

June 18, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

BARCLAYS GLOBAL INVESTORS

Re: Amendments to Financial Responsibility Rules for Broker-Dealers
(File No. S7-08-07)

Dear Ms. Morris,

Barclays Global Investors, N.A. (“BGI”)¹ commends the Commission for proposing² to expand the use of money market funds for purposes of its broker-dealer financial responsibility rules. We support the intent of the Proposal; however, we are concerned that the Proposal is unnecessarily narrow. By this letter, we wish to communicate our strong support for the recommendations set forth in the comment letter submitted by the Investment Company Institute (dated June 18, 2007). In addition, we would like to note specifically that:

- The Proposal’s definition of “qualified security” in Rule 15c3-3 under the Securities Exchange Act of 1934 (“Exchange Act”) should be further expanded to include money market funds beyond those that invest in U.S. Treasury securities, such as those money market funds that invest exclusively in “first tier” securities as defined under Rule 2a-7 under the Investment Company Act of 1940.
- The Proposal’s 10% limit on a broker-dealer’s reserve account holdings of a single money market fund is too restrictive. Given the credit quality and the liquidity of “first tier” money market securities, the Commission should adopt a higher threshold limitation for purposes of Rule 15c3-3.

¹ Headquartered in San Francisco, BGI is a majority-owned subsidiary of Barclays Bank PLC, one of the world’s leading diversified financial services companies. BGI is one of the world’s largest asset managers and a leading global provider of investment management products and services. As of March 31, 2007, BGI has over \$1.8 trillion of assets under management. Barclays Global Fund Advisors, a subsidiary of BGI, is a registered investment adviser with more than \$319 billion in assets under management as of April 30, 2007. BGFA managed approximately \$36 billion in U.S. money market mutual fund assets as of June 15, 2007.

² SEC Release No. 34-55431 (March 9, 2007), 72 FR 12899 (March 19, 2007) (“Proposal”).

- The Proposal would reduce to one percent the “haircut” that broker-dealers are required to apply to proprietary positions in money market funds under Exchange Act Rule 15c3-1. We believe that the safety, stability and liquidity of money market funds, as provided by Rule 2a-7 and as shown by their history, support the reduction of the “haircut” from two percent to zero percent.

We greatly appreciate the opportunity to respectfully submit these comments to the Commission.

Very truly yours,

A handwritten signature in black ink, appearing to read 'D. A. Lonergan', with a long, sweeping horizontal line extending to the right.

David Lonergan
Head of U.S. Cash Management