

SEC Proposes Money Market Fund Reforms: Key Facts

December 22, 2021 | Client Alert



At an open meeting on Dec. 15, 2021, the U.S. Securities and Exchange Commission (SEC), in a 3-2 vote, proposed amendments to Rule 2a-7 under the Investment Company Act of 1940 (1940 Act) that, if adopted, will impact the manner in which all money market funds operate.¹ The key provisions of the proposed amendments would:

- Completely eliminate liquidity fee and redemption gate provisions in Rule 2a-7 for all money market funds.
- Require swing pricing for institutional prime and institutional tax-exempt money market funds.
- Increase daily and weekly liquid asset requirements to 25% and 50%, respectively (from 10% and 30%, respectively).
- Require board notification and filing on Form N-CR if a fund has less than 25% of total assets invested in weekly liquid assets or 12.5% of total assets invested in daily liquid assets.
- Prohibit certain mechanisms for maintaining a stable net asset value (NAV) per share in negative interest rate environments, such as by reducing the number of fund shares outstanding (including through reverse distribution mechanisms).

¹ Money Market Fund Reforms, Investment Company Act Release No. 34441 (Dec. 15, 2021), *available at* <https://www.sec.gov/rules/proposed/2021/ic-34441.pdf> [hereinafter Proposing Release].

Additionally, the SEC has proposed amendments to reporting requirements on Forms N-MFP and N-CR that, if adopted, will require increased SEC reporting to improve the availability of information about all money market funds.

This alert summarizes the major features of the proposal. We will issue a series of alerts in the coming weeks to discuss in detail key aspects of the rulemaking package. In each alert, we will provide a deeper analysis of the proposed rule's potential impact on current fund operations and fund board oversight. In addition, Stradley will host a webinar on Jan. 13, 2022 at 2:00 pm (Eastern time) on the proposal. [Click here to register for the webcast.](#)

Please let our money market fund team know if you have any questions about the proposal or this alert.

Background: March 2020 and Money Market Funds

In March 2020, concerns and uncertainty regarding the COVID-19 pandemic caused significant market volatility and stress on the short-term funding markets, which affected various money market funds. Government money market funds² experienced large inflows as investors, particularly institutional investors, sought to reallocate assets into cash and other more liquid investment types; whereas other types of money market funds, particularly institutional prime money market funds, experienced varying levels of outflows in periods of market turmoil.

In response to the pressures placed on short-term funding markets, on March 15, 2020, the Federal Reserve lowered the target range for the federal funds rate to 0-0.25%, raising questions regarding the use of negative interest rates as a potential tool to counteract future economic slowdowns.³ The Federal Reserve also instituted a number of programs for the benefit of a broad range of market participants, including the Money Market Liquidity Facility (MMLF) on March 18, 2020.⁴ Certain money market fund sponsors purchased securities held by money market funds in order to promote liquidity in the short-term credit markets and to increase the fund's weekly liquid assets. Offshore markets experienced very similar pressures, which affected liquidity products around the globe.

Following the events of March 2020, U.S. and offshore regulators have considered ways to improve the resiliency of short term funding markets, and their plans have included money market fund reform.⁵ It is

² As used herein, a "government money market fund" means a money market fund that invests 99.5% or more of its total assets in cash, government securities, and/or repurchase agreements that are collateralized fully.

³ Statement of the Federal Open Markets Committee, March 15, 2020, available at <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315a.htm>.

⁴ Under the MMLF, the Federal Reserve Bank of Boston made loans available to eligible financial institutions secured by high-quality assets purchased by the financial institution from money market funds and included regulatory relief on bank capital requirements in order to facilitate lending under the MMLF. The MMLF ceased providing loans in March 2021. *See* Board of Governors of the Federal Reserve System, Money Market Mutual Fund Liquidity Facility (last updated June 11, 2021), <https://www.federalreserve.gov/monetarypolicy/mmlf.htm>.

⁵ In Dec. 2020, the President's Working Group on Financial Markets issued a report on recent events and potential reform options for money market funds (PWG Report), and on Feb. 4, 2021, the SEC sought comment on potential reform measures for money market funds, as highlighted in the PWG Report. *See* Request for Comment on Potential Money Market Fund Reform Measures in President's Working Group Report, Investment Company Act File No. 34188, available at <https://www.sec.gov/rules/other/2021/ic-34188.pdf>. In addition, on Oct. 11, 2021, the Financial Stability Board issued a final report on policy proposals to enhance money market fund resilience, following a comment period on a consultation report. *See* Financial Stability Board, Policy Proposals to Enhance Money Market Fund Resilience: Final Report (Oct. 11, 2021), available at <https://www.fsb.org/wp-content/uploads/P111021-2.pdf>; Financial Stability Board, Policy Proposals to Enhance Money Market Fund Resilience: Consultation Report (June 30, 2021), available at <https://www.fsb.org/wp-content/uploads/P300621.pdf>.

Of note, on Dec. 21, 2021, the SEC appointed William A. Birdthistle as Director of Investment Management. Mr.

against this backdrop that the SEC has considered and proposed amendments to Rule 2a-7 and related money market fund forms.

Key Provisions of Proposed Rule

Swing Pricing

Key Proposed Requirements: Under the proposed rule, an institutional prime or institutional tax-exempt money market fund⁶ must adjust its current NAV per share by a “swing factor” if the fund has net redemptions for the pricing period. A swing factor is essentially a premium over NAV that an investor would be required to pay the fund to make it whole for the costs incurred in selling portfolio securities to meet the investor’s redemption request during periods of net redemptions. The proposed swing pricing requirements would not apply to net *subscriptions* during a pricing period.

Funds in Scope:
Institutional prime and
institutional tax-exempt
money market funds.

The “pricing period” is the period of time an order to purchase or sell securities issued by the fund must be received to otherwise be priced at a given current NAV under Rule 22c-1 (also known as the fund’s cut off time).⁷ The definition is intended to permit money market funds that strike their NAV multiple times a day to continue to have multiple NAV strike times, but would require such funds to determine whether the fund has net redemptions for *each* pricing period during the day and apply swing pricing for *each* corresponding NAV calculation.⁸ Consistent with Rule 22c-1, net redemption activity would be determined based on all share classes in the aggregate rather than on a class-by-class basis.⁹

Under the proposed rule, a swing pricing administrator¹⁰ would be responsible for determining the swing factor through good faith estimates, supported by data, of the costs the fund would incur if it sold a pro-rata amount of each security in its portfolio (a “vertical slice” of its portfolio) to satisfy the amount of net redemptions for the pricing period. Determination of the swing factor, including the factors a swing pricing administrator is required to consider, would differ depending upon whether net redemptions exceed a “market impact threshold.” In determining whether a fund has net redemptions and the amount of net redemptions, the swing pricing administrator may make such determination based on receipt of sufficient

Birdthistle co-authored a comment letter on the PWG Report that urged the SEC to consider three regulatory approaches to increase the resiliency of money market funds: (1) floating the NAVs of all money market funds; (2) requiring sponsors to hold capital sufficient to ensure that the sponsor can serve as a source of strength for funds subject to redemptions or declines in asset prices; and (3) adopting a systemic, industry-run emergency insurance fund for money market funds. The comment letter is available at <https://www.sec.gov/comments/s7-01-21/s70121-8587644-230907.pdf>.

⁶ An “institutional” money market fund is any money market fund that does not meet the definition of a “retail money market fund,” as defined in Rule 2a-7. A “retail money market fund” is a money market fund that has policies and procedures reasonably designed to limit all beneficial owners of the fund to natural persons.

⁷ See proposed Rule 2a-7(c)(2)(vi)(C).

⁸ Proposing Release at 46.

⁹ In 2016, the SEC adopted amendments to Rule 22c-1 to permit the use of swing pricing to adjust a fund’s current NAV per share to mitigate dilution of the value of its outstanding redeemable securities as a result of shareholder purchase or redemption activity. The swing pricing provisions of Rule 22c-1 are applicable to registered open-end investment management companies, excluding money market funds.

¹⁰ The proposed rule defines the swing pricing administrator as the fund’s investment adviser, officer, or officers responsible for administering the swing pricing policies and procedures. The swing pricing administrator may consist of a group of persons. The administration of swing pricing must be reasonably segregated from portfolio management of the fund and may not include portfolio managers.

investor flow information for the pricing period, which may consist of individual, aggregated, or netted orders, and may include reasonable estimates where necessary.¹¹

For institutional money market funds with net redemptions for the pricing period, the good faith estimates used in determining the swing factor would include, for each security, spread costs (such that the fund is valuing each security at its bid price) and transaction costs. Under specific circumstances, the swing factor would increase. Specifically, if the institutional money market fund has net redemptions for a pricing period that exceed a “market impact threshold,” the good faith estimates used in determining the swing factor would also include market impacts. The “market impact threshold” is defined as 4% of the fund’s NAV divided by the number of pricing periods the fund has in a business day, or such smaller amount of net redemptions as the swing pricing administrator determines.¹² The swing pricing administrator would estimate market impacts for each security in the fund’s portfolio by first establishing a market impact factor for each security (or each type of security with the same or substantially similar characteristics). The market impact factor would be an estimate of the percentage decline in the value of the security if it were sold, per dollar of the amount of the security that would be sold, under current market conditions. Next, the market impact factor would be multiplied by the dollar amount of the security that would be sold if a pro-rata amount of each security in the fund’s portfolio were sold to meet the net redemptions for the pricing period.

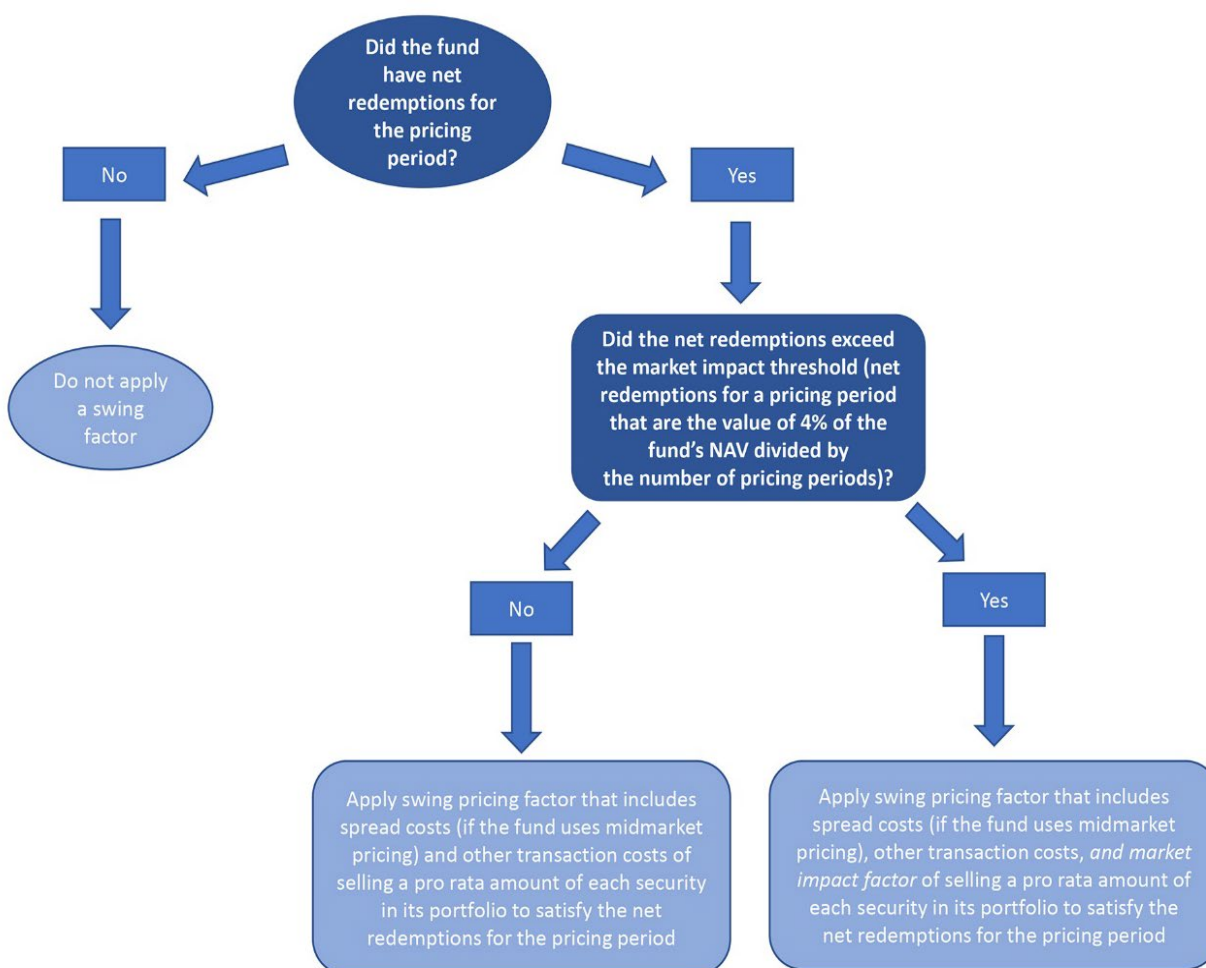
The proposal permits the swing pricing administrator to estimate costs and market impact factors for each type of security with the same or substantially similar characteristics and apply those estimates to all securities of that type rather than analyze each security separately.¹³ For funds with multiple share classes, the same swing factor must be used for each class.

¹¹ See proposed Rule 2a-7(c)(2)(ii)(A).

¹² See proposed Rule 2a-7(c)(2)(vi)(B).

¹³ See proposed Rule 2a-7(c)(2)(iii)(C). A fund could, for example, determine the liquidity, trading, and pricing characteristics of a subset of securities justifies the application of the same costs and market impact factor to all securities of that type within its portfolio. See Proposing Release at 51, fn 121.

A high-level illustration of the swing pricing process is provided below:



The proposed rule includes specific responsibilities for the board related to swing pricing, including the independent trustees. Specifically, the board, including a majority of independent trustees, would be required to (i) approve the fund's swing pricing policies and procedures, (ii) designate the swing pricing administrator; and (iii) review, no less frequently than annually, a written report prepared by the swing pricing administrator. The proposal generally contemplates a board role in oversight, rather than board involvement in the day-to-day administration of swing pricing.

The swing pricing proposal also includes related amendments to registration statement disclosure, Form N-MFP reporting, and website disclosure (to require a fund to disclose on its website the fund's adjusted NAV, taking into account the application of a swing factor). See "Form N-CR and Form N-MFP Reporting" below.

Why this is Being Proposed: The intent of swing pricing is to effectively pass transaction costs stemming from shareholder redemptions to the redeeming shareholders in order to reduce the potential for the dilution in the value of the remaining shareholders' shares. It is expected to reduce first-mover advantage and help prevent a run on a fund. As explained below, the SEC is proposing to remove liquidity fees from Rule 2a-7, but the SEC believes it is important for institutional prime and institutional tax-exempt money market funds to have an effective tool to address shareholder dilution and potential institutional investor incentives to redeem quickly in times of liquidity stress to avoid further losses.¹⁴ A mandatory swing pricing regime for net redemptions is also intended to address any reluctance of imposing a voluntary swing pricing regime or voluntary liquidity fee.¹⁵ Swing pricing was included in the proposed rule despite a general lack of industry support in the comments submitted on the PWG Report.¹⁶

Removal of Liquidity Fees and Redemption Gates

Key Proposed Requirements: Under the proposed rule, provisions related to liquidity fees and redemption gates would be removed from Rule 2a-7 in their entirety. Currently, under Rule 2a-7, a liquidity fee or redemption gate may be imposed with action by a fund's board of trustees when a fund's level of weekly liquid assets falls below 30%.¹⁷ The proposed rule would not impact a money market fund's ability to suspend redemptions to facilitate an orderly liquidation of the fund under Rule 22e-3 of the 1940 Act.¹⁸

Funds in Scope:
All money market funds currently subject to liquidity fees and redemption gates.

Why this is Being Proposed: In 2014, the SEC adopted liquidity fee and redemption gate requirements as tools to provide a "cooling off" period to temper the effects of short-term investor panic and preserve liquidity in times of market stress by better allocating the costs of providing liquidity to redeeming investors.¹⁹ Research and evidence about investor redemption activity in March 2020 showed, however, that liquidity fees and redemption gates not only failed to achieve their objectives, but the mere possibility of a liquidity fee or redemption gate being imposed appears to have created incentives for investors to redeem early and for money market fund managers to maintain weekly liquid asset levels above the required minimum rather than use such assets to meet redemptions.²⁰ As such, the SEC is proposing the removal of liquidity fee and redemption gate provisions from Rule 2a-7.

¹⁴ Proposing Release at 38.

¹⁵ See *id.* at 47.

¹⁶ Comments received on the PWG Report are available at <https://www.sec.gov/comments/s7-01-21/s70121.htm>.

¹⁷ Specifically, if, at any time, a money market fund has invested less than 30% of its total assets in weekly liquid assets, the fund may institute a liquidity fee or suspend the right of redemption temporarily if the fund's board of trustees determines that the fee or suspension of redemptions is in the best interests of the fund. If, at the end of a business day, a money market fund has invested less than 10% of its total assets in weekly liquid assets, the fund must institute a liquidity fee, effective as of the beginning of the next business day, unless the fund's board of directors determines that imposing the fee is not in the best interests of the fund. Requirements related to liquidity fees and redemption gates do not apply to government money market funds. A government money market fund, however, may choose to rely on the ability to impose liquidity fees and suspend redemptions consistent with the provisions of Rule 2a-7.

¹⁸ Rule 22e-3 generally allows a money market fund to suspend redemptions if, among other conditions, (i) the fund, at the end of a business day, has invested less than 10% of its total assets in weekly liquid assets or, in the case of a government or retail money market fund, the fund's price per share has deviated from its stable price or the fund's board determines that such a deviation is likely to occur, and (ii) the fund's board has approved the fund's liquidation.

¹⁹ Proposing Release at 27.

²⁰ See *id.* at 28.

Increases in Portfolio Liquidity Requirements and Increased Board Reporting

Key Proposed Requirements: The proposed rule would increase the amount of daily liquid assets and weekly liquid assets held by money market funds. Specifically, immediately after the acquisition of an asset, a money market fund would be required to hold at least 25% and 50% of its total assets in daily liquid assets and weekly liquid assets, respectively. This is an increase from the current 10% daily liquid asset requirement and 30% weekly liquid asset requirement. The proposal does not establish different levels of liquidity by type of money market fund, with the exception that tax-exempt money market funds will continue to be exempt from the daily liquid asset requirement, as is the case under current Rule 2a-7.

Funds in Scope:
All money market funds.

The proposal also would not change the current definitions of a daily liquid asset or weekly liquid asset, nor does the proposal change restrictions related to money market fund investments in illiquid securities (which would remain at 5% of total assets). The proposed rule also continues to maintain the liquidity thresholds as an “acquisition test,” meaning that compliance with each test is required at the time the fund acquires a security. Should a fund drop below a required liquidity minimum (due to market movements, for example), the fund is not required to dispose of securities, but, rather, may not acquire any asset other than a daily liquid asset or weekly liquid asset, as the case may be, until it meets the applicable minimum threshold.

The proposed rule imposes new, additional notifications to the board upon the occurrence of specific liquidity threshold events. Specifically, a fund would be required to notify the board if the fund has invested less than 25% of its total assets in weekly liquid assets or less than 12.5% of its total assets in daily liquid assets, including a brief description of the facts and circumstances that led to the liquidity threshold event. The proposed rule does not contemplate any specific action to be taken by the board upon receipt of such notification. The SEC has also proposed related changes to reporting on Form N-CR. See “Form N-CR and Form N-MFP Reporting” below.

Notably, the SEC did not propose the creation of a new category of liquidity (biweekly liquid assets), despite the fact that the PWG Report had included biweekly liquid assets as a potential policy option.²¹

Why this is Being Proposed: Minimum daily and weekly liquid asset requirements are intended to support a money market fund’s ability to meet redemptions from cash or securities convertible to cash, at any time, including when a money market fund cannot rely on a secondary or dealer market to provide liquidity. The SEC proposed to increase the minimum daily and weekly liquid asset thresholds to provide money market funds with a more substantial buffer to better equip the funds to manage significant and rapid redemptions like those in March 2020. As noted above, significant outflows from prime money market funds in March 2020 had an impact on liquidity. The proposal would remove liquidity fees and redemption gates, while maintaining the funds’ flexibility to invest in diverse assets during normal market conditions, but would increase liquid asset thresholds.²² Board notification requirements are intended to

²¹ Report of the President’s Working Group on Financial Markets: Overview of Recent Events and Potential Reform Options for Money Market Funds (Dec. 2020), available at <https://home.treasury.gov/system/files/136/PWG-MMF-report-final-Dec-2020.pdf>.

²² Proposing Release at 88.

facilitate appropriate and timely board monitoring, engagement, and understanding when a fund's liquidity levels decrease significantly below the minimum liquidity requirements.²³

Modifications to Liquidity Stress Testing Requirements

Key Proposed Requirements: Under the proposed rule, each money market fund would be required to stress test whether the fund is able to maintain sufficient minimum liquidity under specified hypothetical events.²⁴ Each money market fund would be required to determine the minimum level of liquidity it seeks to maintain during stress periods and identify such levels in written stress testing procedures. What is considered sufficient minimum liquidity may differ among funds for a variety of reasons, including the type of money market fund or characteristics of investors, such as investor concentration or composition.²⁵ Currently, each money market fund is required to stress test the fund's ability to have invested at least 10% of its total assets in weekly liquid assets under specified hypothetical events. The proposed rule would not change the types of hypothetical events required to be tested or the frequency of stress testing.²⁶

Funds in Scope:
All money market funds.

Why this is Being Proposed: The SEC adopted the requirement to stress test the fund's ability to have invested at least 10% of its total assets in weekly liquid assets in 2014 because investing below 10% in weekly liquid assets was the threshold at which a default liquidity fee would go into place. In connection with the removal of liquidity fees from Rule 2a-7.²⁷ The SEC is proposing modifications to the stress testing requirements to replace the requirement to stress test a fund's ability to have invested at least 10% of its total assets in weekly liquid assets with a requirement to stress test the fund's ability to maintain sufficient minimum liquidity.

²³ See *id.* at 103-104.

²⁴ Proposed Rule 2a-7(g)(8)(i).

²⁵ Proposing Release at 107.

²⁶ Hypothetical events in Rule 2a-7 include, but are not limited to: (a) increases in the general level of short-term interest rates, in combination with various levels of an increase in shareholder redemptions; (b) an event indicating or evidencing credit deterioration, such as a downgrade or default of particular portfolio security positions, each representing various portions of the fund's portfolio (with varying assumptions about the resulting loss in the value of the security), in combination with various levels of an increase in shareholder redemptions; (c) a widening of spreads compared to the indexes to which portfolio securities are tied in various sectors in the fund's portfolio (in which a sector is a logically related subset of portfolio securities, such as securities of issuers in similar or related industries or geographic region or securities of a similar security type), in combination with various levels of an increase in shareholder redemptions; and (d) any additional combinations of events that the adviser deems relevant.

²⁷ See *id.* at 106.

Potential Negative Interest Rates: Prohibition on Share Cancellations to Maintain a Stable NAV and Requirement to Float NAV

Key Proposed Requirements: The proposed rule would prohibit a money market fund from reducing the number of its shares outstanding to seek to maintain a stable NAV per share or stable price per share.²⁸ This would prohibit the use of a reverse distribution mechanism, routine stock split, or other devices that would periodically reduce the number of the fund's outstanding shares to maintain a stable share price in a negative interest rate environment.

Funds in Scope:
Government and retail
money market funds.

The current wording of Rule 2a-7 does not explicitly address the operation of money market funds in a negative interest rate environment. Rule 2a-7 allows a government or retail money market fund to use the amortized cost method and/or penny-rounding method to maintain a stable net asset value only so long as the board of trustees believes that such methods fairly reflect the market-based NAV per share of the fund. The SEC has stated in the Proposing Release that if negative interest rates turn a stable NAV fund's gross yield negative, then the board may reasonably believe the stable share price does not fairly reflect the market-based NAV per share, as the money market fund would be unable to generate sufficient income to support the stable share price. While the SEC is not proposing changes to Rule 2a-7 in this regard, it has set forth an interpretation that will make it difficult for funds to be permitted to continue to use amortized cost and/or penny rounding methods under such circumstances. Thus, such a money market fund would have to convert to a floating NAV.²⁹

The proposed rule would also expand the requirement that a government and retail money market fund have the capacity to redeem and sell securities issued by the fund at a price based on the current market-based NAV per share, including the ability to redeem and sell securities at prices that do not correspond to a stable price per share. Under the proposed rule, a government or retail money market fund (or the fund's principal underwriter or transfer agent, on the fund's behalf) also must determine that financial intermediaries that submit orders (including through an agent) have the capacity to redeem and sell the fund's shares at prices that do not correspond to a stable price per share. If this determination could not be made, the fund would be required to prohibit the relevant financial intermediaries from purchasing the fund's shares in nominee name.³⁰ Funds would have flexibility in how to make such determination for each financial intermediary.

Why this is Being Proposed: Given the real possibility of negative interest rates, various money market funds began to evaluate potential measures to be able to continue to maintain a stable share price although the gross yield on their investments turned negative, including through a reverse distribution mechanism.³¹ We are aware that market participants approached the SEC staff and discussed the possible use of the reverse distribution mechanism, which had been used in Europe. It appears that the SEC does not favor that approach. Consequently, the SEC has proposed amendments to Rule 2a-7 to prohibit the use of a reverse distribution mechanism (or other means of reducing the number of fund shares outstanding to seek to maintain a stable NAV per share or stable price per share in a negative interest rate

²⁸ Proposed Rule 2a-7(c)(3).

²⁹ Proposing Release at 110.

³⁰ Proposed Rule 2a-7(h)(11)(ii).

³¹ A reverse distribution mechanism is a mechanism that distributes a stable NAV money market fund's negative yield by canceling shares. The reverse distribution mechanism offsets the fund's daily negative yield accrued (i.e., a decline in the fund's net assets) by reducing the number of fund shares outstanding. This process enables the fund to maintain a constant NAV per share, but with a declining number of shares.

environment) and stated in the Proposing Release that it believes that a reverse distribution mechanism is potentially misleading or confusing, particularly for retail investors. The SEC has also interpreted Rule 2a-7's pricing provisions in a manner that would make it difficult for a fund to be permitted to continue to use amortized cost and/or penny rounding methods if negative interest rates turned a stable NAV fund's gross yield negative, which would essentially require such a money market fund to convert to a floating NAV.

Form N-CR and Form N-MFP Reporting

Key Proposed Requirements: Form N-CR is a publicly available form used by money market funds to report certain material events to the SEC. Proposed changes to Form N-CR would require money market funds to report when a fund has invested less than 25% of its total assets in weekly liquid assets or less than 12.5% of its total assets in daily liquid assets. Additional changes to Form N-CR would remove the reporting requirements for liquidity fees and redemption gates because those would be eliminated under the proposed rule.

Proposed amended Form N-CR also includes a requirement to file reports in a structured data language rather than HTML or ASCII.

Funds in Scope:
All money market funds.

Form N-MFP is a publicly available form used by money market funds to report their portfolio holdings and certain other information to the SEC each month. Proposed changes to Form N-MFP would require new information to be reported, including (i) disclosure of the name and percentage ownership of each person who owns of record or is known by the fund to own beneficially 5% or more of the class of shares; (ii) for money market funds that are not government or retail money market funds, identification of the percentage of investors in specified categories; (iii) for prime money market funds, disclosure of the aggregate amount of securities sold or disposed of for various categories of investment; and (iv) for money market funds that are not government or retail money market funds, the number of times the fund applied a swing factor over the course of the reporting period and each swing factor applied. Proposed changes to Form N-MFP also include changes to standardize how filers report certain information, require additional information about repurchase agreement transactions, and include more frequent data points for information reported in Form N-MFP.

Why this is Being Proposed: Changes to Forms N-CR and N-MFP reporting requirements are intended to help investors, the SEC, and its staff monitor money market funds; provide more transparency; make submitted information more useful to investors and the SEC; and enhance the consistency of information funds currently report.

Timeline

The SEC proposes the following compliance periods following the effective date of any amendments:

- 12-month compliance period for (i) swing pricing requirements, including disclosures related to swing pricing on Forms N-MFP and N-1A; and (ii) the requirement that financial intermediaries have the capacity to redeem and sell at a price based on the current NAV per share or be prohibited from purchasing securities issued by the fund in nominee name on behalf of other persons.
- Six-month compliance period for all other provisions of the proposal.
- Removal of the liquidity fee and redemption gate provisions, including related disclosure requirements in Form N-1A and N-CR, would be effective when a final rule is effective.

Comments on the proposal are due 60 days from publication in the Federal Register. As of the date of this alert, the proposal had not yet been published in the Federal Register.

Our money market fund team is ready to help you navigate the SEC's rule proposal and its impact on money market fund operations. Please let our money market fund team know if you have any questions about the proposal or this alert.

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