

MEMO# 23805

September 18, 2009

SEC Adopts Temporary Rule Effective Immediately Regarding Disclosure of Certain Money Market Fund Portfolio Holdings

[23805]

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TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 37-09
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 42-09
SEC RULES MEMBERS No. 100-09
VARIABLE INSURANCE PRODUCTS ADVISORY COMMITTEE No. 16-09 RE: SEC ADOPTS
TEMPORARY RULE EFFECTIVE IMMEDIATELY REGARDING DISCLOSURE OF CERTAIN MONEY
MARKET FUND PORTFOLIO HOLDINGS

The Securities and Exchange Commission is adopting an interim final temporary rule under the Investment Company Act of 1940 to require a money market fund to report its portfolio holdings and valuation information to the SEC under certain circumstances. [\[1\]](#) The new reporting requirement is designed to provide information substantially similar to that submitted by certain money market funds under the Treasury Department's Temporary Guarantee Program for Money Market Funds ("Guarantee Program"), which will expire today.

The rule is effective beginning today, September 18, 2009, and is set to expire on September 17, 2010. Comments on the rule are due to the SEC on or before October 26, 2009.

Money Market funds participating in the Guarantee Program have been required, in certain circumstances, to submit their portfolio schedules and related information each week to the Treasury Department and the SEC. The Release notes that the SEC has found these reports very useful in monitoring money market funds; however, when the Guarantee Program expires money market funds will no longer be required to submit such portfolio information, and the SEC will not receive current information about money market fund holdings.

The Release also notes that as part of the recently proposed new rules and rule amendments to reform the regulation of money market funds, the SEC proposed a new rule and a new Form N-MFP on which money market funds would report to the SEC detailed information about their portfolio holdings that the SEC would use to monitor the funds. The Release states that the SEC is currently reviewing the comment letters it received on this proposal, but in the meantime, the SEC is adopting an interim final temporary rule, Rule 30b1-6T, that requires the reporting of basic securities portfolio information to the SEC in certain limited circumstances. According to the Release, Rule 30b1-6T requires money market funds to provide the SEC weekly portfolio and valuation information substantially similar to what money market funds participating in the Guarantee Program provided to the SEC and the Treasury Department under the program, if their market-based net asset value per share was below \$.9975. Specifically, each money market fund that is required to report must provide a portfolio schedule as of the last business day of each week that includes, with respect to the fund and each security held, a number of items listed in the Release.

As with the case under the Guarantee Program, only a money market fund with market-based net asset value per share below \$.9975 must report information under the rule. Such a fund must notify the Commission by email and provide a portfolio schedule to the SEC promptly, but in no event later than the next business day. Subsequently, the fund must report its portfolio schedule as of the last business day of the week, and submit it no later than the second day of the following week, until the fund's market-based NAV at the end of the week is \$.9975 or greater. The portfolio information would be provided to the Commission as an attachment in Microsoft Excel format. Additionally, the information may be provided to the SEC by secured electronic mail to the address the SEC has provided in the Release. The Release notes that the SEC has determined to maintain the confidentiality of the information submitted to it, and the rule states that the information will be nonpublic to the extent permitted by law.

The SEC has requested comment on all aspects of Rule 30b1-6T, including issues relating to expiration, timing, reporting threshold, reporting items, and regulatory alternatives. The Release notes that based on the comments it receives, it may revise the rule in a number of ways, including: making the rule permanent; revising the circumstances that trigger a reporting obligation; revising the information that a fund must report under the rule; and revising the method of reporting the information to the SEC.

Jane G. Heinrichs

endnotes

[\[1\]](#) See Disclosure of Certain Money Market Fund Portfolio Holdings, SEC Release No. IC-28903 (September 18, 2009) ("Release"), available on the SEC's website at <http://sec.gov/rules/final/2009/ic-28903.pdf>.

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