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November 15, 2010

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

**Re: File Nos. S7-24-10 and S7-26-10
Disclosure for Asset-Backed Securities Required by Section 943 of the
Dodd-Frank Wall Street Reform and Consumer Protection Act and Issuer
Review of Assets in Offerings of Asset-Backed Securities**

Dear Ms. Murphy:

This letter presents the comments of Federated Investors, Inc. and its subsidiaries (“Federated”) on the recent release by the Securities and Exchange Commission proposing, and seeking comments on, major amendments to the requirements for offerings of asset-backed securities (“ABS”).¹ Federated is one of the largest investment management firms in the United States, managing \$341.3 billion in assets as of September 30, 2010. With 134 funds and a variety of separately managed account options, Federated provides comprehensive investment management to approximately 5,200 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers. Federated is the third largest manager of money market mutual fund in the United States, including municipal money market funds with assets of over \$25 billion.

Federated would like to express its full support for the comments made in the Investment Company Institute’s letter regarding the proposals. Federated is writing separately, however, to emphasize the need to exclude municipal tender option bonds (“TOBs”) from the proposed regulations. TOBs represent an undivided interest in a municipal bond held in a trust. The only structuring consists of dividing the bond’s interest payments between the TOBs and the residual interests in the trusts, and providing a liquidity facility to purchase TOBs that cannot be remarketed after being tendered for purchase.

It is Federated’s view that TOBs are most clearly distinguished from ABS by the market for which they were designed. TOBs are tailored to be “Eligible Securities” for municipal money funds, meeting requirements the requirements of Rule 2a-7. For this reason the securities must have documentation that is timely, accurate, and transparent. The underlying municipal bonds

¹ See Securities Act Release No. 9148, 75 Fed. Reg. 62718 (Oct. 4, 2010) and Securities Act Release No. 9150, 75 Fed. Reg. 64182 (Oct. 19, 2010).



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are described in offering statements and indentures and are subject to MSRB disclosure requirements. TOBs are designed as highly liquid investments, typically with the option to tender the TOB for purchase at any time on seven days' notice. Liquidity facilities are normally provided by banks.

TOB program structures are vetted by attorneys for both buy side and sell side prior to the issuance of individual TOBs. They are only available to qualified institutional investors as defined in Rule 144A. The cumulative effect of tailoring TOBs to qualify as eligible for 2a-7 municipal money funds is that TOBs are highly regulated and transparent securities.

Federated therefore does not believe that investors will benefit in any manner from subjecting TOBs to the proposed new ABS requirements. To the contrary, subjecting TOBs to additional requirements is likely to curtail the issuance of TOBs and exacerbate the current shortage of Eligible Securities for tax-exempt money market funds.

Please feel free to contact us if you have any questions or require additional information relating to our comments.

Yours very truly,

A handwritten signature in black ink that reads "Mary Jo Ochson".

Mary Jo Ochson

Senior Vice President and Chief Investment Officer
for Short-Term Municipal Funds