



AMERICAN FINANCIAL SERVICES FUNDING CORP.

Insurance Premium Financing

R. Jay Scheideman
President

August 27, 2009

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

**RE: File Number S7-11-09, Release No. IC-28807
Money Market Fund Reform**

Dear Ms. Murphy:

American Financial Services ("AFS") is a privately owned premium finance company based in Dallas, Texas, providing premium finance loans to small and medium sized businesses primarily in Texas and California. We also book loans from several other Midwest states. Our ability to provide credit to such businesses and to expand our business over the past 20 years has been dependent upon our funding from the money market mutual fund industry. We are funding approximately \$250 million in loans annually. Thank you for the opportunity to share our experiences in the form of the following comments as regards proposed amendments to certain rules that govern such funds.

AFS decided to explore the new asset backed securitization realm in 1993, and after receiving an "A-1" (one notch below the highest) short term debt rating for our structure from two NRSROs, we approached the money market mutual fund industry. It would not have been possible to attract attention from the industry without the rating, due to our small size and the newness of our asset class. The process of receiving our ratings was exhaustive, lasting nearly a year in a thorough vetting process, particularly with the one well-known NRSRO. I would comment that the rating review was thorough and objective, which has served all parties well, as we were successful in placing our security with an industry leading money market fund that has held our security for 15 consecutive years through today. We structured our documents largely around the comments received from the NRSRO. We note that the Commission seeks comment under the caption "Eligible Securities- Use of NRSROs", and would comment that our experience shows their use was imperative for introduction to the money market mutual fund

industry. The structure and diversification of our model and the performance of the assets has played the key role in providing a consistent 15 year performance at yields significantly higher than alternative investments for our investor. Obtaining the requisite short-term rating represents a true qualification for consideration of purchase by money market fund managers, whose further review and analysis culminates the investment decision.

On a similar note, we wish to comment on the Commission's proposed rule change to eliminate the ability of money market funds to purchase illiquid securities. AFS believes strongly that such funds should retain the ability to invest up to 10% of their assets in illiquid securities and requests that the Commission withdraw this proposed change. This proposed change would have blocked us from the mutual fund money market, and possibly squashed the innovation of our asset class during the growth phase of our business. Eliminating the ability to be held as an investment by our investor would have removed the extension of \$250 million of credit from small to medium sized business for the last 15 years and into the future.

Also, the result of not having a 10% basket overnight would be highly disruptive to us and our money market mutual fund investor. Ours is a direct private placement of securities, for which we have a substantial investment. The yield on our securities is significantly higher than alternative investments for our investor, and fit a perfect niche for our funding between a traditional bank credit and other sources such as commercial paper, which would have required a much larger borrowing than we could generate. The rate of interest we pay our money market mutual investor is superior to most other rates they receive; yet we benefit from paying substantially less than a traditional lender would require. The source and size of our borrowing facility is also superior. Finally, we note the proposed rule change embodied in the new Daily Liquid Assets and Weekly Liquid Assets requirements for money market mutual funds, which appear to provide ample liquidity to meet redemptions.

I wish to thank the Commission for considering these comments. I am grateful for a regulatory framework that is open to and seeks the comments of its constituents.

Sincerely yours,

R. Jay Scheideman