

September 8, 2009

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Submitted Via Email to: rule-comments@sec.gov

Re: File Number S7-11-09

The Association for Financial Professionals (AFP) welcomes the opportunity to provide comments on the Securities and Exchange Commission's (SEC) proposed amendments to the rules that govern money market funds under the Investment Company Act. AFP fully supports amending the current rules in a manner that encourages clear and concise transparency which not only protects investors but provides them with the necessary information needed to make the most sound and practical investment decisions for their organizations.

The membership of the Association for Financial Professionals (AFP) includes more than 16,000 financial executives employed by over 5,000 corporations and other organizations. AFP members represent a broad spectrum of financial disciplines and their organizations are drawn generally from the Fortune 1000 and middle-market companies in a wide variety of industries, including manufacturing, retail, energy, financial services, and technology. Many AFP members manage their organization's investment portfolios and have an active interest and a sizable stake in the manner under which money market funds operate. The proposed amendments are of critical importance to our members, as they are responsible for directing the investment of corporate cash and pension assets for their organizations and are charged with considering action on all available options to maximize investments, protect safety and support yield.

AFP offers the following comments on the proposed amendments:

Portfolio Quality

AFP opposes the proposed amendment to prohibit money market funds from investing in securities that carry the second highest credit rating. Many A2/P2 Issuers are high quality credits with investment-grade long-term debt ratings. The historic default risk of A2/P2 securities is very similar to that of A1/P1 securities. Given the strong historical performance of second tier securities, we believe that investors should continue to have the option of investing in funds that purchase these types of securities.

Given the broad array of money funds available to investors, we believe investors are best able to determine the appropriate risk/reward profile for their individual situation. We believe the market will determine which money market funds and which strategies will continue to exist.

If investors choose not to purchase money market funds that buy second tier securities, those funds and that strategy will, over a relatively short period of time, cease to exist. On the other hand, if investors are comfortable with these funds and their strategy, they should have the option to include them in their investment portfolios.

NRSRO-related Portfolio Quality

Since 2002, AFP has been a vocal advocate for the reform of the credit ratings industry. Although the current system needs to undergo significant reform, we do not believe that the Commission should begin phasing in the eventual removal of NRSRO references from the current rules. AFP believes that the credit rating process and investor confidence in those ratings are vital to efficient global capital markets, and that it is necessary that the ratings produced by the Nationally Recognized Statistical Rating Organizations (NRSROs) be credible and reliable.

Further, AFP fully supports fair competition in the ratings process and agrees with the Commission's proposal to require that a fund use ratings of three or more NRSROs in determining whether a security is an eligible security under rule 2a-7.

Disclosure of Portfolio Information

The Commission is proposing to amend rule 2a-7 to require money market funds to disclose information about their portfolio holdings on their websites. AFP fully supports amending the rule in a manner that encourages timelier reporting, greater transparency and full disclosure of the securities held by a fund to investors.

The value of these reports will be enhanced if the format is simple and consistently applied across all money market mutual funds. Corporate practitioners rely on the information provided in holdings reports to make investment decisions; therefore it is vitally important that the disclosure provided to investors be thorough and complete. Such a presentation would allow shareholders to compare different funds within a mutual fund complex, as well as across fund families. We suggest that the Commission mandate disclosure of the following fields, at a minimum, for each security:

- issuer;
- security description;
- principal amount of the security;
- current amortized cost;
- price, if available, as of the reporting date;
- CUSIP (if available); and
- maturity date.

Additionally, we believe that certain information about portfolios should be disclosed to assist investors when comparing money market mutual funds:

- Portfolio weighted average maturity; and
- Portfolio weighted average life.

Floating Net Asset Value

AFP opposes the proposal to eliminate the stable NAV in favor of a floating NAV.

AFP believes the introduction of a floating NAV would greatly reduce investors' interest in utilizing money market funds as a cash management/investment tool. For purchasers of money market mutual funds, the return of principal is a much greater driver of the investment decision than return on principal. For a large number of institutional investors, the potential of principal loss would preclude money market funds with a floating NAV from being an approved investment alternative.

We appreciate the opportunity to provide our thoughts on this set of proposals to strengthen the money market fund regulatory regime. If you have any questions about our comments, please contact Jeff Glenzer, Managing Director, at 301.961.8872 or jglenzer@AFPonline.org.

Sincerely,



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