

24th July 2014

**London - July 23, 2014** – Institutional Money Market Funds Association (“IMMFA”) has responded to the Securities and Exchange Commission’s (“SEC”) amendments to the rule that governs the operation of money market funds (MMFs).

IMMFA welcomes the fact that the SEC has taken note of a number of concerns raised by the MMF industry, evidenced in today’s announcement.

**Susan Hindle Barone, IMMFA Secretary General, said,** “A number of aspects of the new rule, in particular, the fact that government funds have been excluded and that for other funds a two year implementation period has been granted, are very positive for the sector.”

She went on, “The SEC has engaged in a thorough rulemaking process and has considered the impact of the new rule on investors, for example by addressing tax and accounting issues and by allowing the retention of amortised cost accounting. Without these concessions, the switch to floating NAV products would have been far more challenging.”

“However, it is very disappointing that forced conversion to floating NAVs is being imposed on Prime MMFs. We will continue to argue that the principal systemic risk in the MMF sector, namely the threat of runs in MMF at times of market stress, can only be prevented with certainty by the imposition of fees and gates. We consider that the move to floating NAV will have no material impact on the diminution of this risk, and therefore imposes costs on investors for no benefit.”

Susan concluded, “It is clear the SEC is trying to mitigate future financial risks to the US and other major economies. In this vein, however, it is crucial that regulators and policy makers understand the importance of the MMF industry to the global economy, and consider carefully the impact that these new rules will have.”

IMMFA

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The following document provides background on the main issues in the debate on MMF.

Updated IMMFA Position Papers on MMF Reform - July 2014  
<http://www.immfa.org/publications/policy-positions.html>