

MEMO# 10892

April 13, 1999

BMA RECOMMENDATION TO CURTAIL SHORT-TERM DEBT ISSUANCE AS A Y2K PRECAUTION

* See Memorandum to Money Market Funds Advisory Committee No. 3-99 and SEC Rules Committee No. 24-99, dated April 5, 1999. [10892] April 13, 1999 TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 4-99 SEC RULES COMMITTEE No. 28-99 RE: BMA RECOMMENDATION TO CURTAIL SHORT-TERM DEBT ISSUANCE AS A Y2K PRECAUTION

The Bond Market Association's ("The BMA") Money Market Committee recently adopted a recommendation that issuance of commercial paper, certificates of deposit and other short-term debt instruments that would mature at the end of December 1999 and the beginning of January 2000 be curtailed. The committee also recommended curtailing new issuance during this year-end period. According to the attached Update issued by The BMA, these steps were taken in order to minimize potential disruptions that might occur around the turn of the century. The full recommendation reads: "To the extent practical, short-term debt issuance and redemption during the end of December 1999 and the beginning of January 2000 should be curtailed in order to minimize market activity when conditions may be unsettled due to Y2K-related events." In a related action, another committee of The BMA recently issued a Repo Trading Practice Guideline relating to Year 2000 contingency planning, which is intended to reduce transaction volume in the funding markets around the millennium weekend.* The ICI has expressed concern to The BMA that these actions could have the effect of reducing liquidity at a time when investment companies may have increased liquidity needs. We will continue to work with The BMA in its ongoing consideration of Y2K- related issues. If you have any comments regarding the recommendation to curtail short-term debt issuance at year-end or on any other related issues, please contact the undersigned at 202/326-5824 or by e-mail at amy@ici.org. Amy B.R. Lancellotta Senior Counsel Attachment

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