

MEMO# 24490

August 17, 2010

SEC Staff Clarifies That Required Web Posting Of Money Market Fund Information Is Not General Solicitation and Advertising

[24490]

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TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 37-10
SEC RULES MEMBERS No. 80-10 RE: SEC STAFF CLARIFIES THAT REQUIRED WEB POSTING OF MONEY MARKET FUND INFORMATION IS NOT GENERAL SOLICITATION AND ADVERTISING

The Securities and Exchange Commission's Division of Corporation Finance recently issued a Compliance and Disclosure Interpretation ("Interpretation") under Rule 502 of the Securities Act of 1933. [\[1\]](#) The Interpretation concerns a situation in which a "private" money market fund that relies on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940 undertakes to comply with Rule 2a-7 in order to permit registered investment companies to invest in the fund under Rule 12d1-1 in excess of the limits in Section 12(d) of the Investment Company Act. Rule 2a-7(c)(12) requires a money market fund to post monthly on its publicly available web site information about its portfolio securities and the weighted average maturity and weighted average life of its portfolio. Noting that Sections 3(c)(1) and 3(c)(7) both prohibit the fund from making or proposing to make a public offering of its securities, the Interpretation addresses the question of whether compliance with the Rule 2a-7 posting requirement would violate the prohibition on general solicitation and advertising in Rule 502(c) under the Securities Act.

According to the Interpretation, "the fund will not be deemed to violate the prohibition on general solicitation and advertising by posting information on its web site in compliance with Rule 2a-7 for purposes of permitting registered investment companies to invest in the fund under Rule 12d1-1 in excess of the limits set forth in Section 12(d) of the Investment Company Act, so long as the fund posts only the information required by the rule and does not use its web site to offer or sell securities or in a manner that is deemed to be general solicitation or advertising for offers or sales of its securities."

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endnotes

[1] The Interpretation is available at:
<http://www.sec.gov/divisions/corpfin/guidance/securitiesactrules-interps.htm> (scroll down to Question 256.21).

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