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By ELEANOR LAISE

A year after a money-market fund spooked investors by "breaking the buck," Deutsche Bank AG's DWS Investments plans to launch a money fund with a floating share price.

Unlike conventional money-market funds, the proposed DWS Variable NAV Money Fund will allow its net asset value, or NAV, to fluctuate rather than trying to maintain a stable \$1 share price. The fund will require a \$1 million minimum investment, a regulatory filing said.

The idea of floating money-market NAVs has been hotly debated. In the wake of the Reserve Management Co.'s Reserve Primary Fund falling below \$1 last fall, regulators have searched for ways to make the \$3.6 trillion money-fund industry more stable.

The Reserve fund's troubles triggered massive shareholder redemptions from a broad swath of money-market funds. The Securities and Exchange Commission in June proposed tighter regulations on such funds and asked for comment on whether funds should have floating NAVs.

Many in the fund industry are opposed to the idea of floating money-market NAVs, saying the move would essentially destroy the money-fund business.

Deutsche Bank declined to comment specifically on the proposed fund. The German bank sees variable NAV money funds simply as another option for investors, not a replacement for stable-NAV funds, says Joe Benevento, a managing director at the bank.



Bloomberg News

The temporary headquarters of Deutsche Bank AG stand in Frankfurt, Germany in July 22, 2009.

Scrutiny of money-market funds may intensify in the coming weeks. The Obama administration's proposed overhaul of financial regulation, issued in June, called for a report studying the floating NAV issue and other potential money-market reforms. That report is due Sept. 15. The Treasury's money-market fund guarantee program, instituted amid last fall's upheaval to provide a backstop for shareholders in participating funds, is to expire Sept. 18.

In a letter to the SEC this week, Deutsche Bank suggested that floating NAV funds have a starting price of \$10 a share and that they don't need to be subject to tighter money-fund rules recently proposed by the SEC.

Critics say a floating NAV could increase the risk of a run on the fund.

But, "there's less incentive to be the first one out of a fund if all shareholders receive that day's market value," says Deutsche Bank's Mr. Benevento. "Everyone is getting the same treatment."

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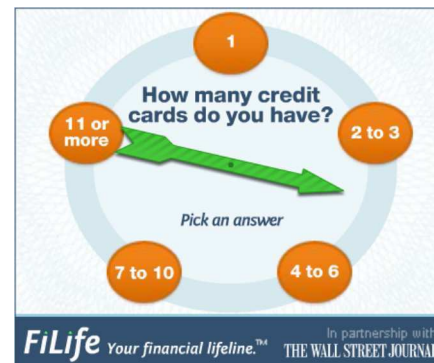
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