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September 8, 2009

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

Re: File No. S7-11-09; Money Market Fund Reform (Release No. IC-28807)

Dear Ms. Murphy:

Russell Investment Management Company ("RIMCo"), a wholly-owned subsidiary of Frank Russell Company ("Russell"), is an investment adviser registered with the Securities and Exchange Commission (the "Commission") under the Investment Advisers Act of 1940. RIMCo is the principal investment adviser of each series of Russell Investment Company ("RIC") and Russell Investment Funds ("RIF" and together with RIC, the "Investment Companies"). The Investment Companies are open-end management investment companies registered as such under the Investment Company Act of 1940, as amended (the "1940 Act"). Each series of the Investment Companies (the "Russell Funds") operates pursuant to a manager of managers exemptive order, with the exception of series that are funds of funds or money market funds.¹ Currently, one series of the Investment Companies is a money market fund (the "Fund").

The Russell Funds are offered through financial intermediaries, including registered investment advisers, broker-dealers, banks (including bank trust departments) and other financial services organizations that have been selected by the Russell Funds' adviser or distributor ("financial intermediaries"). Most Russell Funds are designed to provide a means for investors to obtain access to RIMCo's "multi-style, multi-manager diversification" investment method and to obtain RIMCo's and Russell's money manager research services.

RIMCo supports many of the Commission's proposals to amend Rule 2a-7 and certain other provisions of the Investment Company Act of 1940.² Further, RIMCo is pleased to have this opportunity to comment upon the proposal (the "Proposal") set forth in the above-captioned Release (the "Proposing Release").

¹ SEC Release Nos. IC-21108 (June 2, 1995) (notice) and IC-21169 (June 28, 1995) (order).

² The Commission has also proposed conforming amendments to Rules 17a-9 and 30b1-5, as well as new Rules 22e-3 and 20b1-6.

Information Regarding RIMCo.

Russell, RIMCo's parent, was founded in 1936 and has been providing comprehensive asset management consulting services for over 30 years to institutional investors, principally large corporate employee benefit plans. Russell is a subsidiary of The Northwestern Mutual Life Insurance Company. Founded in 1857, Northwestern Mutual is a mutual insurance company headquartered in Milwaukee, Wisconsin. RIMCo was established in 1982 to serve as the investment management arm of Russell. RIMCo pioneered the "multi-style, multi-manager" investment method in mutual funds and, as of June 30, 2009, managed over \$29.1 billion in 47 mutual fund portfolios.

Comments on the Proposal.

1. Portfolio Liquidity Requirements.
 - a. *Minimum Daily and Weekly Liquidity Requirements: "Retail" versus "Institutional" Distinction*

While we support minimum daily and weekly liquidity requirements generally, we oppose differing liquidity requirements for "retail" and "institutional" money market funds. As stated above, the Fund is sold through financial intermediaries. Many financial intermediaries maintain a single omnibus account on the Fund's books through which the transactions of multiple individual beneficial owners are combined. The Fund's transfer agent has limited access to underlying beneficial owner information. Such arrangements, therefore, present significant obstacles for the Fund's transfer agent, and accordingly, RIMCo, in obtaining detailed information about the individual beneficial owners of the Fund. In order to assess whether shareholders are "retail" or "institutional" in nature and their expected redemption behavior, the Fund would need to incur substantial costs to continuously obtain, analyze and store data from the financial intermediaries. Contrary to the Commission's assumption, the operational challenges and associated costs posed by the "knowing our customer" requirements are significant. We believe, therefore, that there should not be differing minimum daily or weekly liquidity requirements for "retail" or "institutional" money market funds, but rather common requirements applicable to all money market funds generally.

- b. *General Liquidity Requirements*

Similarly, we believe there will be significant practical difficulties in implementing the Commission's proposal to require money market funds to at all times hold highly liquid securities sufficient to meet reasonably foreseeable redemptions. As discussed above, many financial intermediaries maintain omnibus accounts with money market funds, making it difficult for funds to identify the ultimate beneficial owners of fund shares. In addition, because there can

be a wide variety of underlying beneficial owners in an omnibus account (*e.g.*, individual investors, sweep accounts, *etc.*) it may be difficult, if not impossible, to reasonably anticipate the level of redemption activity. Accordingly, while we believe a general liquidity requirement is unnecessary given the other proposed liquidity measures, any such general liquidity requirement adopted by the Commission should take into account the omnibus account structure and provide guidance as to how money market funds should address such arrangements.

2. Processing Transactions.

The Commission's proposals would require that each money market fund (or its transfer agent) be able to process purchases and redemptions at a price other than \$1.00 per share. In order to implement this requirement, the Fund's transfer agent would need the operational capabilities to price money market Fund shares to three decimal places. Fund shares currently are priced to two decimal places. The transfer agent would need to incur costs to upgrade systems and modify reporting mechanisms to ensure that its systems are able to meet the new requirements. The costs of such changes may be passed on to shareholders.

In addition, we note that certain financial intermediaries, distribution partners and platforms often perform various functions related to the processing of Fund transactions. In order for the Fund or the Fund's transfer agent to be able to process transactions at a price other than \$1.00 per share, such financial intermediaries must also have such a capability. As currently drafted, the proposal would not impose a formal requirement on intermediaries. As a result, it may be difficult, if not impossible, for the Fund or the Fund's transfer agent to process purchases and redemptions at a price other than \$1.00. Even with such a formal requirement, additional costs would be incurred in order to review the intermediaries' procedures such that the Fund's board would be able to make its required determination under the proposal.

3. Reporting

We oppose the Commission's proposal to require the disclosure of a money market fund's monthly portfolio holdings, in accordance with Regulation S-X, on the fund's website within two business days of the month end. We suggest that such monthly posting be limited to a security's issuer, the name of the issue (including coupon or yield and maturity), the principal amount, and the current amortized cost. Additionally, we suggest that the time period for posting be five business days. Currently, the holdings report received from the Fund's custodian must be manually reviewed and formatted to make the report meaningful for third parties. In order to post the required information within two business days, significant additional administrative and operational costs would need to be incurred. Any additional transparency afforded by the posting holdings in two days rather than five would in our view be outweighed by these additional costs.

We also oppose the requirement under proposed Rule 30b1-6 for money market funds to file a monthly portfolio holdings report on Form N-MFP within two business days of the month end.

As noted above, a two business day requirement is not practicable. We believe that compiling all of the information required by the Form (*i.e.*, ratings information, information with respect to credit enhancers, whether the security is extendable, and the level of valuation inputs under FAS 157), which may not currently be stored in the same location as the holdings information, may take substantially longer than two business days. Accordingly, we recommend a 15 business day filing period for Form N-MFP.

4. Redemptions In-Kind

The Commission has requested comment on whether it should require money market funds to satisfy redemption requests in excess of a certain size through in-kind redemptions. As noted above, many individuals invest in money market funds through a financial intermediary. In these situations, purchase and redemption orders are aggregated among individual beneficial owners in an omnibus account. The current proposal does not distinguish between large redemptions made by direct shareholders and large redemptions made by multiple shareholders through an omnibus account. A money market fund may, therefore, receive a single large redemption request from a financial intermediary that could trigger the redemption in-kind requirement. To the money market fund, such a redemption order may appear to be made on behalf of a single large shareholder when, in fact, the order was on behalf of a number of smaller, individual beneficial owners.

In the absence of a distinction between large redemptions by direct shareholders and large redemptions through omnibus accounts, a money market fund would be required to satisfy the redemption request with an in-kind redemption, and the financial intermediary would need to deliver in-kind assets to individual beneficial owners. As is the case with many omnibus accounts, there may be a large number of beneficial owners with relatively small positions in the money market fund. Dividing in-kind assets among such beneficial owners may be difficult if not impossible for such financial intermediaries. In addition, because of the omnibus account structure, an individual beneficial owner may end up holding potentially sophisticated securities that the beneficial owner did not intend to own. Any requirement for redemptions in-kind should, therefore, take into account omnibus account structures.

Please call the undersigned at 253-439-2406 if you have any questions regarding this comment letter.

Russell Investment Management Company


By: Gregory J. Lyons
U.S. General Counsel