

MEMO# 5769

April 6, 1994

REVISED DRAFT COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 2A-7; NOTICE OF APRIL 21 MEETING

April 6, 1994 TO: MONEY MARKET FUNDS AD HOC COMMITTEE NO. 10-94 RE: REVISED DRAFT COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 2a-7; NOTICE OF APRIL 21 MEETING _____ As we recently informed you, the comment period for the proposed amendments to Rule 2a-7 has been extended to May 6. In light of the extension, we are circulating a revised draft of the Institute's comment letter on the proposed amendments. Please note that the changes to the draft letter are not marked. Therefore, I urge you to read the entire letter. In addition, a number of issues are flagged in the letter (in bold print) on which we would like your input. The most significant change in the letter concerns the Institute's fall back recommendation to allow national and single state funds to invest, without limitation, in second tier traditional municipal securities (pp. 16-19). Instead of defining the municipal securities that would be permissible for such investment, as we did in the earlier draft, our letter expresses support for the SEC's approach of defining the "conduit securities" that would be subject to the five percent second tier limitation. We have solicited comment on the appropriateness of the SEC's definition of "conduit security." A meeting of the Committee has been scheduled for April 21 to discuss the draft letter. The meeting will be held at the Institute at 10:00 a.m. It would be helpful if you could provide me with your comments on the letter prior to the meeting, preferably by April 18. My direct number is 202/326-5824 and the fax number is 202/326-5828. Please contact Chimeme Taylor at 202/326-5823 by April 18 to let her know whether you will be able to attend the April 21 meeting. Amy B.R. Lancellotta Associate Counsel Attachment