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CASH INVESTMENT STRATEGIES

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September 29, 2011

By Overnight Courier

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

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

RE: **Study of Stable Value Contracts**

Dear Mr. Stawick and Ms. Murphy:

On behalf of The Bank of New York Mellon Corporation and our 35 client accounts that represent in excess of $20 billion invested in stable value funds, we urge you to conclude that stable value contracts do not fall within the definition of swaps and exclude them from the CFTC's and SEC's regulation as swaps.

Briefly, stable value contracts are not swaps since they are not leveraged, not tradable, not freely assignable, not marked to market, and cannot be cleared. Stable value contracts also differ from swaps since they are supported by an underlying broadly diversified portfolio of conservative, on average high credit quality bond investments (typically AA to AA+) with typical average durations of approximately three years. Importantly, stable value contracts are not exercisable since defined contribution participants transact at contract value, which is the participants' principal plus accumulated interest.

Stable value contracts should be viewed in the context of retirement security and ERISA's 37 years of experience in protecting and upholding this security. They should not be viewed as swaps or financial instruments that contributed to the financial crisis. Further, stable value contracts are not unregulated or under-regulated products. Stable value contracts have a strong history of regulation and supervision by state insurance

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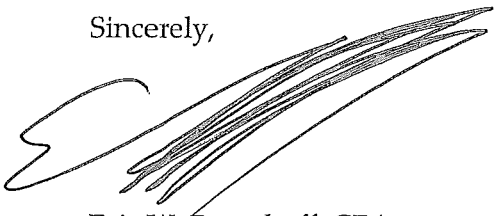
commissions and the National Association of Insurance Commissioners (NAIC); the Board of Governors of the Federal Reserve System; the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; and the Department of Labor and similar governmental counterparts on the state level. These regulators have also applied their oversight to evaluate and ensure that stable value contracts do not pose systemic risks to the integrity of the U.S. financial system and our retirement system.

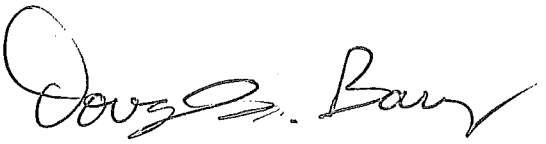
Our clients and their plan participants rely upon stable value funds' capital preservation combined with historically consistent positive returns. Stable value funds' lack of correlation with stocks provides greater diversification benefits to 401(k) plan participants than other conservative fixed income alternatives. For these reasons, it is imperative and in the public interest that stable value contracts held by stable value funds are excluded from swap regulation.

The Bank of New York Mellon Corporation supports the comments filed by the Stable Value Investment Association, which explain in depth why stable value contracts are not swaps and why it is in the public interest to ensure that stable value contracts are not subject to swap regulation.

For these reasons, The Bank of New York Mellon Corporation urges you to conclude that stable value contracts are not swaps. Thank you in advance for your consideration of The Bank of New York Mellon Corporation's comments.

Sincerely,





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