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SEC Seeks Public Input on Possible Money Market Fund Reforms.

WASHINGTON, Feb 4 (Reuters) – The U.S. Securities and Exchange Commission is kicking off a renewed effort to overhaul rules around money market funds, soliciting public input on how to reform the sector.

The consultation, announced Thursday, suggests the SEC wants to kickstart languishing efforts to address the sector, which has twice needed government intervention in recent years to stabilize after investor runs.

Specifically, the agency is seeking comment on a report issued by a Treasury-led working group in December, which called for significant policy changes to address weaknesses in the market. The report laid out a number of reform options, including setting stricter rules around fund redemptions, or higher capital buffers for such funds, but did not advocate any particular approach.

The SEC is casting a wide net with its solicitation, seeking comment on any suggestions from the Treasury report, or any additional suggestions on how to reform the market.

The most recent government intervention came in March, when short-term funding seized up with a massive pandemic-driven sell-off in U.S. markets, including Treasuries. Among institutional and retail prime money market funds, which allow daily redemptions while holding less-liquid short-term assets, outflows as a percentage of fund assets exceeded that of the September 2008 crisis.

The crunch prompted the Federal Reserve to buy \$1.6 trillion in Treasuries and other bonds to stabilize the markets. It continues to buy around \$80 billion monthly. Top officials have warned that liquidity could collapse again if that support is withdrawn.

(Reporting by Pete Schroeder; Editing by Dan Grebler)

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