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Investment Company Act of 1940, Sections 34(b) and 35(d); Rule 35d-1

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BY HAND DELIVERY

Ms. Nadya B. Roytblat
Assistant Chief Counsel
Office of Chief Counsel
Division of Investment Management
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Ms. Roytblat:

We are writing on behalf of our client, Straight-A Funding, LLC (the "Issuer"), to request assurances from the Securities and Exchange Commission's ("Commission") Division of Investment Management (the "Staff") that the Staff will not recommend enforcement action to the Commission: (A) under Sections 34(b) or 35(d) of, and to the extent necessary, Rule 22c-1 under, the Investment Company Act of 1940 (the "Act") against Money Market Funds[1] if such funds treat the Student Loan Short-Term Notes (the "Issuer Notes") to be issued by the Issuer, described below, as "government securities" as defined in Section 2(a)(16) of the Act ("Government Securities") for purposes of compliance with the diversification requirements under Rule 2a-7(c)(4)(i) or (B) under Section 35(d) or Rules 22c-1 or 35d-1 against Government Money Market Funds[2] if such funds treat the Issuer Notes as a Government Securities for purposes of complying with Rule 35d-1(a)(2)(ii) (i.e., the "80% Policy" requirement), in the limited and unique circumstances described in this letter.[3]

BACKGROUND

The Issuer has been established to provide a desperately needed financing program (the "Straight-A Program") for lenders that originate student loans through the Federal Family

[1] We use the term "Money Market Funds" to refer to registered investment companies that rely on Rule 2a-7 under the Act.
[2] We use the term "Government Money Market Funds" to refer to Money Market Funds whose name suggests that the fund focuses its investments in government securities.
[3] Any relief granted by the Staff in response to this request would be limited to the particular facts and circumstances described herein.

Education Loan Program ("FFELP").[4] Like many forms of consumer finance, the FFELP loan market has been severely impaired by the ongoing disruption of the capital markets. Among other things, new funding for FFELP lenders through the asset-backed securities (ABS) market has effectively evaporated.[5]

Congress reacted to the funding constraints facing FFELP lenders by enacting the Ensuring Continuing Access to Student Loans Act of 2008 (the "Student Loans Act of 2008"), which gave the Department of Education (the "Department") the temporary authority to purchase FFELP loans from lenders, if the Secretary of Education determines that there is an inadequate availability of loan capital to meet the demand for FFELP loans for students and their parents.[6] The Secretary made the required determination in 2008 and used its new authority to establish short term loan purchase and participation programs, which collectively financed substantially all FFELP loan originations relating to the 2008-9 school year.[7] In a notice released on January 15, 2009 (the "Program Notice"), the Department announced that it is replicating the loan purchase and participation programs for the 2009-10 school year.[8]

THE PROGRAM NOTICE

In the Program Notice, the Department (jointly with the Department of the Treasury ("Treasury") and the Office of Management and Budget) also announced a new program, referred to as the "ABCP Conduit Program."[9] The ABCP Conduit Program is meant to use the Department's purchase authority to entice more private sector capital into the student loan market. As explained in the Program Notice:

> "In order to participate in the ABCP Conduit Program, a sponsoring entity must enter into a "Put Agreement" with the Department consistent with the terms and conditions stated in Appendix C [to the Program Notice]. The Put Agreement will establish the nature of the relationship between the Department and the Conduit and Conduit Manager.

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[4] FFELP works as a public-private partnership, with private sector lenders funding loans that are guaranteed by the Department. The extent of the guarantee varies between 97% and 100% of the outstanding principal amount of the guaranteed loan (plus all accrued interest), depending upon the year of origination and other details. In 2007-8, FFELP served more than 6.4 million students and parents at 5,000 postsecondary institutions, lending a total of $55.3 billion (or 78% of all new federal student loans). http://www.studentloanfacts.org/loanfacts/overview/.

[5] See, e.g., the Federal Reserve's press release of November 25, 2008, which notes that "New issuance of ABS declined precipitously in September and came to a halt in October."

[6] 20 U.S.C. § 1087i-1(a).

[7] These programs were the reason for the "success" referred to in a recent newspaper article. WALL STREET JOURNAL, "Tuition Ammunition: a Happy Lesson on Lending" (January 6, 2009). The main "success" is that government aid (through the purchase and participation programs) sustained loan volume in this sector last year, but at the expense of the U.S. government directly funding substantially all of the originations.

[8] Department of Education, Department of the Treasury, Office of Management and Budget, Federal Family Education Loan Program (FFELP), FEDERAL REGISTER, Vol. 74, p. 2518 (January 15, 2009) at p. 2519. Also available at http://edocket.access.gpo.gov/2009/pdf/E9-712.pdf.

[9] The term "ABCP Conduit Program" refers not to any particular conduit and its ABCP but rather to a program established by the Department for entering into forward purchase commitments with one or more ABCP conduits. ABCP stands for asset-backed commercial paper.

> The Department will agree to purchase [FFELP] loans from the Conduit upon demand as needed to support the issuance of commercial paper by the Conduit."[10]

The Department could approve multiple issuers under its ABCP Conduit Program. However, while it was developing the ABCP Conduit Program, the Department worked with the Treasury, Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated (together with Citigroup Global Markets Inc., the "Structuring Agents") and an advisory group representing a broad spectrum of the FFELP loan market to structure the Straight-A Program, with the intention that the Straight-A Program would serve the entire FFELP loan market and be the first (and most likely only) program approved under the ABCP Conduit Program.

At least part of that intention has been fulfilled, as the Department has approved the Straight-A Program under the ABCP Conduit Program and entered into a put agreement (the "Put Agreement") with the Issuer and The Bank of New York Mellon, as the conduit administrator and eligible lender trustee. We have attached an executed copy of the Put Agreement to this letter as Exhibit A. Prior to executing the Put Agreement, the Department reviewed the Issuer's various service providers (and had veto power over their selection) and all of the other agreements relating to the Straight-A Program (the "Program Documents"). The Program Documents cannot be amended in any manner that would have an adverse effect on the Department without the Department's consent, and the Department has approval rights with respect to changes in the Issuer's two key service providers (the Manager and Conduit Administrator, as described below) and is entitled to receive various reports and notices relating to the Straight-A Program.

In the process of structuring the Straight-A Program, it became apparent that additional governmental support was needed beyond the Department's obligations under the Put Agreement. Selling FFELP loans to the Department under the Put Agreement (which we refer to below as a "Put") will involve a process lasting up to 90 days (although payment would generally be made within 45 days after the Department's receipt of notice from the Issuer). In order to issue ABCP (or similar securities), an issuer must generally have a source of back-up liquidity that can provide funding much faster than 90 days. In conventional ABCP programs, the back-up liquidity is provided by private sector financial institutions, and the option of obtaining conventional private sector liquidity facilities for the Issuer was considered.

However, the participants in the structuring process determined that liquidity provided by another U.S. government entity would be preferable. Among other reasons, current concerns about the financial condition of many large private sector financial institutions would impair the marketability of the Issuer's securities if the Issuer relied on private sector liquidity, and the anticipated size of the Straight-A Program (up to $60 billion) would strain capacity in the market for private sector liquidity. Ultimately, it was determined that the Federal Financing Bank (the "FFB")[11] was the entity best suited to provide back-up liquidity to the Straight-A Program. The FFB has entered into a liquidity loan agreement with the Issuer (the "Liquidity Loan

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[10] Program Notice, supra note 8, at p. 2519.

[11] The FFB is a government corporation, created by Congress in 1973 pursuant to Public Law 93-224 (the "FFB Law") as an instrumentality of the U.S. government (see Section 4 of the FFB Law; 12 U.S.C. § 2283). It operates under the general supervision of the Secretary of the Treasury. General information about the FFB is available at its web site, http://www.treas.gov/ffb/index.shtml.

Agreement") for this purpose. We have attached a composite, conformed copy of the Liquidity Loan Agreement to this letter as Exhibit B.

While the Department of Education's involvement is the genesis of the Straight-A Program, it is the FFB's involvement that best supports the relief we are requesting. Consequently, the FFB's obligations are the main focus of our description and analysis below, and any relief granted in response to our request is conditioned upon the continuing obligation of the FFB to provide financing to the Issuer, substantially as described herein, under the Liquidity Loan Agreement.

Since the Program Notice was drafted in large part to authorize the Department's participation in the Straight-A Program, it may appear surprising that the Program Notice does not refer to the FFB. We believe the main reasons for this omission are that the FFB became involved in the Straight-A Program late in the structuring process, and the FFB's participation is not a requirement imposed by the Department. It was motivated by the other market considerations described above.

As noted in the Program Notice[12] and the Put Agreement,[13] the Student Loans Act of 2008 authorized the Department to enter into forward commitments to purchase FFELP loans (like the Put Agreement) only on such terms as the Secretary of Education, the Secretary of the Treasury and the Director of the Office of Management and Budget jointly determine are "in the best interest of the United States." Those officials have made the requisite finding with respect to the ABCP Conduit Program, which was designed to accommodate the Straight-A Program. In other words, the Secretary of Education, the Secretary of the Treasury and the Director of the Office of Management and Budget have jointly determined that the Straight-A Program is in the best interests of the United States.

THE STRAIGHT-A PROGRAM

Overview

The Straight-A Program has been established to finance exclusively Stafford and PLUS[14] loans (collectively, "Eligible Loans") that are originated through FFELP. Each FFELP lender[15]

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[12] Program Notice, supra note 8, at p. 2518.

[13] See the first "Whereas" clause on p. 1 of Exhibit A to this letter.

[14] Stafford loans are made to college and university students. PLUS loans are made to parents with good credit histories to pay the education expenses of their children.

[15] As a condition to participating in the Straight-A Program, lenders are required to continue to participate in the FFELP at a level based on the amount of funding that they receive from the Straight-A Program. Although it is hoped that participating lenders may ultimately number in the hundreds, given the large market shares of some lenders that are likely to participate in the Straight-A Program, it is expected that a few lenders will account for a large percentage of the Issuer's assets. Accordingly, unless and until the Staff grants the relief requested in this letter regarding Rule 2a-7's diversification requirements, to avoid any look-through obligations under Rule 2a-7(c)(4)(ii)(D), no SPV's Funding Note (as both terms are defined below) is permitted to account for ten percent or more of the Issuer's assets unless the SPV is a "restricted special purpose entity" as that term is defined in paragraph (c)(4)(ii)(D)(2) of Rule 2a-7. Note that this only addresses the application of the special ABS diversification rules to the Issuer's assets and does not remove the need for the relief requested in this letter, which relates to the application of the general diversification requirements to the Issuer Notes as a whole.

participating in the program sells Eligible Loans[16] to a newly-formed special purpose vehicle[17] (an "SPV") that is wholly owned by that lender. Each SPV pledges its Eligible Loans to the Issuer to secure an asset-backed note (each, a "Funding Note") that the SPV sells to the Issuer.[18] The Issuer[19] finances the purchase price for the Funding Notes by issuing Issuer Notes (short-term promissory notes with an expected maturity not exceeding 90 days) in private placements under the Securities Act of 1933, as amended (the "1933 Act").

Each SPV is permitted to obtain additional financing under its Funding Note by obtaining and pledging additional Eligible Loans over the Straight-A Program's ramp-up period (which ends July 1, 2010). Following the end of the ramp-up period, the Issuer will continue to offer funding through January 19, 2014 for Funding Note balances created during the ramp-up period.

The Issuer's operations (including funding decisions and compliance with the aggregate, daily and weekly funding caps discussed below) are managed by a manager, currently BMO Capital Markets Corp., an affiliate of the Bank of Montreal, pursuant to a management agreement (the "Management Agreement") between such entity and the Issuer. In addition, The Bank of New York Mellon performs certain custodial and other services for the Issuer pursuant to an administration agreement (the "Administration Agreement") between such entity and the Issuer. Either of these service providers may be replaced upon the demand of the advisory committee for the Issuer, which is made up of representatives of participating FFELP lenders.[20] BMO Capital Markets Corp., together with any replacement manager appointed from time to time, is referred to below as the "Manager." The Bank of New York Mellon, together with any replacement administrator appointed from time to time, is referred to below as the "Conduit Administrator." The Issuer has also contracted with various parties to act as issuing and paying agent, dealers and collateral agent.

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[16] To be financed through the Straight-A Program, Eligible Loans must satisfy other contractual requirements, including requirements that are specified in the Program Notice. These requirements are of little direct importance to investors in the Issuer Notes, since a failure of one or more loans to satisfy these requirements would not reduce the FFB's obligation to fund under the Liquidity Loan Agreement.

[17] Counsel to each SPV provides a legal opinion to the Issuer to the effect that such SPV is not an investment company under the Act. We anticipate that counsel will rely primarily upon Section 3(c)(1) of the Act in rendering those opinions.

[18] Consistent with prior practice in the ABS market (including applicable rating agency criteria), some FFELP lenders who are state agencies or charitable institutions are permitted to sell Funding Notes (secured by Eligible Loans) directly to the Issuer, without an intermediate SPV. See, e.g., Standard & Poor's, Structured Finance Legal Criteria for U.S. Structured Finance Transactions (2006), p. 30 (treating certain entities like special-purpose entities where (a) the entity is not eligible for involuntary bankruptcy proceedings and (b) Standard & Poor's determines based on a review of other circumstances that the entity is unlikely to voluntarily file for bankruptcy protection). References to SPVs below in the text should generally be read as including entities of this type.

[19] The Issuer is a special purpose limited liability company formed under Delaware law, with a single member (Straight-A Member, Inc., a Delaware corporation). Under Delaware law and its limited liability company agreement, the Issuer's affairs are managed by its member. The member (Straight-A Member, Inc.) is owned and managed by officers and employees of Global Securitization Services, LLC, a company that is in the business of providing corporate services to special purpose entities used in transactions sponsored by others. The Issuer has been structured to comply with Section 3(c)(1) of the Act, though it is possible the Issuer may in the future adopt program changes to comply with Rule 3a-7.

[20] While the advisory committee neither manages nor governs the Straight-A Program, it has certain oversight responsibilities and veto rights regarding the Straight-A Program.

An organizational chart providing a high level overview of the Straight-A Program is attached to this letter as Exhibit C.

Sources of Payment to Investors Holding the Issuer Notes

Each Issuer Note has both an "expected maturity date" and a "legal final maturity date." It is expected that maturing Issuer Notes will ordinarily be repaid with the proceeds of new Issuer Notes issued on their respective expected maturity dates (i.e., by "rolling" the Issuer Notes), plus any funds available for this purpose from collections[21] on the Funding Notes. A key question for Money Market Funds (or other investors) that hold Issuer Notes is how they will be repaid if it is not possible to roll their Issuer Notes or repay them with collections.

Conventional ABCP programs benefit from liquidity facilities, under which one or more highly rated financial institutions agree to provide funds to repay maturing paper in the event that the issuer is not able to roll paper. The Straight-A Program similarly benefits from a liquidity facility, but that facility is provided by the FFB – an instrumentality of the U.S. government acting under the supervision of the Treasury – pursuant to the Liquidity Loan Agreement. Under the Liquidity Loan Agreement, the FFB is obligated to make loans to the Issuer upon the Issuer's request. The funding procedures under the Liquidity Loan Agreement work as follows:

- If the Issuer is unable to roll Issuer Notes on a day when Issuer Notes are maturing, the Manager (on the Issuer's behalf)[22] will deliver a loan request to the FFB.
- The loan request must specify a borrowing date, on which the FFB will be required to fund. The borrowing date is either the third or the seventh business day following the date on which the request is made.
- The choice between the third and seventh day will depend on whether the maturing Issuer Notes are in Series-1 or Series-2. Series-1 Issuer Notes have legal final maturity dates falling on the third business day after their expected maturity dates. Series-2 Issuer Notes will have legal final maturity dates falling on the seventh business day after their expected maturity dates. So, if the maturing Issuer Notes are in Series-1, then the Manager will request a loan with three business days notice. If the maturing Issuer Notes are in Series-2, then the Manager will request a loan with seven business days notice. If both Series-1 and Series-2 Issuer Notes are maturing and not rolled, two separate loan requests will be made.

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[21] The Funding Notes are entittled to the cash flows collected in connection with the Eligible Loans owned by the SPV. Collections (meaning payments made by the borrowers or guarantors of the Eligible Loans and subsidy payments made by the Department under FFELP) are received by servicers acting under servicing agreements with each SPV. The servicers are required to deposit those collections in trust accounts established for the SPVs and use them to make periodic payments due under the Funding Notes, which funds are then available for the Issuer to make payments on the Issuer Notes and cover its other expenses.

[22] Under Section 2(a)(2) of the Liquidity Loan Agreement, the loan request may be made by either the Issuer (directly) or the Manager (on the Issuer's behalf). However, the Manager has agreed under the Management Agreement that it will be the party that makes any necessary loan requests.

- The FFB will confirm the authenticity of each loan request by telephoning an authorized officer or employee of the Manager who is different from the signatory of the loan request.

The legal final maturity date feature of the Issuer Notes and the split into Series-1 and Series-2 were designed to address requirements imposed by the FFB. The FFB requires a minimum of three business days funding notice for any loan request for this Program, and that is the source of the three business day gap between expected maturity and legal final maturity for Series-1. In addition, the FFB requires longer notice (seven business days) if the aggregate loan request exceeds $3 billion on any single day or $10 billion during any single calendar week. The Series-2 Issuer Notes were added to the Straight-A Program to enable the Issuer to exceed the $3 billion and $10 billion limits to the extent permitted with seven business days funding notice.

Even with seven business days notice, the FFB will not provide funding for this Program in an amount more than $5 billion on any single day or $15 billion during any single calendar week. These limits have been incorporated into the Program Documents so that the Issuer will never have more than $5 billion Issuer Notes with a legal final maturity date on any single day (and not more than $3 billion of those will be Series-1 notes) or $15 billion with a legal final maturity during any single calendar week (not more than $10 billion in Series-1).

The split between expected and legal final maturities will be familiar to investors because of its use with many other types of ABS (but not ABCP). Accordingly, the Issuer Notes have been given the special trade name of "Student Loan Short-Term Notes" to alert potential investors that the split between expected and legal final maturity differentiates these securities from standard ABCP.[23] The credit ratings on the Issuer Notes address payment at legal final maturity, rather than expected maturity.

The Issuer also has the flexibility to obtain one or more additional liquidity facilities from highly rated private sector banks, to bridge between the expected maturity dates and legal final maturity dates of the Series-2 Issuer Notes. We discuss this potential feature of the Program below under "*Potential for Duplicative Private Sector Liquidity*." However, one of the Structuring Agents has informed us that:

- the Issuer would not need to issue Series-2 Notes unless the total outstanding amount of Series-1 Issuer Notes exceeds at least $30 billion, and thus would have no use for private sector liquidity unless the Program grew above that range; and

- even if the Program grew to its maximum size ($60 billion), there is no current intention to obtain any private sector liquidity. Favorable responses from prospective investors in the course of marketing the Issuer Notes indicate that private sector liquidity will not be necessary.

[23] Although the Program Notice, supra note 8, uses the phrase "commercial paper" to refer to the securities to be issued, the Department reviewed the terms of the Issuer Notes before executing the Put Agreement. Like the involvement of the FFB, we believe that the Department viewed this as a detail that is not essential to its ABCP Conduit Program.

The Limited Conditions to the FFB's Funding Obligation

The FFB's obligation to make loans to the Issuer is conditioned only upon the Issuer not being in bankruptcy and staying within the aggregate, daily and weekly funding caps imposed by the FFB. Failing to satisfy either condition would be extremely remote due to the structure of the Issuer and the controls over its activities, as described below.

Under the Management Agreement, the Manager is contractually responsible for managing the issuance of Issuer Notes. In doing so, the Manager is subject to several "issuance conditions," which are set out in the Management Agreement and restrict the amount and terms of Issuer Notes that can be issued. Among the most important are conditions that prohibit the issuance of any Issuer Note if, after giving effect to that issuance, the aggregate amount of Issuer Notes with a legal final maturity date on any day, or within any calendar week, would exceed the FFB's daily and weekly funding caps. Likewise, under the terms of the Management Agreement, the Manager is not permitted to cause any Issuer Note to be issued if, after giving effect to that issuance, the total amount of outstanding Issuer Notes would exceed the FFB's aggregate funding cap of $60 billion. The Manager has policies and procedures in place intended to ensure that the FFB's funding cap will not be breached.[24]

The condition relating to the Issuer's bankruptcy, which is standard in commercial paper liquidity facilities, is addressed by conventional ABS market provisions designed to render remote the possibility of the Issuer entering bankruptcy. These bankruptcy remoteness provisions include, in relevant part:

- pursuant to the terms of the Straight-A Program, the Issuer's only borrowings are under the Issuer Notes and the FFB's liquidity facility, and any private sector liquidity facilities as discussed above;

- the participating FFELP lenders, the SPVs, the Issuer's service providers and other Straight-A Program participants (including the FFB in the Liquidity Loan Agreement, any private sector liquidity providers in their respective liquidity agreements and the Department in the Put Agreement), have all agreed contractually not to place the Issuer in bankruptcy under any circumstances; and

- under the terms of its organizational documents and the agreements establishing the Straight-A Program, the Issuer is not permitted to engage in business activities beyond those described in this letter.

[24] In the extremely remote circumstances of the conditions for the FFB's payment obligation not being met, the Department, under the Put Agreement (and subject to the conditions specified therein), will purchase the Eligible Loans from the Issuer, which will provide the proceeds to repay the holders of the Issuer Notes. See *The Put Agreement and the Role of the Department*, below.

Importantly, the FFB's lending commitment is not conditioned upon (a) the adequacy of efforts by the Issuer's dealers to market rolling Issuer Notes or (b) any eligibility or other problems that might interfere with the availability of funds from the Department under the Put Agreement.[25]

The Put Agreement and the Role of the Department

The Department's obligations under the Put Agreement were key to obtaining the FFB's commitment under the Liquidity Loan Agreement, and the Straight-A Program would never have been created if not for the Department's mandate to facilitate loans for higher education. However, investors in the Issuer Notes do not directly rely on the Put Agreement. While proceeds from the exercise of Puts may be used to repay Issuer Notes at times, the FFB is always committed to make loans to repay Issuer Notes if funds are not available from Put proceeds or other sources.

The Issuer does not directly hold the Eligible Loans that may be Put to the Department. The SPVs hold the Eligible Loans and pledge them to the Issuer as collateral for their respective obligations under the Funding Notes. Consequently, the Program Agreements contain a set of inter-related provisions that enable the Issuer to obtain the Eligible Loans through foreclosure when needed for purposes of a Put. Puts occur in various circumstances, including if a loan has been made under the Liquidity Loan Agreement and has not been repaid with proceeds from the issuance of new Issuer Notes within a specified period of time. The Conduit Administrator is a party to the Put Agreement (along with the Issuer and the Department) and is the party that would interface with the Department (on behalf of the Issuer) in connection with any Put.

The Straight-A Program is scheduled to terminate on January 19, 2014, which is the expiration date (the "Put Expiration Date") for the Department's obligation to purchase Eligible Loans from the Issuer pursuant to the Put Agreement. No Issuer Note will have a legal final maturity later than the business day prior to the Put Expiration Date. It is hoped that the capital markets will stabilize prior to that time, permitting the Eligible Loans to be refinanced outside of the Straight-A Program in a manner that will provide sufficient proceeds to repay all outstanding Issuer Notes. However, if for any reason that has not happened, the Manager (on behalf of the Issuer) will obtain loans under the Liquidity Loan Agreement in the final weeks of the Straight-A Program to repay all outstanding Issuer Notes on their respective legal final maturity dates to the extent that collections on the Funding Notes and proceeds from Puts to the Department are not sufficient. The FFB will look to collections and Put proceeds for repayment of any such loans,

[25] The Liquidity Loan Agreement addresses the contingency that an "Uncontrollable Cause" prevents the FFB from funding on a day when it is required to do so: the FFB will make the requested loan (in an increased amount to cover additional interest accruing on the Issuer Notes as a result of the delay) as soon as the Uncontrollable Cause ceases to prevent the FFB from making the Loan, unless the Issuer (or the Manager on its behalf) cancels the applicable loan request (which would happen if it had become possible to roll Issuer Notes in the interim). We do not view this as an additional condition to the FFB's lending obligation. Rather it is a contractual recognition of the types of events that could cause a delay in the payment of any U.S. government obligation, which provides contractual certainty as to the appropriate procedures to deal with such an event. "Uncontrollable Cause" is defined as an unforeseeable cause beyond the control and without the fault of the FFB, being: act of God, fire, flood, severe weather, epidemic, quarantine restriction, explosion, sabotage, act of war, act of terrorism, riot, civil commotion, lapse of the statutory authority of the Treasury to raise cash through the issuance of Treasury debt instruments, disruption or failure of the Treasury Financial Communications System, closure of the Federal Government, or any unforeseen or unscheduled closure or evacuation of the offices of the FFB. See pp. 5-6 of Exhibit B to this letter.

and investors in the Issuer Notes will not bear any risk as to whether or not the FFB is ultimately repaid. Consequently, regardless of whether Eligible Loans are refinanced, investors in the Issuer Notes will be repaid as of the Notes' legal final maturity date.

Potential for Duplicative Private Sector Liquidity

In no event will any private sector liquidity remove or dilute the benefit of the Liquidity Loan Agreement or diminish the FFB's obligations with respect to the Issuer Notes. Any private sector liquidity will be duplicative with (and not replace) the FFB's obligations under the Liquidity Loan Agreement.

As indicated above, the FFB's commitment is capped at $60 billion (the "FFB Commitment Amount"). That means that the FFB can be required to have up to (but not more than) an aggregate $60 billion in loans under the Liquidity Loan Agreement outstanding at any point in time. Under the Program Documents, the total amount of Issuer Notes that can be outstanding at any point in time is limited by a requirement that:

(a) the face amount of the Issuer Notes (which is the total amount due at their expected maturity dates) <u>plus</u>

(b) any interest that would accrue on the Issuer Notes through their legal final maturity dates (if not paid at their expected maturity dates)

<u>may never exceed</u>

(c) the unused FFB Commitment Amount at such time.

The reference to "unused FFB Commitment Amount" means the FFB Commitment Amount minus the amount of loans already outstanding under the FFB facility.

The test above means that if, at any point in time, the Issuer stopped receiving any money from any source other than the FFB, there would always still be enough money available under the Liquidity Loan Agreement to repay all of the Issuer Notes in full, including any accrued interest. As discussed above, the Program Documents also include limits to make sure that the amount of Issuer Notes with legal final maturity dates on any particular day or during any calendar week will not exceed the FFB's daily and weekly funding limits.

These features of the Program would not change if the Issuer obtained private sector liquidity in addition to the FFB's facility. For example, if the Issuer obtained $5 billion in commitments from private sector liquidity banks, that would **not** mean that the Issuer could issue $5 billion more in Issuer Notes than it could before. The amount of Issuer Notes issued would still be subject to the (a), (b), (c) limit described above, where (c) is stated solely in terms of the FFB Commitment Amount, with no add on for any private sector liquidity. Consequently, it would still be the case that if, at any point in time, the Issuer stopped receiving any money from any source other than the FFB, there would always still be enough money available under the FFB facility to repay all of the Issuer Notes in full, including any accrued interest.

In other words, any private sector liquidity would not substitute for the FFB facility. Instead, any private sector liquidity would be duplicative with the coverage already provided by the FFB. To use an old legal metaphor, the Issuer would not be replacing its FFB belt with private sector suspenders. It would have both the belt and the suspenders.

The purpose of having duplicative FFB and private sector liquidity would be to bridge the seven business days time period between the expected maturity and legal final maturity of the Series 2 Issuer Notes. If the Issuer is ever unable to roll over Series 2 Issuer Notes and does not have, or for any reason cannot not obtain, private sector liquidity, then the investors holding those maturing notes will have to wait seven business days (until legal final maturity) to be repaid, because of the FFB's notice requirements for this Program. Private sector liquidity, on the other hand, is generally able to fund on the same day on which a loan request is received. Before the initial marketing efforts with investors, there was some concern that investors might resist a seven business days gap between expected and legal final maturities, and the flexibility to obtain private sector bridging liquidity was added to address that contingency. As stated above, it now appears that investors would not require this feature, so it is very unlikely that the Issuer will ever obtain private sector liquidity, even if any of the Series 2 Issuer Notes are issued. Nevertheless, the option to do so is embodied in the Program Documents (including the Liquidity Loan Agreement as provided to the Staff on Exhibit B), and the parties would prefer not to execute amendments to remove the option.

In the very unlikely event that the Issuer both (a) is unable to roll over Series 2 Issuer Notes and (b) has obtained private sector liquidity, the following process would apply:

- The Issuer's manager will submit loan requests to both the private sector liquidity banks and the FFB.
- The private sector liquidity banks would fund that day (unless they default, in which case investors will have to wait for FFB funding), and the proceeds will be used to repay the maturing Issuer Notes.
- During the week that the loan request to FFB is pending, the Issuer will (if market conditions permit) seek to issue additional Issuer Notes and use the proceeds to repay the private sector liquidity.
- Seven business days later, the FFB will fund (unless the loan request is cancelled because sufficient new Issuer Notes were issued to repay the private sector liquidity) and such funding will be used (a) to repay the private sector liquidity or (b) if the private sector liquidity providers defaulted, to repay the matured Issuer Notes.

Thus, the FFB facility will always be available to "guarantee" that funds will be available to repay all of the Issuer Notes, whether or not there is private sector liquidity.

Need for Relief

More than $55 billion in FFELP loans were made in the 2007-8 school year. With potential funding needs of this magnitude, it is essential that the Straight-A Program be accessible by all possible interested and eligible investors and that permitted investment amounts be maximized, consistent with the government support of the Issuer Notes. The Manager, in consultation with the Dealers, has estimated that, without the relief requested in this letter, the maximum demand for the Issuer Notes will be in the \$20-\$30 billion range and is likely to build too slowly to help significantly with the next round of FFELP loans. With the requested relief, the Structuring Agent believes that demand could reach the \$30-\$40 billion range (and perhaps higher) and would build fast enough so that the Straight-A Program could finance a substantial portion of the next round of FFELP loans. Note that the FFB's loan commitment of \$60 billion would permit the Straight-A Program to grow substantially larger.

Thus, it is both consistent with the economic realities of the Straight-A Program and crucial to its mission that:

- Money Market Funds be permitted to treat the Issuer Notes[26] as Government Securities for purposes of their compliance with the diversification requirements under Rule 2a-7(c)(4)(i); and

- Government Money Market Funds be permitted to treat the Issuer Notes as Government Securities for purposes of Section 35(d) and Rule 35d-1(a)(2)(ii).[27]

The relief we request with respect to the diversification requirements under Rule 2a-7(c)(4)(i) is meant to increase the potential demand for the Issuer Notes by enabling individual Money Market Funds (excluding Single State Funds, as defined under Rule 2a-7) to invest more than five percent of their total assets in the Issuer Notes, without relying on, and being limited by, the three day exception provided in Rule 2a-7(c)(4)(i)(A).[28]

The relief we request with respect to Section 35(d) and Rule 35d-1 with respect to Government Money Market Funds is meant to increase the potential demand for the Issuer Notes by allowing Government Money Market Funds to count investments in the Issuer Notes towards compliance with their 80% Policies (subject to the particular terms of those policies).

Support for Requested Relief

We believe that Money Market Funds should be able to treat the Issuer Notes as Government Securities for purposes of Rule 2a-7's diversification requirements and Government Money Market Funds should be able to treat the Issuer Notes as Government Securities for purposes of Rule 35d-1's 80% Policy requirement because the FFB's liquidity facility effectively operates as a guarantee by the United States government of full payment of the entire principal amount of

[26] The Issuer Notes have been structured to qualify as "eligible securities" under Rule 2a-7, although we are not asking for "no-action" assurances as to that determination.
[27] We recognize that the extent to which a Government Money Market Fund would be able to invest in these securities would depend on, among other things, the specific manner in which its 80% Policy is phrased, as well as the existence of any other relevant investment policies, or any relevant investment limitations, restrictions or strategies.
[28] Rule 2a-7(c)(4)(A) provides that, immediately after the acquisition of any security, a Money Market Fund (other than a Single State Fund) may not have invested more than 5% of its "total assets" in securities issued by the issuer of the security. However, a Money Market Fund may invest up to 25% of its total assets in the "first-tier securities" of a single issuer for up to three business days after acquisition (but the fund may not invest in the securities of more than one issuer in accordance with the foregoing proviso at any time).

the Issuer Notes (including discount accreted and interest accrued thereon). The Department's Put obligations provide additional assurances on this point.

In our view, the FFB's obligations under the Liquidity Loan Agreement make the Issuer Notes equivalent to U.S. government securities. We also believe that, as a result of the foregoing: (i) permitting Money Market Funds and Government Money Market Funds to treat the Issuer Notes as Government Securities for the limited purposes set forth above would be consistent with the protection of such funds and their shareholders, as well as the purposes of Rule 2a-7(c)(4)(i) and Rule 35d-1(a)(2)(i); and (ii) Money Market Funds and Government Money Market Funds would look to the FFB's liquidity commitment and the Department's Put when evaluating the credit and other investment risks associated with, as well as the liquidity characteristics of, the Issuer Notes and thus would regard the Issuer Notes as similar to traditional U.S. government securities.

As discussed above, the risk that either of the conditions to the FFB's lending commitment will not be satisfied is extremely remote. Staying within the FFB's funding caps is a simple matter of arithmetic, which will be addressed as a condition to each issuance of Issuer Notes under the terms of the Straight-A Program. The condition relating to the Issuer's bankruptcy will be addressed by conventional ABS market provisions designed to render remote the possibility of the Issuer entering bankruptcy, as described above.

APPLICABLE LAW

Section 35(d) and Rule 35d-1(a)(2)(i). Section 35(d) of the Act prohibits a registered investment company ("fund") from using a name that the Commission finds by rule to be materially deceptive or misleading. Rule 35d-1 addresses certain fund names that are likely to mislead investors about a fund's investment focus. Rule 35d-1(a)(2)(i), in relevant part, states that a materially deceptive name includes a name suggesting that the fund focuses its investments in a particular type of security or investment unless the fund has adopted a policy to invest, under normal circumstances, at least 80% of the value of its assets in the particular type of investments suggested by the fund's name. The use of the words "federal" or "government" or other words suggesting investment in Government Securities in a fund's name would not be misleading for purposes of Section 35(d) if the fund invests at least 80% of the value of its assets in Government Securities, and otherwise complies with Rule 35d-1.[29]

Rule 2a-7's Diversification Requirements for Money Market Funds. Rule 2a-7 provides exemptions from Sections 2(a)(41), 34(b)[30] and 35(d) of the Act, and Rules 2a-4 and 22c-1 thereunder necessary to permit Money Market Funds to use the amortized cost method of valuation, subject to a number of requirements. Rule 2a-7(c)(4)(i) generally requires a Money Market Fund to be diversified with respect to issuer of securities acquired by the Money Market

[29] *See* SEC Staff Letter to the Investment Company Institute (Oct. 17, 2003).

[30] Under Section 34(b) of the Act, it is unlawful for any person to make any untrue statement of a material fact in any registration statement or other document filed or transmitted to the Commission or its staff pursuant to the Act, to keep any such document pursuant to Section 31(a) of the Act. Under Section 34(b), it is also unlawful for any person so filing, transmitting, or keeping any such document to omit to state therein any fact necessary in order to prevent the statements made therein, in the light of the circumstances under which they were made, from being materially misleading.

Fund in order to limit the fund's exposure to credit risk associated with any single issuer.[31] It also specifically excludes U.S. government securities from the diversification requirement. Rule 2a-7 defines a government security by reference to the definition of the term under Section 2(a)(16).

Definition of Government Security. Under Section 2(a)(16), government security means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.

ANALYSIS

The definition of Government Security raises two basic questions relevant to governmental support under the Straight-A Program. First, is there a guarantee as to principal or interest? Second, is the person providing the guarantee a person controlled or supervised by (and acting as an instrumentality of) the United States pursuant to authority granted by Congress? The answer to the second question is clear. The FFB and the Department are persons controlled or supervised by and acting as instrumentalities of the Government of the United States pursuant to authority granted by the Congress of the United States.

We recognize that the answer to the first question may be less clear. Assuming that the term "guaranteed" as used in Section 2(a)(16) has a meaning akin to the meaning of the term "guarantee" under Rule 2a-7 (i.e., an unconditional obligation of a person other than the issuer to undertake to pay the principal amount of the underlying security plus accrued interest when due or upon default), the FFB's commitment might not be considered a guarantee because it is subject to two conditions (albeit very remote ones, as discussed herein). To our knowledge, the Staff has not previously been asked to consider whether an agreement with features like the Liquidity Loan Agreement is a guarantee for purposes of the definition of "Government Security," nor does the Act or the rules thereunder directly address this question.

As discussed below, however, we believe that the FFB's obligations under the Liquidity Loan Agreement should be viewed as the practical equivalent of a guarantee, such that Money Market Funds should be able to treat the Issuer Notes as a Government Security for purposes of Rule 2a-7's diversification requirements and Government Money Market Funds should be able to treat the Issuer Notes as a Government Security for purposes of Section 35(d) and Rule 35d-1(a)(2)(ii).

Analysis of the Liquidity Loan Agreement

The economic terms of the Liquidity Loan Agreement effectively guarantee that the Issuer will have sufficient funds to pay Issuer Notes on their legal final maturity date, if not paid on their expected maturity dates:

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[31] *See Revisions to Rules Regulating Money Market Funds*, Investment Company Act Rel. No. 17589 (July 17, 1990).

- The FFB will be obligated to make loans for this purpose regardless of the performance of the underlying Eligible Loans or Funding Notes.

- The Straight-A Program is structured and administered so that the amount of Issuer Notes outstanding in total or maturing on any day or within any week will never exceed the applicable funding limits in the Liquidity Loan Agreement.

Although the FFB is not required to lend if the Issuer is in bankruptcy, that possibility is extremely remote. In addition to the customary ABS bankruptcy remoteness provisions that will be used in the Straight-A Program (discussed above), the FFB's and Department's support for the Straight-A Program further decreases the possibility of the Issuer's bankruptcy. The Issuer has been structured so that its liabilities should never exceed the face amount of its assets (the Funding Notes), and the value of those assets is directly supported by the Put Agreement, which provides full faith and credit assurance that the Issuer will be able to convert the face amount of its assets into cash, through the sale of the Eligible Loans underlying the Funding Notes to the Department. If there is any problem that keeps the Issuer from satisfying the conditions to the Department's obligations under the Put Agreement, that risk is covered by the FFB, since the FFB's funding obligation is not contingent on the Issuer being able to satisfy the Put conditions. The Issuer Notes have been rated in the highest short term rating category by three NRSROs (as defined in Rule 2a-7) on the basis that the FFB provides full credit support to the Issuer.[32]

Prior Government Security No-Action Requests

The Liquidity Loan Agreement and the Straight-A Program are distinguishable from other situations where the Staff has declined no-action assurances on Government Security issues. For instance, in Western International Insurance Company (publicly available July 24, 1985) ("Western"), an insurance company asked the Staff for assurances that it could exclude from its total assets, as Government Securities, certificates of deposit issued by banks and savings and loan associations which are members of the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Insurance Corporation ("FSLIC") in determining whether it was an investment company under Section 3(a) of Act. The Staff was unable to provide those assurances. It reasoned that because, among other things, payments under FDIC and FSLIC insurance coverage generally are not contingent on non-performance by a member institution, but rather on the failure of the institution, such insurance, in the Staff's view, did not constitute a guarantee of principal or interest of the certificates of deposit, and, therefore, the Staff believed

[32] See Fitch Ratings press release dated January 21, 2009, Fitch to Rate Straight-A Funding LLC's Student Loan ABCP 'F1+', as published by various new sources (e.g., MarketWatch (http://www.marketwatch.com/news/story/fitch-rate-straight-funding-llcs-student/story.aspx?guid=%7B518078F0-4BE9-40D7-914D-674F7D3687BD%7D&dist=msr_3)) "[Holders of the Issuer Notes] will benefit from full credit and liquidity support from the FFB." Similarly, in announcing its A-1+ rating on the Issuer Notes, Standard & Poor's emphasized the FFB's support, stating: "The ratings reflect:

> -- Straight-A Funding's intended bankruptcy-remote structure;
>
> -- The liquidity loan agreement that the Federal Financing Bank (FFB) provides, which allows Straight-A Funding to borrow an amount that equals the sum of the notes' face amount as of the notes' expected maturity dates, plus any accrued interest through the notes' legal final maturity dates. . .; and
>
> -- The issuance tests that limit the notes' principal amount and accrued interest through the notes' legal final maturity dates to no more than the amount available under the liquidity agreement and the notes' maturity dates to dates that occur before the liquidity agreement expires."

that it would be inconsistent with the intent of Section 3(a) of the Act to consider the certificates of deposit as Government Securities for purposes of that section. In contrast, under the Straight-A Program, the FFB's lending obligation will arise upon the Issuer's demand in order to repay maturing Issuer Notes, which is consistent with characterizing the Liquidity Loan Agreement as a guarantee.

The Issuer Notes are also distinguishable from the private corporate bonds at issue in the Financial Funding Group, Inc. no-action letter (publicly available March 3, 1982) ("Financing Funding") in that they are not simply collateralized by Government Securities. The bonds at issue in Financial Funding were collateralized by GNMA certificates and were held by a company that wanted to have the bonds treated as Government Securities for purposes of analyzing the company's status as an investment company under the Act. The Staff was unable to provide definitive guidance on this matter due to insufficient information, but suspected that the bonds were not Government Securities because, unlike the GNMA certificates themselves, the bonds themselves were not guaranteed by the government or an instrumentality thereof.[33] In this instance, the Issuer Notes are not merely collateralized by Government Securities but instead, by virtue of the FFB's liquidity commitment are directly supported by the U.S. Government.

Recent Treatment of Money Market Funding Program

The Staff also considered an asset-backed conduit structure similar to the Straight-A Program in J.P. Morgan Securities Inc. (publicly available October 22, 2008). In this "no-action" letter, the Staff granted relief under Rule 2a-7, among other rules under and provisions of the Act, in connection with the Money Market Investor Funding Facility ("Money Market Funding Program"), which is designed to provide liquidity to Money Market Funds. Under the Money Market Funding Program, newly-established SPVs would purchase from Money Market Funds eligible short-term securities issued by certain banks and bank holding companies at the Funds' acquisition cost (plus any accrued interest or accreted discount thereon). Ninety percent of the purchase price of the eligible assets would be paid in cash, with the remaining 10% paid in the form of ABCP issued by the special purpose vehicles. The Federal Reserve Bank of New York ("NY Fed") would provide financing to the vehicles for the cash portion of the purchase price. Each special purpose vehicle would grant a security interest in its assets for the benefit of the NY Fed, with a senior interest, and the holders of the ABCP, with a junior interest. The Staff permitted the Money Market Funds to comply with Rule 2a-7's diversification requirements through an alternative diversification method.

Public Policy Considerations

We believe that the requested relief is consistent with:

- the policies underlying Rule 2a-7's diversification requirements and Rule 35d-1's 80% Policy requirement,
- expectations and perceptions of Money Market Funds and Government Money Market Funds, and

[33] We note the distinction between the decision here and the more recent treatment of Refunded Securities as discussed above.

- protection of such funds and their shareholders.

Policies Underlying Rule 2a-7's Diversification Requirements – These requirements are intended to limit a Money Market Fund's exposure to credit risks associated with any single issuer or economic enterprise. In recognition that Government Securities present minimal credit risks, Rule 2a-7 excludes Government Securities from its diversification requirements.[34] Because the Liquidity Loan Agreement acts as the practical equivalent of a guarantee, and the FFB is an instrumentality of the U.S. government, operating under the supervision of the Treasury, we believe that the credit risks associated with the Issuer Notes are equivalent to those associated with traditional U.S. government securities. We believe that a Money Market Fund would regard the Issuer Notes in that manner. We recognize that an investment by a Money Market Fund in the Issuer Notes would have to be consistent with the investment objectives and policies of that Fund, as stated in its registration statement. Accordingly, in our view, a Money Market Fund that treats the Issuer Notes as a Government Security for purposes of Rule 2a-7's diversification requirements would not be increasing its exposure to credit risk beyond those currently associated with traditional U.S. government securities; thus permitting Money Market Funds to treat the Issuer Notes as Government Securities for this purpose would be consistent with the protection of such funds and their shareholders.

Policies Underlying Rule 35d-1's 80% Policy Requirement – This requirement is intended to prevent misleading investment company names by ensuring that a registered investment company with a name that suggests a particular investment emphasis invests its assets in a manner consistent with its name. As mentioned above, the governmental support of the Straight-A Program, the credit and other investment risks, as well as the liquidity characteristics, of the Issuer Notes are equivalent to those associated with traditional U.S. government securities. We believe that a Government Money Market Fund would regard the Issuer Notes in that manner. Like Money Market Funds, an investment by a Government Money Market Fund in the Issuer Notes would have to be consistent with the investment objectives and policies of that Fund, as stated in its registration statement. Accordingly, in our view, a Government Money Market Fund that treats the Issuer Notes as a Government Security for purposes of its 80% Policy would not be misleading investors or otherwise investing its assets in a manner inconsistent with its name; thus permitting Government Money Market Funds to treat the Issuer Notes as Government Securities for this purpose would be consistent with the protection of such funds and their shareholders.

Federal Action in Response to Recent Market Events

Approval of the relief requested here is also supported by other federal government action in response to recent market events. Recently, the Commission and its staff have provided relief and guidance in various forms in response to current market conditions and the related exigent circumstances.[35] We are asking the Staff to do the same with respect to the FFELP student loan

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[34] "Investments in Government securities are excluded from the rule's issuer diversification standards because they are presumed to present little, if any, credit risks. The same rationale applies to a security guaranteed by a U.S. Government agency, which by definition also is a 'Government security'." Investment Company Act Release No. 22921 (Dec. 2, 1997).

[35] *See, e.g.*, Master Portfolio Trust (publicly available December 8, 2008); BNY Mellon Funds Trust (publicly available December 2, 2008); Federal Deposit Insurance Corporation (publicly available November 24, 2008); Franklin Templeton Investments (publicly available November 21, 2008; SEI Daily Income Trust (publicly

market. Private sector funding for FFELP loans remains extremely scarce, and the demands for government funding in multiple sectors continues to grow. The Straight-A Program is the best hope for drawing significant private sector capital into the FFELP loan market, so as to meet the needs of students and their parents while limiting the demand for direct government funding in this sector.

CONCLUSION

For the reasons stated above, we respectfully request that the Staff advise us that it would not recommend enforcement action to the Commission under Sections 34(b) or 35(d) of the Act,[36] or, to the extent necessary, Rule 22c-1 thereunder,[37] against a Money Market Fund that treats the Issuer Notes as Government Securities for purposes of the Fund's compliance with the diversification requirements under Rules 2a-7(c)(4)(i)[38] or under Section 35(d) or Rule 35d-1 against a Government Money Market Fund that treats the Issuer Notes as a Government Security for purposes of complying with Section 35(d) and Rule 35d-1(a)(2)(i).

We understand the Staff might be concerned that granting the requested relief might be used as precedence to label other instruments Government Securities that would not be appropriate for anticipated wide-scale Money Market and Government Money Market Fund acquisitions. We believe, however, that our unique facts will act as a natural dividing line between instruments, like the Issuer Notes, that should be designated Government Securities due to the FFB's support, as opposed to other instruments that might have similar economic terms but lack that indicia of government intervention. If another issuer is designed with substantially similar governmental involvement, we would assume the Staff might grant similar relief. Without this government support, that we believe will be very difficult to replicate, similar relief would likely not be granted. We further understand that the relief we are requesting in this letter is based on very unique facts, unusual circumstances, and recent market conditions. Accordingly, any relief granted in response to our request would be limited by reference to those facts, circumstances and conditions.

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available November 18, 2008); Mount Vernon Securities Lending Trust (publicly available October 24, 2008); Russell Investment Company (publicly available October 24, 2008); Columbia Funds Series Trust (publicly available October 24, 2008); J.P. Morgan Securities Inc. (publicly available Oct. 22, 2008); and Investment Company Institute (publicly available Oct. 10, 2008); Investment Company Institute (publicly available Sept. 25, 2008). See also actions listed under http://www.sec.gov/news/press/sec-actions.htm.

[36] As mentioned above, Section 34(b), in pertinent part, makes it unlawful for any person to make any untrue statement of material fact in a registration statement or other document filed pursuant to the Act. Section 35(d) makes it unlawful for any registered investment company to adopt a name that the Commission finds materially deceptive or misleading, and authorizes the Commission to adopt rules to define such names as are materially deceptive or misleading.

[37] Money Market Funds that fail to meet certain conditions of Rule 2a-7 may violate Sections 34(b) and 35(d) of the Act. See Rule 2a-7(b)(1) and (2). Money Market Funds that do not satisfy all of the conditions of Rule 2a-7 also may violate Rule 22c-1 under the Act if they use the amortized cost method, as defined under Rule 2a-7(a)(2), to value their portfolio securities. See Paragraph (c) of Rule 2a-7 (share price calculations).

[38] As mentioned above, Rule 2a-7 provides exemptions from Sections 2(a)(41), 34(b) and 35(d), and Rules 2a-4 and 22c-1, necessary to permit Money Market Funds to use the amortized cost method of valuation, which facilitates the ability of Money Market Funds to maintain a stable net asset value per share, typically $1.00.

If you need any further information concerning this request, or if it would be helpful to discuss the request in greater detail, please do not hesitate to contact me at (212) 506-2622 or (312) 701-7015; Robert F. Hugi at (312) 701-7121; or Stephanie M. Monaco at (202) 263-3379.

Thank you for your prompt consideration of this request.

Very truly yours,

Jason H.P. Kravitt