

**MEMO# 2541**

February 13, 1991

# **AMENDMENTS TO RULE 2A-7; DRAFT LETTER ON TAX-EXEMPT MONEY MARKET FUND PROPOSAL; FEBRUARY 28 MEETING**

February 13, 1991 TO: MONEY MARKET FUNDS AD HOC COMMITTEE NO. 4-91 RE:  
AMENDMENTS TO RULE 2a-7; DRAFT LETTER ON TAX-EXEMPT MONEY MARKET FUND  
PROPOSAL; FEBRUARY 28 MEETING

\_\_\_\_\_ At an open meeting today, the SEC adopted amendments to Rule 2a-7. Attached is a memorandum briefly describing those amendments. This memorandum merely reflects my notes from the meeting and, thus, may differ slightly from the changes that were adopted. We request that this memorandum be treated confidentially. We will distribute the SEC's release when it becomes available. In addition, attached is a draft letter to the SEC staff proposing revisions to the regulation of tax-exempt money market funds. The draft letter reflects the proposals approved by the Committee at the December 18th meeting. However, since the Commission has adopted final amendments to the quality standards applicable to taxable funds that differ from the Institute's proposal, the Committee may wish to consider whether to revise the tax-exempt proposals, especially since several of these proposals were drafted to be consistent with the Institute's proposals for taxable funds. We have scheduled a meeting for February 28th to discuss whether we should revise the tax-exempt proposals. By that time, the Commission's release adopting the changes to Rule 2a-7 should be out. The meeting will begin at 10:00 a.m. and will be held at the Institute. Please contact Michele Dugue at 202/955-3515 by February 25th to let her know whether you will be able to attend the meeting. Amy B.R. Lancellotta Assistant General Counsel Attachment