

Received CFTC
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August 24, 2009

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

COMMENT

C.F.T.C.
OFFICE OF THE SECRETARIAT
2009 AUG 24 PM 5 37

Re: Advance Notice of Proposed Rulemaking for Regulations 1.25
and 30.7 (the Eligibility of Money Market Funds)

Dear Mr. Stawick:

We submit these additional comments on behalf of Federated Investors, Inc. ("Federated"), a major sponsor of money market funds, regarding the Commodity Futures Trading Commission's ("CFTC") advance notice of proposed rulemaking and request for public comment concerning the scope and character of permitted investments for customer segregated funds (the "Advance Notice").¹ We submit these additional comments to address possible liquidity concerns which might be raised in light of the SEC's recent request for comment on the possibility of funds being able to temporarily suspend redemptions for exigent circumstances.²

**SEC Request for Comment on Right of Funds to
Temporarily Suspend Redemptions for Exigent Circumstances**

The SEC has asked in its July, 2009 Release for comment (but has not proposed a rule) on whether Rule 22e-3 under the Investment Company Act should include a provision that would permit fund directors to temporarily suspend redemptions up to five days during certain exigent circumstances other than liquidation of the fund. The SEC has acknowledged the Investment Company Institute's suggestion that the a fund should be permitted to suspend redemptions up to five days under exigent circumstances during which time the fund could attempt to restore its net asset value. In the event that the fund is unable to do so, the fund would be required to begin the liquidation process.

¹ See CFTC, Investment of Customer Funds and Funds Held in an Account for Foreign Futures and Foreign Options Transactions, Advance Notice of Proposed Rulemaking, 74 Fed. Reg. 23962 (May, 22, 2009).

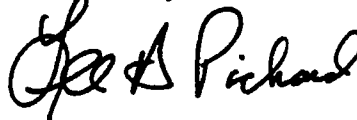
² See SEC Release No. 1C-28807, July 8, 2009 ("July, 2009 Release").

We do not believe such a rule, if proposed and adopted by the SEC, would infringe on the liquidity of money market funds in a manner which would remove them from the list of "permitted investments" under Regulation 1.25. First, there is no way to predict if the SEC will propose a rule consistent with the Investment Company Institute's suggestion. Second, even if the SEC were to adopt a rule permitting a five day pause, the CFTC under its risk-limiting standards of Regulation 1.25 could require that fund boards of "permitted investments" represent that they will not avail themselves of such a rule. Any such rule allowing a five day pause would undoubtedly be permissive and not mandatory on the part of a fund. This would be no different than CFTC's Regulation 1.25 current requirement that a money market fund be legally obligated to redeem an interest and to make payment in satisfaction thereof by the business day following a redemption request. Although permitted under SEC regulation, for purposes of CFTC "permitted investments," money market funds would represent and agree that they would not avail themselves of the five day pause in order to qualify under Regulation 1.25. Accordingly, a five day pause rule would not infringe on the liquidity of fund shares because such a provision would not be incorporated into a fund seeking to qualify as a permitted investment under Regulation 1.25.

In summary, the SEC's efforts to enhance liquidity of money market funds shares in its July, 2009 Release would in no way be impaired should the SEC include a provision that would permit fund directors to temporarily suspend redemptions up to five days during certain exigent circumstances for the reason that money market funds seeking to qualify under CFTC Regulation 1.25 would not subscribe to this non-mandated alternative. Rather, such funds seeking to qualify as "permitted investments" would legally obligate themselves under all circumstances to redeem their shares and make payments in satisfaction by the business day following the redemption request as required by CFTC Regulation 1.25.

If you have any questions, please call Lee A. Pickard or Peter McLeod at 202-223-4418. On behalf of Federated Investors, Inc., we appreciate your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee A. Pickard". The signature is written in a cursive, slightly slanted style.

Lee A. Pickard

cc: Mr. Eugene F. Maloney, Executive Vice President,
Federated Investors, Inc.