

**MEMO# 29490**

November 16, 2015

# Money Market Fund Reform Implementation Resource Center Update

[29490]

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TO:

ACCOUNTING/TREASURERS COMMITTEE No. 28-15  
BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 35-15  
BROKER/DEALER ADVISORY COMMITTEE No. 48-15  
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 33-15  
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 23-15  
OPERATIONS COMMITTEE No. 25-15  
SMALL FUNDS COMMITTEE No. 32-15  
TRANSFER AGENT ADVISORY COMMITTEE No. 56-15  
4-DECIMAL NAV CALCULATION WORKING GROUP  
INTRADAY PROCESSING WORKING GROUP  
LIQUIDITY FEES/REDEMPTION GATES WORKING GROUP  
RETAIL VS. INSTITUTIONAL CUSTOMER WORKING GROUP

RE:

MONEY MARKET FUND REFORM IMPLEMENTATION RESOURCE CENTER UPDATE

Earlier in 2015, the Investment Company Institute (ICI) launched the Money Market Fund Reform Implementation Resource Center [\[1\]](#) that is intended to help mutual funds and intermediaries comply with the July 2014 money market fund reforms approved by the Securities and Exchange Commission. [\[2\]](#)

Over the past year, ICI Operations, in collaboration with members and intermediaries, has coordinated a number of working groups focused on various operational aspects of implementing the money market fund reform regulations. Those working groups have developed a series of resources to support the industry's compliance with final reforms. Each working group and the related resources created are described below:

The Four-Decimal NAV Calculation Working Group addressed investor-related systems and processing considerations for floating net asset value (NAV) money market funds and their

adoption of basis-point pricing.

- [Operational Readiness for Four-Decimal Floating Net Asset Value Money Market Funds](#) describes the key areas where shareholder and fund/intermediary staff education regarding the use of four-decimal floating NAVs may be necessary prior to the October 14, 2016 implementation date.
- [Technology Readiness for Four-Decimal Floating Net Asset Value Money Market Funds](#) highlights the evaluation process for systems readiness to support four-decimal floating NAV money market funds and the remediation of any gaps that may exist.
- [Constant versus Floating NAV Calculator](#) leverages Microsoft Excel® to illustrate how different system treatment of fractional shares and use of mathematical rounding versus truncation can impact account balances and redemption transaction proceeds.

The Intraday Processing Working Group addressed operational challenges and considerations related to calculating multiple NAVs in one business day for floating NAV money market funds.

- [Floating NAV Intraday NAV Strike Considerations](#) illustrates the hypothetical impact on NAV calculations of using estimated values for shareholder transactions, the timing when gain/loss information is locked to a NAV, and the timing of portfolio trade recognition.
- [High-Level Process Flow: Intraday Floating NAVs](#) examines a hypothetical business day timeline, from the perspectives of a Portfolio Manager, Fund Accountant, Transfer Agent, and Shareholder, for a floating NAV MMF supporting three daily NAVs.

The Liquidity Fee & Redemption Gate Working Group addressed operational considerations and challenges related to the imposition and/or removal of fees and gates as permitted by the final rules.

- [Communication Considerations: Liquidity Fees and Redemption Gates](#) outlines communications strategies including timing and the data points to convey when implementing or removing a liquidity fee or redemption gate, as well as revising an existing liquidity fee.
- [Event Processing Assumptions and Considerations](#) outline assumptions, common practices, and considerations related to the imposition, removal, or revision of a liquidity fee or redemption gate for money market mutual funds and their intermediary partners.

The Retail Versus Institutional Customers Working Group addressed the challenges of categorizing shareholders for retail versus institutional money market funds, based on the definitions outlined within the final rules.

- [Money Market Fund Reform Implementation: Communication Considerations](#) outlines common communications protocols related to the retail definition and its application by retail money market funds to their intermediary partners.
- [Money Market Fund Social Code Categorization Matrix](#) uses the National Securities Clearance Corporation (NSCC) Fund/SERV® list of social codes as a representative list of account types supported in money market funds. The working group categorized each social code as “retail” or “institutional” for money market fund eligibility based on the definitions outlined within the final rules.
- [Treatment of Ordinary Trusts Under the Retail Money Market Fund Definition](#) provides a decision tree, produced by Dechert, LLP in conjunction with ICI, to assist members and intermediaries when considering “retail” money market fund eligibility for

## Ordinary Trusts.

Each of these resources is available on the Money Market Fund Reform Implementation Resource Center page. The resource center is available to members via the following link: [Publications and Resources>>Resource Centers>>Money Market Reform Implementation Resource Center](#). Access to the resource center requires users to log into the website through use of their ICI login and password. Follow the instructions on the website if you do not have an account or have forgotten your login.

The Four-decimal NAV Calculation, Liquidity Fee & Redemption Gate, and Retail Versus Institutional Customers Working Group activities have reached their conclusion. The Intraday Processing Working Group will reconvene, once final product decisions are made by most members, to discuss and document operational considerations for floating multiple-NAV-per-day money market funds. ICI will notify related committee and working group members when additional documents are posted to the resource center.

Please contact Joanne Kane at [joanne.kane@ici.org](mailto:joanne.kane@ici.org), 202-326-5850 or Jeff Naylor at [jeff.naylor@ici.org](mailto:jeff.naylor@ici.org), 202-326-5844 with any questions or suggestions you may have about the resource center.

Joanne Kane  
Director - Operations & Transfer Agency

Jeff Naylor  
Director - Operations and Distribution

### endnotes

[1] See [ICI Memorandum 29141](#)

[2] See [ICI Memorandum 28290](#)

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