

# Money Market Regulations Overview

- On July 23, 2014, the U.S. Securities and Exchange Commission (SEC), the primary regulator of money market mutual funds, issued final rules to further regulate the money market mutual fund industry. These reforms will change the way money market funds operate, helping to enhance the transparency of risks as well as give investors additional protection during times of extraordinary market stress, when redemptions in some money market mutual funds may increase significantly.
- The key SEC rule changes are summarized as follows:

Money Market Fund Type	Net Asset Value (NAV)	Liquidity Fee/Redemption Gate
U.S. Treasury and Government <sup>(1)</sup>	Stable	No <sup>(2)</sup>
Retail Prime and Municipal	Stable	Yes
Institutional Prime and Municipal	Floating	Yes

<sup>1</sup> The SEC will now define a government money market fund as any money market fund that invests 99.5%, formerly 80%, or more of its total assets in cash, government securities and/or repurchase agreements that are collateralized solely by government securities or cash.

<sup>2</sup> Government money market funds are permitted, but not required, to impose redemption fees and restrictions.

Action	Final Rule	Effective Date
Floating NAV	Institutional prime and municipal money market funds will price and transact at a floating NAV rounded to the fourth decimal place (\$1.0000).	October 14, 2016
Liquidity Fee/Redemption Gate	<p>If a fund's weekly liquid assets fall below 30% of its total assets, the fund's board may impose a liquidity fee of up to 2% on all redemptions or suspend redemptions for up to 10 business days in a 90-day period.</p> <p>If a fund's weekly liquid assets fall below 10% of its total assets, redemptions would be subject to a liquidity fee of 1%, unless the fund's board determines otherwise.</p> <p>Weekly liquid assets are defined as securities that convert into cash within 1 week.</p>	October 14, 2016
Retail Fund Definition	A retail money market fund will limit all beneficial owners of the fund to natural persons.	October 14, 2016

Source: U.S. Securities and Exchange Commission