

MEMO# 7252

September 11, 1995

DRAFT INSTITUTE LETTER ON PROPOSED MONEY FUND QUARTERLY REPORTING REQUIREMENT

1 See Memorandum to Accounting/Treasurers Committee No. 29-95, Money Market Funds Ad Hoc Committee No. 9-95 and SEC Rules Committee No. 84-95, dated July 25, 1995. September 11, 1995 TO: ACCOUNTING/TREASURERS COMMITTEE No. 32-95 MONEY MARKET FUNDS AD HOC COMMITTEE No. 11-95 SEC RULES COMMITTEE No. 99-95 RE: DRAFT INSTITUTE LETTER ON PROPOSED MONEY FUND QUARTERLY REPORTING REQUIREMENT

Attached for your review and comment is a copy of the Institutes draft comment letter on the SECs proposed money market fund quarterly reporting requirement.¹ The letter reflects the consensus reached at the August 17th meeting at which this proposal was discussed. Specifically, the letter states that the proposed quarterly reporting requirement is neither a necessary nor appropriate means for achieving either of the Commissions stated goals of this proposal -- improving its oversight of money funds compliance with Rule 2a-7 and facilitating its ability to respond effectively to significant market events affecting money funds. Instead, our letter recommends that: (1) funds be required to file weekly reports that would include information about the fund as a whole ("fund-level information"); (2) a standardized format be adopted for funds subject to an inspection to report information on their portfolio securities ("portfolio-level information"); and (3) procedures be developed to enable the Commission to obtain relevant information about specific money fund holdings when a significant market event occurs. Please note that there are a number of items bracketed and in bold print in the draft letter on which we specifically request your input. Comments on the proposed reporting requirement are due to the SEC by September 27, 1995. Please provide me with your comments on the Institutes draft letter by September 19, 1995. My direct number is 202/326-5824 and the fax number is 202/326-5827. Amy B. R. Lancellotta Associate Counsel Attachment