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April 29th, 2011

Subject: Roundtable Discussion Regarding Money Market Funds and Systemic Risk
(File No. 4-619)

Dear Ms. Murphy:

Cachematrix Holdings LLC (“Cachematrix”) appreciates the opportunity to submit comments in connection with the Roundtable Discussion Regarding Money Market Funds and Systemic Risk to be hosted by the Securities and Exchange Commission (the “Commission”) on May 10, 2011. We understand that the roundtable is intended to provide a forum for exchanging views on the potential effectiveness of certain options in mitigating systemic risks of money market funds, including, but not limited to, those contained in the Report of the President’s Working Group on Financial Markets.¹ The role of omnibus accounts and electronic portals and the purported lack of transparency through such channels has been an area of focus in the analysis of the financial crisis of 2008 and its aftermath.² We believe that a comprehensive understanding of the potential strengths and benefits of portals, and the technology and other capabilities of portal providers, is critical to an evaluation of systemic risk in the money market arena and any related reform efforts.

About Cachematrix

Cachematrix is an independent company founded in 2003. I am the founder and Chief Executive Officer. Prior to founding the company, I led money fund sales, marketing and distribution efforts for The Boston Company, Fidelity Investments, Lehman Brothers, and CS First Boston. In 1994, I developed the distribution platform for the Janus institutional money market funds, creating a suite of institutional funds that grew to more than \$20 billion of assets under management. Cachematrix’s management team has over 50 years of collective experience in the money market industry.

Cachematrix is the leading Software as a Service provider (SaaS) of online institutional trading systems for banks and financial institutions worldwide, providing turnkey solutions for money market portal technology, as well as fixed income and bank product trading systems. Our technology enables banks and other financial service firms to offer their corporate clients online

¹ *Report of the President’s Working Group on Financial Markets, Money Market Reform Options* (October 2010).

² See, e.g., Money Market Funds Tackle “Exuberant Irrationality,” Standard & Poor’s, Ratings Direct (Sept. 30, 2008); see also, Commission Release No. IC-28807 (June 30, 2009).

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access to a choice of institutional money market funds and a convenient, single source platform for managing them, including access to comprehensive analysis, online trading, and account management. Over \$4.5 trillion has traded through money market portals powered by our technology.

The Role of Money Market Portals

Short-term investing is a critical function of most corporate treasury departments. Historically, treasury and other short-term investors have viewed money market mutual funds as safe havens in which to invest their excess cash. Over the past decade, particularly after 2006, many treasury and other short-term investors have turned to web-based investment portals to manage their investments in money market funds and other short-term instruments such as commercial paper. From the perspective of banks and financial institutions seeking to meet the needs of corporate treasury departments and other clients who are short-term investors, portals provide a powerful tool. Portals can offer investors time savings, electronic compliance monitoring, investment diversification, and the ability to facilitate reporting and mutual fund analysis within one consolidated platform. Following the liquidity crisis in 2008, investment portals facilitated investors' research by posting recent fund holdings, sub-prime/SIV statements, fund fact sheets, prospectuses and other information. Portals typically offer such information on demand in a single consolidated platform for a wide range of investment choices. Investment professionals assigned to client accounts by portal providers can provide extensive assistance and consulting services, including diligence support, to such investors. During challenging or turbulent market conditions, portals allow investors with a myriad of choices. These include not only a menu of institutional money market funds, but also other money market instruments such as commercial paper and discount notes. In addition, by offering precise information on the destination of wire transactions, the name of the authorizer and time stamps, portals can help financial institution customers comply with Sarbanes-Oxley, which requires tighter audit controls on cash management.

Portals can also offer participating money market funds many benefits including efficiencies in processing, compliance and risk management tools, customized reporting and real-time transparency. Many portals use omnibus settlement in which trades are consolidated and settled through a single wire. Accordingly, participating funds or their transfer agents do not need to process the voluminous amount of trading that can occur in institutional money market funds that are geared toward providing daily liquidity to corporate treasurers and other financial institutions. In addition, portals provide extensive audit trails and checks and balances, which not only increase efficiency but also reduce the likelihood of errors.

Currently, there are approximately 17 portals operating in the institutional money market space, including 9 portals powered by Cachematrix technology, and assets of approximately \$500 billion traded through such portals. In addition, we estimate that there are over 100,000

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small to Fortune 500 companies that use portals. Accordingly, portals are an integral participant in the institutional money market space and provide critical interfaces between short-term investors including bank and financial institution customers, and money market funds. With their heavy emphasis on online technology and innovation, portals and technology providers to portals have played and can continue to play an integral role in developing private market-based solutions to managing systemic risk. Accordingly, we strongly believe that portals should be viewed as a part of the solution to systemic risk management, rather than part of the problem.

Technology-Based Solutions

Electronic portals were criticized during the liquidity “run” that occurred in the fall of 2008 following the Lehman Brothers bankruptcy. Following the events of 2008, some providers of money market portal technology developed significant enhancements that have helped industry participants evaluate and manage liquidity risk by creating a range of transparency solutions, compliance tools and customized reporting. By way of example, Cachematrix first launched its patented MbOX technology in 2010, which is designed to mitigate the following types of risk:

- Active Trading Risk

Active trading risk is the risk that frequent trading in fund shares may be disruptive to remaining shareholders. Our technology allows funds to track historical trade volume by shareholder, and filter and sort trades by client name, account or size of trade.

- Concentration Risk

Concentration risk is the risk that large redemptions by a small number of large shareholders could harm remaining shareholders. Our technology provides real-time access to transaction data and shareholder information.

- Transparency Risk

Transparency risk is the risk that funds have inadequate information regarding underlying account balances. Our technology allows funds the ability to view underlying omnibus account balances and shareholder information.

MbOX™ is an innovative web-based trade and account transparency platform for money fund families that offer their funds on portals. The software provides money fund managers with real-time transparency to account activity, omnibus transactions and trade data originating from all Cachematrix powered portals, and is capable (with the proper integrations) of including all

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activity coming through a fund's transfer agent as well as any other third-party trading portals. We believe MbOX™'s transparency functionality is paramount to the industry, as it allows fund managers to realize the operational efficiencies of omnibus trading while facilitating full disclosure and risk management.

MbOX™ is a key advancement in compliance and offers an effective solution to many of the transparency dilemmas money fund managers faced during the market challenges following the liquidity crisis in 2008 and continue to face in the evolving regulatory environment. This technology is an industry first and has garnered significant attention from fund managers, fixed income traders, operating personnel and key executives.

President's Working Group Options

The President's Working Group paper set forth eight potential options for addressing systemic risk and included a detailed discussion of the advantages and disadvantages of each option. We offer the following comments on certain of the proposed options.

Money market funds represent a nearly \$3 trillion sector, and serve as an important vehicle for corporate treasurers and other short-term investors. The stable value of money market funds is an absolutely critical feature to such investors who place a high premium on stability and preservation of capital. Money market funds in turn are themselves significant investors in the short-term money markets and account for significant demand for commercial paper, demand notes and other new issues. The stable net asset value feature of money market funds permitted by Rule 2a-7 is a seminal feature of this product. Accordingly, we strongly oppose the proposal to mandate a floating net asset value. We believe that any such proposal would dramatically change the dynamics of the money markets and could have severe adverse repercussions, including many unintended consequences. For similar reasons, we do not support other dramatic changes in the regulatory regime governing money market funds such as regulating stable net asset value funds as special purposes banks. We believe that such a proposal likewise would dramatically re-shape the money markets in an adverse manner. We believe that Rule 2a-7, which provides the regulatory framework for money market funds, remains sound and that reform efforts should not be focused on creating a regulatory regime that fundamentally changes this landscape.

Cachematrix believes that both portals and omnibus accounts serve an important function to all key constituencies in the money market space including money market funds, financial intermediaries and end investors such as corporate treasurers. Cachematrix supports reform initiatives that are aimed at mitigating risk through increased transparency with respect to transactions placed through portals or other omnibus arrangements. Various measures have ranged from increased reporting to more significant measures, such as extending Rule 22c-2 to money markets funds. As discussed above, certain private industry participants and service

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providers have already developed technology enhancements to achieve the goal of greater transparency. We believe that the staff of the Commission should seek to fully understand the technology capabilities of private market participants in formulating further reform efforts with respect to money market funds.

Thank you for the opportunity to comment on the regulatory options presented in the President's Working Group. If the Commission has any questions on our views or needs any other information, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "G. Hagerman". The signature is fluid and cursive, with a large initial "G" and a long horizontal stroke.

George Hagerman