

MEMO# 23169

January 8, 2009

SEC No-Action Letter Allowing Money Market Funds to Shadow Price Certain Securities Using Amortized Cost Expires January 12

[23169]

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TO: ACCOUNTING/TREASURERS MEMBERS No. 3-09
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VARIABLE INSURANCE PRODUCTS ADVISORY COMMITTEE No. 1-09 RE: SEC NO-ACTION
LETTER ALLOWING MONEY MARKET FUNDS TO SHADOW PRICE CERTAIN SECURITIES USING
AMORTIZED COST EXPIRES JANUARY 12

As you know, the staff of the Securities and Exchange Commission's Division of Investment Management issued a no-action letter to the Institute last fall stating that it would not recommend enforcement action to the Commission, under Section 2(a)(41) of the Investment Company Act of 1940 and Rules 2a-4 and 22c-1 thereunder, if a money market fund complies with Rule 2a-7 by "shadow pricing" certain of its portfolio securities by reference to their amortized cost value rather than using available market quotations. [*](#)

Based on current market conditions, the SEC staff has determined not to extend that relief, which will expire on Monday, January 12, 2009. After that date, money market funds must shadow price all of their portfolio securities, regardless of the time of maturity, based on market factors and not their amortized cost value.

We, of course, will continue to monitor market conditions closely and work with the SEC staff if further relief is necessary.

Jane G. Heinrichs
Associate Counsel

endnotes

* See Investment Company Institute, SEC No-Action Letter (pub. avail. October 10, 2008), available on the SEC's website at <http://sec.gov/divisions/investment/noaction/2008/ici101008.htm>.

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