

MEMO# 3358

December 13, 1991

PROPOSED RESTRICTIONS ON MONEY MARKET FUNDS

December 13, 1991 TO: BOARD OF GOVERNORS NO. 88-91 RE: PROPOSED RESTRICTIONS
ON MONEY MARKET FUNDS _____ At

the October meeting of the Board of Governors, I reported that in recent months several members of Congress and agency officials have indicated that they are considering whether bank type regulations (e.g., reserve requirements, FDIC premiums, etc.) should be imposed on money market funds and bond funds. I also reported that the Institute is taking steps to prepare for the possibility of a full scale debate in this area, including the retention of an outside expert on banking policy. Attached is an article from the December 2, 1991 issue of "Banking Policy Report" in which Carter H. Golembe calls for legislation extending community reinvestment requirements, FDIC insurance (and premiums) and reserve requirements to money market funds. We will keep you advised of developments in this area. Matthew P. Fink President Attachment

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