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Filed Electronically

Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

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

Dear Ms. Murphy:

I serve as chairman of the boards of trustees of the Northern Funds and Northern Institutional Funds, which together offer 13 money market funds with over $70 billion in assets. On behalf of the independent trustees of the boards, I write to express our views on certain of the Commission's recent money market proposals.

The independent trustees strongly support many of the proposals designed to enhance portfolio quality and liquidity. These proposals include: prohibitions on acquiring illiquid securities; limiting weighted average life maturity to 120 days or less and reducing weighted average maturity from 90 to 60 days; requiring stress testing of portfolio securities; and imposing liquidity requirements for funds. We note that the money market funds that we oversee are already in compliance with many of these proposals, or the investment adviser to our funds has informed the boards that these requirements can be easily implemented.

There are several proposals or requests for comment, however, that we believe may merit further consideration for the reasons specified below. These proposals and/or requests include: the floating rate net asset value fund concept; elimination of ratings requirements as a prerequisite for a determination that a security is an "eligible security"; board designation of nationally recognized statistical rating organizations (NRSROs); evaluations of asset-backed security support; determinations with regard to whether a money market fund is institutional or retail in character; and determinations with regard to stress testing.

Oppose Floating Rating NAV

We strongly oppose the proposed floating rate net asset value amendments to Rule 2a-7, which would substitute floating rate funds for the current stable net asset value funds. We think that this proposal will not effectively reduce risk for investors and may in fact increase their risk for several reasons. First, we believe that a floating rate fund could be susceptible to a run in a financially stressed market. Moreover, advisers to floating rate funds would not be as willing to provide liquidity support to these types of funds as they are under the current framework. While much attention has been focused on the run on the Reserve Fund, it should be recognized that large numbers of financial institutions supported their money market funds in last year's financial crisis by providing crucial liquidity support, which avoided a run on these funds and protected them from "breaking the buck." We doubt that advisers would be as willing to support a floating rate fund if the fund was susceptible to a run. Second, we are not aware of any evidence that floating rate funds would be accepted by investors. Anecdotal evidence within our funds' shareholder base suggests that investors are generally not supportive of the concept of a floating rate fund and continue to view the stable net asset value fund as an important investment option. If this is the case, we believe that if floating rate funds are mandated many investors may redeem out of these funds and seek other stable net asset value investment vehicles. Some of these other investment vehicles may be unregulated money market-like funds that may present much more risk than SEC-registered stable net asset value funds.

In summary, we believe that the adoption of many of the other Commission's money market reform proposals will sufficiently reduce systemic risk associated with stable net asset value money market funds, and that eliminating stable net asset value funds is not necessary and could very well be counterproductive. We would support, however, a new framework under which stable net asset value and floating rate funds operating under Rule 2a-7 could both be offered, although floating rate funds would not be subject to the stable net asset value pricing provisions.

Keep NRSROs and Rating Requirements

We strongly support the retention of NRSROs and maintaining ratings requirements under Rule 2a-7. We believe that the requirement that a security have a rating in one of the two highest categories by the "requisite NRSROs" (or that it be a comparable security) is a very useful, objective standard from a board's point of view. That said, we believe that regulatory reform of NRSROs is critical in order to eliminate the serious conflicts of interest and lack of transparency that have recently undermined their credibility and usefulness. As independent trustees, we look primarily to the credit research analysts in the investment adviser's fixed income research department for their independent evaluation of the eligibility of portfolio securities. However, boards should not rely exclusively on the investment adviser's analysis because of the conflicts of interest that may be present in those analyses. We believe that the credit analysis provided by an independent third party such as an NRSRO provides the board with an additional level of scrutiny that complements, and acts as a check and balance, on the adviser's credit analysis. For this reason, we believe that the proposal to remove credit ratings as a threshold factor in Rule 2a-7 would be counterproductive, because it would introduce more risk and less certainty in the operation of money market funds.

The Commission has requested comment on its proposal to require a board to designate at least three (or more) NRSROs that a money market fund would use to determine whether a portfolio security is an eligible security. In addition, the Commission has requested comment on its proposal that a board determine at least annually that the NRSROs it has designated issue credit ratings that are sufficiently reliable to be used for this purpose. Most members of boards of money market funds do not know how NRSROs make their credit rating determinations; nor do they have sufficient information on which to make a determination that the NRSRO is "reliable." We recommend that if the board is to make these determinations that the Commission set forth the criteria and standards that board members should use to make these evaluations. Moreover, we also recommend that the Commission specify the types of information (in guidance or otherwise) that should be provided by the NRSROs to the board for purposes of this determination. Such information could include, for example, NRSRO independence reports to establish the agency's objectivity in making ratings recommendations -- much like the current auditor independence reports. The board should also be able to rely on recommendations made by the investment adviser's credit analysts with regard to the reliability of the NRSROs.

Require Asset-Backed Security Liquidity Support

The SEC has proposed that fund boards (or their delegates) evaluate whether an asset backed security (ABS) includes any committed line of credit or other liquidity support. The evaluation would include, among other things, an analysis of the issuer's ability to maintain promised cash flows. We agree with another industry commenter that a more effective approach may be to require that all ABSs purchased by a money market fund be accompanied by an acceptable means of liquidity support and that a board could rely on its delegate to make this determination, which is generally done at or before the time of purchase. We further believe that this determination should be based on the investment adviser's credit analysis, together with the ratings provided by NRSROs. This approach would simplify credit analyses and result in increased portfolio quality and reduced risk for money market funds.

Institutional/Retail Determinations Not Workable Or Necessary

We do not support the categorization of money market funds as either "retail" or "institutional" as a basis for determining the appropriate liquidity level. The money market funds that we oversee offer different classes of shares that are distinguished by the (i) minimum purchase amount; and (ii) type of customer (individual versus institutions). We have had discussions with our investment adviser regarding our shareholder base. We understand that many shareholders in our retail money market funds often have liquidity needs that mimic institutional investors. We also have been told that the reverse is true – in other words, institutional shareholders' liquidity needs may more closely mimic retail investors' needs. Therefore, we do not believe that our funds are susceptible to bright line determinations of the type suggested by the Commission and that the retail/institutional distinctions may not be meaningful for our or many other money market funds. In addition, we think that these determinations could be easily manipulated by institutional investors who would seek the higher return offered by a "retail" designated fund. We question though whether these determinations are necessary in the first place. It would seem to us that if the Commission's other proposals are adopted, including increasing money market funds' liquidity and quality generally, providing for more frequent

disclosure of portfolio holdings and stress testing, that this institutional/retail determination would not be necessary. Accordingly, we do not believe that differentiating funds as between "retail" and "institutional" is workable or necessary.

Support Stress Testing

We wholeheartedly support a requirement for stress testing of money market funds as a means to manage risk. The investment adviser to our money market funds currently regularly stress tests the money market funds' portfolio securities based on various scenarios, including redemption risk, credit risk and interest rate changes. We strongly believe that the investment adviser, rather than the fund's board, is more qualified to specify the scenarios and assumptions on which these stress tests should be based, although the board should receive regular reports on the results of the adviser's stress testing in order to perform its oversight function. We also think that SEC-provided guidance, informed by industry experts, would be helpful in establishing relevant assumptions and scenarios for these stress tests.

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We appreciate the opportunity to comment on the Commission's proposals. If you have any questions, please feel free to contact our counsel, Diana McCarthy at (215) 988-1146.

Sincerely,

/s/ Richard P. Strubel
Richard P. Strubel
Chairman of the Board
Northern Funds
Northern Institutional Funds