

**MEMO# 25936**

February 24, 2012

## **ICI, EFAMA, IMMFA Send Joint Letter to IOSCO Regarding Money Market Fund Reform**

[25936]

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TO: INTERNATIONAL MEMBERS No. 9-12  
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 15-12  
SEC RULES MEMBERS No. 18-12 RE: ICI, EFAMA, IMMFA SEND JOINT LETTER TO IOSCO  
REGARDING MONEY MARKET FUND REFORM

On February 16, ICI, the European Fund and Asset Management Association, and the Institutional Money Market Funds Association sent a joint letter to the International Organisation of Securities Commissions (IOSCO) in connection with IOSCO's examination of potential money market fund reforms. Among other things, the letter discussed how money market funds make a valuable contribution to the management of short-term liquidity, how the financial crisis highlighted the importance of liquidity risk management, and why money market funds are not "shadow banks."

The letter recommends that money market fund reforms focus on a fund's internal liquidity risk, including requiring these funds to maintain minimum amounts of liquidity that mature within one and within five business days and reforms that require funds to know their clients/manage shareholder concentration. The letter concludes by noting that the SEC has already imposed similar liquidity reforms that were tested this past summer when U.S. money market funds met, without incident, large volumes of shareholder redemptions during periods of significant market turmoil, including the historic downgrade of U.S. government debt.

A copy of the letter is attached.

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Senior Associate Counsel

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