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SEC: Money Market Fund Reform; Amendments to Form PF.

The Securities and Exchange Commission (Commission) today proposed reforms to money market fund regulation. The proposal includes two alternative reforms that could be adopted alone or in combination. The proposed new rules and rule amendments are designed to mitigate money market funds' susceptibility to heavy redemptions during times of stress, improve money market funds' ability to manage and mitigate potential contagion from high levels of redemptions, and improve the transparency of risk in money market funds. The first proposed alternative would require all institutional prime money market funds to operate with a floating net asset value instead of a stable share price. The second proposed alternative would require non-government money market funds generally to impose a 2% liquidity fee if the fund's level of weekly liquid assets falls below 15% of its total assets, unless the fund's board determined that not imposing the fee or imposing a lesser fee was in the best interest of the fund. Under these circumstances, the fund's board would also be able to temporarily suspend redemptions in the fund for up to 30 days in a 90 day period. Among other things, the proposed amendments would also tighten diversification requirements, enhance disclosure requirements, strengthen fund stress testing, and improve money market fund portfolio reporting. Finally, it would require similar portfolio holdings reporting by advisers of unregistered private liquidity funds that could serve as alternatives to money market funds.

The Commission is seeking public comment on the proposal. Comments must be submitted within 90 days of publication in the Federal Register.

The full text of the release proposing the rule amendments is available at:

http://www.sec.gov/rules/proposed/2013/33-9408.pdf