

MEMO# 2957

July 25, 1991

AUGUST 6 MEETING TO DISCUSS MODIFYING REQUIREMENTS UNDER RULE 2A-7 GOVERNING DEMAND FEATURES

July 25, 1991 TO: MONEY MARKET FUNDS AD HOC COMMITTEE NO. 20-91 RE: AUGUST 6 MEETING TO DISCUSS MODIFYING REQUIREMENTS UNDER RULE 2a-7 GOVERNING DEMAND FEATURES _____ As you know, on July 15th Mutual Benefit Life Insurance Company was taken over by the New Jersey insurance department. Several tax-exempt money market funds held seven-day demand notes that were guaranteed by MBL. A number of those funds put the bonds back to MBL, but New Jersey would not allow MBL to honor the puts. In all instances, steps were taken to support the stable net asset value of these funds. The Institute has scheduled a meeting for August 6, 1991 to discuss whether the provisions under Rule 2a-7 applicable to demand features that are used to shorten the maturity of tax- exempt securities should be modified in light of the MBL incident. The meeting is scheduled for 10:00 a.m. Please contact Michele Dugue at 202/955-3515 by August 1 to let her know whether you will be able to attend the meeting. Amy B.R. Lancellotta Assistant General Counsel