

APPENDIX A: RECOMMENDATIONS OF THE MONEY MARKET WORKING GROUP*

		New or existing?	Can money market funds implement immediately?
1	Portfolio Liquidity Requirements		
1.1	The Securities and Exchange Commission (SEC) should amend Rule 2a-7 to require taxable money market funds to meet a minimum daily liquidity standard such that 5 percent of the fund’s assets would be held in securities accessible within one day.	New	Yes
1.2	The SEC should amend Rule 2a-7 to require all money market funds to meet a minimum weekly liquidity standard such that 20 percent of the fund’s assets would be held in securities accessible within seven days.	New	Yes
1.3	The SEC should amend Rule 2a-7 to require all money market funds to regularly “stress test” their portfolios to assess a portfolio’s ability to meet hypothesized levels of credit risk, shareholder redemptions, and interest rate changes.	New	Yes
2	Portfolio Maturity		
2.1	The SEC should amend Rule 2a-7 to reduce the weighted average maturity limitation for money market funds from 90 days to 75 days.	Enhancement of existing requirement	Yes
2.2	The SEC should amend Rule 2a-7 to require money market funds to maintain a new “spread WAM” that does not exceed 120 days.	New	Yes
3	Enhance Credit Analysis		
3.1	The SEC should amend Rule 2a-7 to require money market fund advisers to establish a “new products” or similar committee that would review and approve new structures prior to investment by their funds.	New	Yes
3.2	Money market fund advisers should consider and, when appropriate, follow best practices in connection with minimal credit risk determination.	Enhancement of existing requirement	Yes

* Unless defined in this Appendix, capitalized terms are defined in paragraph (a) of Rule 2a-7 under the Investment Company Act of 1940.

		New or existing?	Can money market funds implement immediately?
3.3	The SEC should retain references to NRSROs in Rule 2a-7 as an important “floor” on permissible investments.	No change	
3.4	The SEC should amend Rule 2a-7 to require money market fund advisers to designate and publicly disclose, pursuant to procedures approved by the fund’s board of directors, a minimum of three NRSROs that the fund’s adviser will monitor for purposes of determining Eligibility of portfolio securities.	New	No Requires SEC action before implementation
4	Assessment of Client Risk		
4.1	The SEC should require that money market funds develop procedures for admitting shareholders to their funds to ensure, to the extent possible, that funds either (1) understand the expected redemption practices and liquidity needs of those investors or (2) when such information is not available, mitigate possible adverse effects that may result from such unpredictability.	New	Yes
4.2	The SEC should require money market funds to post monthly website disclosures of client concentration levels by type of client and the risks that such concentration, if any, may pose to the fund.	New	Yes
5	Addressing the Possibility of a Run		
5.1	A money market fund’s board of directors, including the fund’s independent directors, or a committee thereof, under exigent circumstances should have the authority to suspend redemptions and purchases by the fund for a period of five business days in order to seek a “cure” for a fund that has either broken or reasonably believes it may be about to break a dollar. During that time, the fund could either seek credit support or otherwise address the NAV, or determine to permanently suspend redemptions and liquidate the fund. The fund should be required to provide prompt, nonpublic notice to the SEC staff when making this election.	Revision of existing authority	No Requires SEC action before implementation

		New or existing?	Can money market funds implement immediately?
5.2	The SEC, prior to the expiration of Rule 22e-3T under the Investment Company Act, which permits a money market fund to suspend redemptions upon liquidation pursuant to the Treasury Department's Temporary Guarantee Program for Money Market Funds, should adopt a similar rule that is available to all money market funds preparing to liquidate. Within five business days of announcing a suspension and liquidation, the fund's board must approve and the fund must announce to shareholders its plan of liquidation.	Makes existing temporary rule permanent	No Requires SEC action before implementation
6	Investor/Market Confusion About Money Market Funds		
6.1	Money market funds should reassess and, if appropriate, revise the risk disclosures they provide to investors and the markets.	Enhancement to existing practices	Yes
6.2	The SEC should require money market funds to provide monthly website disclosure of portfolio holdings.	New	Yes
6.3	The SEC should adopt a rule under the Investment Advisers Act of 1940 applicable to advisers to unregistered funds, designed to reduce investor and market confusion about funds that appear to be similar to money market funds, but do not comply with the risk-limiting provisions applicable to money market funds.	New Applies to cash pools other than money market funds	N/A
7	Government Oversight		
7.1	The money market industry should work with the appropriate government entity to develop a nonpublic reporting regime for all institutional investors in the money market.	New	No Requires government action before implementation
7.2	The SEC should formalize a program such that agency staff would monitor any money market funds that, by category and excluding fees, have performance that clearly exceeds that of their peers during any month, to determine the reasons for such performance, and monitor an additional 10 randomly selected funds each month.	Enhancement of existing SEC staff practices	N/A

		New or existing?	Can money market funds implement immediately?
8	Government Resources		
8.1	The SEC should amend Rule 17a-9 under the Investment Company Act to allow a money market fund affiliate to purchase an Eligible Security from a fund.	Enhancement of existing regulation	No Requires SEC action before implementation
8.2	The SEC should amend Rule 2a-7 to require nonpublic notice to the SEC of any affiliated purchase in reliance on Rule 17a-9.	Amendment to existing rule	Yes
9	Government Programs		
9.1	The Treasury Department should extend the Treasury Guarantee Program until the program expires by its terms on September 18, 2009.	Extension of existing program	N/A
9.2	The SEC should delegate to its staff the authority to reinstate the no-action letter permitting money market funds to use amortized cost for shadow pricing certain securities, under specified market conditions, at the staff's own motion or upon request by the industry.	Formalization of SEC staff authority	N/A
10	Forward-Looking Enhancements		
10.1	The SEC should amend Rule 2a-7 to eliminate Second Tier Securities from the definition of an Eligible Security.	Change to existing fund standards	Yes
10.2	The SEC should modernize Rule 2a-7 to reflect the appropriate oversight role for money market fund boards of directors.	Amendment to existing rule	No Requires SEC action before implementation