

**MEMO# 2801**

May 29, 1991

## **SEC PROPOSAL TO RESCIND TEMPORARY EXEMPTIVE RULES APPLICABLE TO MONEY MARKET FUNDS**

May 29, 1991 TO: MONEY MARKET MEMBERS - ONE PER COMPLEX NO. 12-91 RE: SEC PROPOSAL TO RESCIND TEMPORARY EXEMPTIVE RULES APPLICABLE TO MONEY MARKET FUNDS \_\_\_\_\_ The SEC has proposed to rescind two temporary exemptive rules that were adopted in 1980 to provide relief to money market funds that were affected by credit control regulations imposed by the Board of Governors of the Federal Reserve System. The SEC believes that temporary Rules 6c-4(T) and 6c-5(T) under the Investment Company Act, which were adopted on an emergency basis in 1980, are no longer necessary since the credit control regulations were terminated in 1980 (shortly after they were adopted). The SEC is soliciting comment on the continued need for either of the exemptive rules. In particular, the SEC is requesting comment on whether any clone funds, organized in response to the credit control regulations, currently exist and continue to function in reliance upon the exemptions provided by Rule 6c-4(T), which extended to clone funds the exemptive relief their "sister" funds obtained to use amortized cost valuation or penny-rounding valuation procedures (such relief was necessary prior to the adoption of Rule 2a-7 in 1983). Comments on the proposed rescission of these exemptive rules are due by June 24, 1991. We will keep you informed of developments. Amy B.R. Lancellotta Assistant General Counsel Attachment