

**MEMO# 23026**

October 24, 2008

# **FINRA Notice to Members on Disclosure Concerning U.S. Treasury Department's Temporary Guarantee Program for Money Market Funds**

[23026]

October 24, 2008

TO: ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 7-08  
INST. MONEY MARKET FUNDS ADVISORY COMMITTEE No. 33-08  
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 39-08  
SMALL FUNDS COMMITTEE No. 28-08  
SEC RULES MEMBERS No. 130-08 RE: FINRA NOTICE TO MEMBERS ON DISCLOSURE  
CONCERNING U.S. TREASURY DEPARTMENT'S TEMPORARY GUARANTEE PROGRAM FOR  
MONEY MARKET FUNDS

FINRA recently issued a Notice to Members to provide guidance regarding disclosure that must appear in member firm communications that mention the U.S. Treasury Department's Temporary Guarantee Program ("Program"). [\[1\]](#) The Notice is summarized below.

According to the Notice, while FINRA does not require communications about money market funds to discuss the Program, under NASD Rule 2210 any references to the Program must be fair and balanced. In particular, FINRA expects member firm communications that discuss the Program to provide in substance the following information:

- The U.S. Treasury Temporary Guarantee Program provides a guarantee to participating money market mutual fund shareholders based on the number of shares invested in the fund at the close of business on September 19, 2008.
- Any increase in the number of shares an investor holds after the close of business on September 19, 2008 will not be guaranteed.
- If a customer closes his/her account with a fund or broker-dealer, any future

investment in the fund will not be guaranteed.

- If the number of shares an investor holds fluctuates over the period, the investor will be covered for either the number of shares held as of the close of business on September 19, 2008, or the current amount, whichever is less.
- The Program expires on December 18, 2008, unless extended by the United States Treasury.

The Notice also provides that FINRA expects any member firm that receives a transferred customer account owning a money market fund to inform the customer that he or she could lose the benefit of the guarantee upon closing the account with the customer's current firm. The Notice directs the receiving firm to take reasonable steps to provide this information to the customer before closing the account and to recommend that any customer who has questions about potential loss of coverage to contact the customer's current firm.

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#### **endnotes**

[1] See Notice to Members 08-58 (October 2008) (the "Notice"), which is available on FINRA's website at <http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/notices/p117260.pdf>.

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