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January 24, 2011

U.S. Tri-Party Repo Infrastructure Task Force
c/o Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

Via Electronic Submission

Re: Request for Comments: Tri-Party Repo Infrastructure Reform

Dear Sir or Madam,

Vanguard¹ appreciates the opportunity to provide the Operational Arrangements Working Group of the U.S. Tri-Party Repo Infrastructure Task Force (the “**Task Force**”) with our views on its proposals to address weaknesses in the tri-party repurchase agreement (“**tri-party repo**”) market. Vanguard is an SEC-registered investment adviser that has managed money market mutual funds since 1981. Our money market funds, with total assets of approximately \$194 billion, are active participants in the tri-party repo market.

We commend the Task Force for the time and effort that it has spent in developing the recommendations and proposals to improve the stability of the tri-party repo market.

The Task Force has proposed a new standard late day settlement window, from 3:30-4:30 pm, for unwinding existing tri-party repo trades and the settlement of new trades. While we support the Task Force’s efforts, we believe that the market would be better served if an earlier settlement time were also available. This would allow cash from maturing tri-party repo trades to be used to fund purchases of U.S. Treasury bills, bank certificates of deposit, and commercial paper, which all have an earlier settlement window. The earlier settlement window would be especially important during periods when the supply of overnight tri-party repo is constrained, such as at the end of a calendar quarter. In the absence of an earlier settlement option, lenders in the tri-party repo market may face obstacles that limit their ability to invest in other asset classes with the proceeds from maturing tri-party repo trades.

In addition, the tri-party repo market presently benefits from broad investor participation with diverse funding needs. Allowing only one late day settlement option that occurs after the close of other markets runs the risk of reducing lender participation in the tri-party repo market.

¹ Vanguard offers more than 170 U.S. mutual funds with total assets of over \$1.5 trillion.

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In closing, we thank the Task Force for the opportunity to comment on the proposals and appreciate the Task Force's consideration of Vanguard's views. If you have any questions about Vanguard's comments or would like additional information, please contact me at (610) 669-5433 or Jack Lanius, Portfolio Manager at (610) 669-6354.

Sincerely,

/s/ David Glocke

Principal and Portfolio Manager
Vanguard