

MEMO# 3204

October 18, 1991

NOVEMBER 6 MEETING TO DISCUSS INVERSE FLOATERS

October 18, 1991 TO: MONEY MARKET FUNDS AD HOC COMMITTEE NO. 24-91 RE:
NOVEMBER 6 MEETING TO DISCUSS INVERSE FLOATERS

A meeting of the ad hoc committee has been scheduled for November 6, 1991 to discuss the purchase of inverse floaters by money market funds under Rule 2a-7. There seems to be a concern in the industry that these instruments are not appropriate for a fund seeking to maintain a stable net asset value since they are subject to a greater market risk than other instruments with the same maturity. If time permits, we also will discuss the technical questions that members have raised under Rule 2a-7, which the Institute intends to submit to the SEC staff for its consideration. We will distribute a draft of these questions prior to the meeting. The November 6 meeting will be held at the Institute at 1:30 p.m. and lunch will be available beginning at 12:30 p.m. Please contact Michele Dugue at 202/955-3515 by November 1 to let her know whether or not you will attend the meeting. Amy B.R. Lancellotta Associate General Counsel