMFs and Tax-Exempt MMFs). In addition, the facility would have to be adequately sized, such that it would be able to meet the industry's

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liquidity needs during times of distress, although the size would need to be balanced against the cost of the facility. If the cost of the liquidity facility is prohibitive, many MMF industry participants may be discouraged from continuing their operations, thereby leading to further sponsor concentration risk.

We suggest implementing a provision for an alternative source of liquidity on a secured basis from the Federal Reserve to the facility in times of distress. Collateral could be in the form of assets transferred from distressed MMFs, with an overcollateralization requirement provided through the accumulated fees collected from market participants.

Mandatory redemptions in kind

We are opposed to mandatory redemptions in kind as this alternative would not address systemic risk associated with large, widespread redemptions. Most small shareholders are not able to take delivery of underlying MMF assets, let alone manage them. As such, investors would try to sell the assets in a less orderly manner with less knowledge of which securities to liquidate than if a fund were to conduct such sales. This alternative also would present operational and legal challenges in that a fund would have to deliver different securities to various investors in an equitable manner. It also would be difficult to determine which assets to distribute first and the value to be assigned to the assets. Large shareholders receiving in-kind redemptions might seek to liquidate the securities in an unstable market, which could further depress the pricing of the securities remaining in the money market fund.

Insurance for MMFs

Although this option would lessen the systemic risk posed by MMFs, there are many challenges in implementing such insurance. According to statistics compiled by Investment Company Institute, MMF assets amounted to \$2.8 trillion as of January 5, 2011. The insurance provider would need to have substantial capital or carry significant reinsurance in order to provide protection for such a large amount of assets. The insurance premium could not be prohibitive, since this would discourage market participation. Appropriate pricing would have to be assessed based on the riskiness of the individual MMF, which would provide an incentive for prudent MMF risk management. In addition, mandatory participation in such insurance would have to be imposed, but only for MMFs that invest in instruments bearing credit risk (i.e., Prime MMFs and Tax-Exempt MMFs).

A two-tier system of MMFs with enhanced protection for stable NAV funds

A two-tier system of MMFs with stable NAV MMFs reserved for retail investors

These two options include the proposal for a floating NAV, and therefore, the two options present the same issues as the floating NAV option discussed above. In addition, imposition of further constraints on the MMF industry is likely to discourage market participants, which would result in more sponsor concentration risk. In practice, to successfully enforce the

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rule, there is also the administratively impractical challenge of defining the persons who would qualify to be retail investors. There are small institutional investors who exhibit behaviors similar to individual investors, and such investors should not be penalized for the action of larger institutional investors.

Conclusion

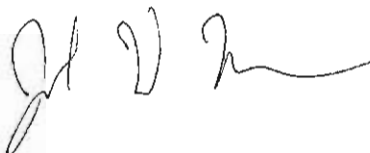
Extensive regulatory changes were introduced to the MMF industry in early 2010 and have been gradually implemented over time. We urge the Commission to carefully consider the impact of further reforms not only on investors, but also on the overall financial system, and allow more time for the changes to take effect prior to introducing more changes to the MMF industry. 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 any of us at the points of contacts listed below if you have any questions.

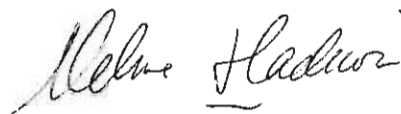
Sincerely,



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