

MEMO# 29021

May 27, 2015

Draft Letter to IRS Re Money Market Fund Reform and Advisor Contributions; Conference Call Scheduled for June 2 at 2pm ET

[29021]

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TO: TAX COMMITTEE No. 24-15 RE: DRAFT LETTER TO IRS RE MONEY MARKET FUND REFORM AND ADVISOR CONTRIBUTIONS; CONFERENCE CALL SCHEDULED FOR JUNE 2 AT 2PM ET

Attached for your review is a draft letter to the Internal Revenue Service (“IRS”) requesting guidance on the tax consequences of a cash contribution from an investment advisor to a money market fund in preparation for compliance with the new Securities and Exchange (“SEC”) money market fund rule. [1] Specifically, the draft letter asks the IRS to issue a revenue procedure setting forth a safe harbor, pursuant to which the IRS will not challenge a money market fund’s treatment of such a payment as resulting in (1) no capital gain or income to the fund, and (2) no reduction in the fund’s assets under section 362(c) of the Internal Revenue Code. We note that, to eliminate any unintended consequences, the guidance could be limited in scope to contributions made to funds that comply, or plan to comply, with SEC Rule 2a-7, if such amounts are received prior to October 16, 2016 (the compliance date for the new SEC money market fund rule).

We will have a conference call on Tuesday, June 2, at 2:00 p.m. ET, to discuss the draft letter. Ezella Wynn has sent an Outlook calendar invitation for this call. If you would like to participate in the call, please simply accept the invitation. You also may contact Ms. Wynn directly by e-mail (ewynn@ici.org) if you do not receive the Outlook invitation. The dial-in number for the call is 888-982-7409 and the passcode is 29210.

Please provide any comments to me (kgibian@ici.org or 202-371-5432) no later than the close of business on Wednesday, June 3, 2015.

Karen Lau Gibian
Associate General Counsel

[Attachment](#)

endnotes

[\[1\]](#) See Institute Memorandum ([28290](#)) dated July 31, 2014.

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