Silicon Valley Bank

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

Re: Money Market Fund Reform; Amendments to Form PF
Release No. IC-30551; File No. S7-03-13

Dear Ms. Murphy:

Silicon Valley Bank (SVB) is pleased to submit these comments on the proposed rulemaking notice of the Securities and Exchange Commission (the "Commission") on Money Market Fund Reform ("Proposed MMF Amendments").

SVB is the premier bank for technology, life science, cleantech, venture capital, private equity and premium wine businesses. Banking the world's most innovative companies and exclusive wineries, SVB's diverse financial services, knowledge, global network, and world class service increase our clients' probability of success. With $23 billion in assets and more than 1,600 employees, we provide commercial, international and private banking through 34 locations worldwide.

Technology startups present an unusual investment profile. These companies often receive funding in tranches through various rounds of financing. The tranches are then typically held in money market funds or other short-term high quality investment vehicles until needed for payroll or capital expenditures.

Because startups historically have created 11 percent of all private sector jobs, 10 percent of total U.S. sales, 21 percent of U.S. GDP, and entire new industries like software and biotechnology, the safety and liquidity of their funding balances is extremely important. SVB's mission is to help entrepreneurs across the globe succeed. SVB's clients hold approximately $17.5 billion in MMF assets via three different channels.

In our role as trusted advisor to our clients, SVB has a long history of helping clients invest their funds in instruments that offer high degrees of capital preservation and liquidity which constitute the primary investment objectives of all our clients.

SVB and our clients continue to believe that high quality, well diversified money market funds managed by firms with extensive track records prudently managing these

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portfolios, are suitable vehicles for investors whose objectives center on capital preservation and liquidity.

With regard to the Proposed MMF Amendments, our general view is that they are:

1. **Unnecessary.** The reforms implemented in 2010 targeting liquidity measures have sufficiently added additional layers of security for MMF investors.
2. **Costly and burdensome.** The floating NAV proposal specifically will require costly infrastructure builds outs for both fund companies and MMF investors while providing no increase in investor protection.
3. **Counterproductive.** MMF investors who don't fully appreciate the impact of a modest, downward price movement in their MMF's NAV may act irrationally and redeem all their shares thereby triggering a run. The same run risk applies to MMF investors who believe access to their cash will be compromised or will come only after paying a fee.

Two primary features that make MMFs ideally suited for our clients include (1) a stable, $1.00 NAV and (2) prompt, intra-day processing and settlement of trade orders. These are features that would be undermined by the proposed reforms. Because the precise value of MMF holdings won't be known until market-close, a floating NAV would preclude same-day settlement which we and our clients both rely on to ensure timely, accurate debit and credit processing and funds availability.

Despite the fact that movements in the NAV would likely be extremely small (on the order of 1/100th of a percent), they would still need to be tracked and reported. The operational efficiencies made possible by the amortized cost method would be replaced by costly, time consuming processes that provide no measurable benefit for MMF investors.

Our clients are focused on developing the world's most exciting technologies and innovations. They see MMFs as vehicles that provide diversification of credit risk and the highest of liquidity thresholds. They have neither the time nor inclination to account for fractional movements in the underlying price of their cash positions. They, like many institutional investors surveyed about the reform proposal[1], would be significantly less likely to continue using MMFs and would choose alternative vehicles for their cash rather than adapt to the new accounting burdens. This shift of assets on a large scale, may create greater problems for the SEC, the Fed, or other regulators, as well as unforeseen risks for investors who may elect to bloat bank balance sheets or use unregulated investment vehicles.

The notion that a floating NAV ends a false perception of stability in the marketplace ignores the fact that investors are already aware of the risk nature of these vehicles. Every

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[1] 2013 AFP Liquidity Survey, 2013 Association for Financial Professionals, Inc. (http://www.afponline.org/uploadedFiles/Association_of_Financial_Professionals/mbr/reg/pdf/2013%20AFP%20Liquidity%20Survey.pdf)

fund marketing document and prospectus is required to state that the fund "may lose value." Furthermore, our clients are well aware of the problems the MMF industry went through in 2008. We communicated openly and often about what was happening during that time. Nonetheless, our clients continue to use MMFs and mitigate their risk through due diligence and monitoring of existing disclosure requirements.

Also, the notion that a floating NAV will help acclimate investors to negative movements in the fund's price is also flawed, as it appears to equate all negative share price movements instead of adequately accounting for the degree of price change. Treasury managers have no interest in accepting any realized loss from their cash investments. By forcing even a moderate realized loss, these investors could flee MMFs thereby exacerbating the effects of an otherwise "normal" shift in fund price.

Although the Commission's proposal around redemption gating and liquidity fees does not introduce the operational and accounting burdens that the floating NAV proposal does, it is no more useful or beneficial to MMF investors.

As it relates to the liquidity fee specifically, it, like the floating NAV proposal, may create a higher risk for a run on a MMF by creating a perception that the investors' cash will be frozen or only made accessible after paying a fee. Our clients know that in a stressed market, investors who get out of a troubled investment (including otherwise healthy products caught up in headline risk) first will fare the best. There is little doubt that treasury managers who lived through the 2008 crisis, will be the first ones at the door at any sign of trouble, even if they need to pay a liquidity fee to get out. The volume of redemption orders will only increase once the fee is imposed.

As it relates to gating specifically, we believe it is the least onerous of all the reforms being considered primarily because it does not introduce anything that a fund's board cannot already do. But we also believe the investor should have the ability to liquidate their position at the current market price, rather than allow for locking up invested funds.

Having discussed the ramifications of the floating NAV option and fees/gates, we feel it is important to note the additional requirements of fund reporting, stress testing, concentration limits, etc. as positives for the industry. Investors require enough information to compare funds to alternatives and to assess risk/reward trade-offs for specific funds. As a general rule, increased disclosures assist in that process.

The Commission's regulation and oversight of MMFs has been robust and successful as demonstrated by the industry's ability to survive many stressed market environments over the years. The 2010 amendments to Rule 2a-7 appear to have been highly effective in enabling MMFs to weather periods of unusual redemptions in 2011. However, the imposition of a floating NAV requirement on MMFs, or the prohibition on MMFs' use of amortized cost accounting, would hamper our clients' ability to hold short-term cash balances in MMFs. We do not believe further changes to the Commission's program of regulation of MMFs are needed at this time.

Sincerely,

Joe Morgan
Chief Investment Officer
SVB Asset Management, a registered investment advisor and a non-bank affiliate of Silicon Valley Bank