

## ICI Issues Statement on Money Market Mutual Funds

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**Washington, DC, September 16, 2008** - Investment Company Institute President and Chief Executive Officer Paul Schott Stevens today issued the following statement:

"Today, Reserve Management Corporation announced that one of its money market mutual funds is unable to maintain a \$1.00 net asset value (NAV), an event triggered by unprecedented market conditions that have affected a wide range of financial firms. This type of event—known as "breaking the buck"—is extremely rare.

"Money market mutual funds have been a successful financial product for millions of investors. Although money market funds are not guaranteed, investors have benefited from the security, liquidity, and diversification that these funds provide under stringent and effective regulation. Today, money market funds hold \$3.5 trillion in assets for a wide range of individual and institutional investors.

"ICI is working closely with its members and with regulators, including the U.S. Securities and Exchange Commission and the Federal Reserve, to maintain open communications about market conditions and their impact on funds.

"The fundamental structure of money market funds remains sound. These funds are subject to strict regulation governing credit quality, liquidity, diversification, and transparency. Rule 2a-7, administered by the SEC, strictly limits the types of securities in which money market funds can invest. Securities held by money market funds must be judged highly credit-worthy by both objective and subjective tests, and Rule 2a-7 imposes strict requirements for diversification of assets. The provisions of Rule 2a-7 have operated to help money market funds maintain a stable NAV of \$1.00 per share. While not obligated to do so, fund sponsors have voluntarily lent support to their money market funds with credit lines or cash infusions in a number of recent instances.

	market fund, paid				
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