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August 28, 2009

RECEIVED
SEP 02 2009
OFFICE OF THE SECRETARY

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

Re: Money Market Fund Reform (File Number S7-11-09)

Dear Ms. Murphy:

On page 170 of the Securities and Exchange Commission's proposed changes to Rule 2a-7 under the Investment Company Act of 1940, the text of the rule under (c)(3)(iii) would impose the following requirement on securities subject to a conditional demand feature:

"(C) The Underlying Security or any Guarantee of such security (or the debt securities of the issuer of the Underlying Security or Guarantee that are comparable in priority and security with the Underlying Security or Guarantee) has received either a short-term rating or a long-term rating, as the case may be, from the Requisite NRSROs within the NRSROs' highest short-term or long-term rating categories (within which there may be sub-categories or gradations indicating relative standing) or, if unrated, is determined to be of comparable quality by the money market fund's board of directors to a security that has received a rating from the Requisite NRSROs within the NRSROs' highest short-term or long-term rating categories, as the case may be."

The requirement that the underlying bond be rated in the highest short-term or long-term rating category represents a change from the current rule, which requires a rating "within the NRSROs' two highest short-term or long-term rating categories."

Such a change would greatly reduce the amount of tender option bonds that could be acquired by tax-exempt money market funds since those securities typically are supported by conditional demand features and are often collateralized by bonds that are rated in the second highest long-term rating category.

As far as I can tell from a quick scan of the proposal, the SEC did not present a rationale for imposing a stricter rating requirement for underlying bonds backing securities subject to a conditional demand feature. It appears that the change in the text of the rule itself was made to be consistent with the proposal for not allowing money market funds to hold second tier securities. However, elsewhere in the proposed rule, long-term bonds are treated differently from bonds with short-term ratings. In (a)(11)(iv)(A), which defines "Eligible Security," the proposed rule would allow bonds with long-term ratings in the two highest rating categories to be acquired by money market funds.

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"(A) A security that at the time of issuance had a remaining maturity of more than 397 calendar days but that has a remaining maturity of 397 calendar days or less and that is an Unrated Security is not an Eligible Security if the security has received a long-term rating from any NRSRO that is not within the NRSRO's two highest long-term ratings categories (within which there may be sub-categories or gradations indicating relative standing), unless the security has received a long-term rating from the Requisite NRSROs in one of the two highest rating categories."

This requirement would replace one that required that bonds have long-term ratings in the three highest rating categories.

Since bonds with long-term ratings in the two highest rating categories that do not have short-term ratings can qualify as eligible securities, it would be consistent if bonds so rated would qualify as collateral for securities supported by conditional demand features.

Sincerely,

Cadmus M. Hicks, Jr.

Cadmus Hicks
Managing Director
Nuveen Investments