

MEMO# 8668

February 25, 1997

MEDIA INQUIRY REGARDING INSTITUTE POLICY ON INVESTMENT OF CASH RESERVES

February 25, 1997 TO: BOARD OF GOVERNORS No. 12-97 RE: Media Inquiry Regarding
Institute Policy on Investment of Cash Reserves

_____ A reporter has contacted the Institute and some members of the Board of Governors requesting information concerning the Institutes investment policies regarding its reserves. The Institutes investment policy was developed by a committee of the Board and approved by the Executive Committee. The investment policy is implemented by the Institutes staff and reviewed periodically by the Investment Committee and the Executive Committee. The policy separates investable funds into short term operating and long term capital reserves. Specific percentage limitations and securities are authorized for each category of investable funds. The policy authorizes the Institute to use a wide variety of securities, including money market mutual funds, U.S. Treasury obligations, commercial paper, short term U.S. government bond funds, adjustable rate mortgage funds and domestic equity funds. If you receive a call from a reporter, please refer him to Chris Wloszczyna of the Institutes Public Information department at 202/326-5889. If you have any questions or would like more information on this matter, please contact me or Larry Maffia. Matthew P. Fink President

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