

**MEMO# 26258**

June 22, 2012

# **ICI Study On Operational Impacts of Proposed Redemption Restrictions On Money Market Funds**

[26258]

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TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 29-12  
BROKER/DEALER ADVISORY COMMITTEE No. 32-12  
OPERATIONS COMMITTEE No. 20-12  
TRANSFER AGENT ADVISORY COMMITTEE No. 40-12 RE: ICI STUDY ON OPERATIONAL  
IMPACTS OF PROPOSED REDEMPTION RESTRICTIONS ON MONEY MARKET FUNDS

This week the Investment Company Institute submitted a study to the Securities and Exchange Commission on the operational implications of proposed redemption restrictions on money market funds. [\[1\]](#)

In the ICI study, we describe the operational impacts of redemption restrictions that are being contemplated by the SEC that would permanently alter the ability of fund investors to redeem all of their shares on a daily basis. The study finds that any sort of redemption restriction would not only impair investor liquidity, but would also create serious operational issues that would restrict or eliminate the usefulness of money market funds in many services that funds and financial providers extend to investors. We also explain that these changes would not benefit investors and could have harmful consequences for the broader financial markets, including financing for businesses and state and local governments.

The letter to the SEC submitted with the study states that as regulators continue to explore the appropriateness of structural changes to money market funds, it is critical that proposed reform options be carefully considered to ensure that they are consistent with creating a stronger, more resilient and viable product that serves the needs of short-term investors and borrowers, without imposing harmful, unintended consequences on financial markets or on the U.S. economy. The letter then urges the SEC to give full consideration to the results of this study.

Kathleen C. Joaquin  
Chief Industry Operations Officer

**endnotes**

[1] The full study is available at [http://www.ici.org/pdf/ppr\\_12\\_operational\\_mmf.pdf](http://www.ici.org/pdf/ppr_12_operational_mmf.pdf).

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