

MEMO# 2813

May 31, 1991

SEC ADOPTS AMENDMENTS TO RULE 2A-7 TO EXCLUDE TAX-EXEMPT MONEY MARKET FUNDS FROM BOARD RATIFICATION REQUIREMENT

May 31, 1991 TO: MONEY MARKET MEMBERS - ONE PER COMPLEX NO. 13-91 MONEY MARKET FUNDS AD HOC COMMITTEE NO. 12-91 RE: SEC ADOPTS AMENDMENTS TO RULE 2a-7 TO EXCLUDE TAX-EXEMPT MONEY MARKET FUNDS FROM BOARD RATIFICATION REQUIREMENT _____ Late Friday afternoon, the Institute was orally advised by a member of the staff of the Division of Investment Management that the SEC approved the proposed amendment to Rule 2a-7 to exclude tax-exempt money market funds from the recently adopted requirement that the board of directors of a fund approve or ratify the acquisition of any security that is unrated, or is rated by only one rating agency. (See Memorandum to Money Market Members - One Per Complex No. 8-91 and Money Market Funds Ad Hoc Committee No. 10-91, dated April 9, 1991.) It is our understanding that the language of the amendment is very similar to the proposal. We will distribute the SEC release adopting the amendment as soon as it becomes available. Amy B.R. Lancellotta Assistant General Counsel