

MEMO# 22717

July 21, 2008

Draft Letter On Money Market Funds And SIV Restructurings

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TO: TAX COMMITTEE No. 25-08 RE: DRAFT LETTER ON MONEY MARKET FUNDS AND SIV
RESTRUCTURINGS

Attached for your review is a draft letter to the Treasury Department and the Internal Revenue Service on money market funds and restructurings of structured investment vehicles ("SIVs"). The letter requests guidance clarifying the tax treatment of a fund that participates in a restructuring of SIV senior notes and thereby acquires an interest in the SIV's assets. In particular, we request guidance clarifying that, pursuant to the Arrowsmith doctrine, any gain subsequently recognized by the money market fund with respect to these assets (including gain otherwise subject to the market discount rules) will be treated as capital gain to the extent of any capital loss recognized by the fund in connection with the restructuring.

Please provide any comments on the draft letter by 6:00 p.m. (Eastern) on Tuesday, July 22, to the undersigned at lawson@ici.org or 202/326-5832.

Keith Lawson
Senior Counsel - Tax Law

[Attachment](#)

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