A Closer Look

The Dodd-Frank Wall Street Reform and Consumer Protection Act

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Part of an ongoing series

Money market reform in flux

Reading the tea leaves on money market fund regulation

October 2012

The mutual fund industry, securities regulators, the Department of the Treasury and banking regulators are engaged in a contentious debate about whether reforms are needed to make money market mutual funds more resilient and resistant to "runs," and if so, what type of reforms would be best. In this *A Closer Look,* we summarize the existing options for reform and their potential impact, and handicap possible next steps.

Background: The ups and downs of money market funds

Money market funds (MMFs) are mutual funds that rely on a "safe harbor" under Rule 2a-7 of the Investment Company Act, allowing shares to be sold or redeemed at a stable net asset value (NAV), typically one dollar per share. Rather than "marking to market" the portfolio holdings daily as all other open-end funds do, MMFs are permitted to value their portfolios either at amortized cost or by "penny-rounding." In exchange for this favorable accounting treatment, MMFs are required to follow strict risk-limiting parameters regarding liquidity, credit quality, diversification, duration, and transparency. Further, MMF boards of directors are required to establish policies and procedures to minimize deviation between an MMF's amortized-cost NAV and the market-based NAV. These requirements are intended to ensure that the amortized cost or penny-rounded NAV is not materially different from the market-based NAV, so that purchasing, redeeming, or remaining shareholders are not diluted or otherwise disadvantaged.

Since their creation in 1983, MMFs have been wildly successful. According to the Investment Company Institute (ICI):[1]

- From the 1983 adoption of Rule 2a-7 to December 2011, $453 trillion has flowed into and out of US MMFs. In the quarter of a century between 1983 and September 2008, only one small institutional fund ever failed to return a $1 NAV.
- MMFs are a preferred cash management vehicle for businesses, colleges and universities, nonprofit organizations, government agencies, and financial institutions. (For these organizations, the stable NAV is very attractive from the standpoint of budgeting, accounting, systems, and transaction settlements).
- MMFs are an important short-term funding source, holding more than one-third of the commercial paper that businesses issue (37% as of March 2012).
- MMFs hold almost three-fourths of the short-term debt that finances state and local governments (74% as of March 2012).

September 2008: The Reserve Primary Fund breaks the buck

On September 16, 2008, the MMF Reserve Primary Fund, a large money market fund, stunned investors and the financial community by suspending shareholder redemptions. The day before, Lehman Brothers had declared bankruptcy, rendering the value of its debt nearly worthless. The Reserve Primary Fund was holding Lehman paper that, when marked to market, caused the NAV of the fund to fall to below $1 per share, an occurrence known as "breaking the buck."

As word spread that the Reserve Primary Fund had likely suffered losses, investors – especially fast-acting institutional investors – hurried to redeem their investments, which overwhelmed the fund's ability to liquidate assets and raise cash. To stabilize the flow, the Reserve Primary Fund suspended redemptions.

Redemption requests then spread to other MMFs, and, according to published reports, investors withdrew approximately $300 billion (14%) from prime MMFs during the week of September 15, 2008.

MMFs sold securities into the markets in order to meet redemption requests, a move that depressed values and impacted the value of other funds' portfolio securities. As MMFs reduced their holdings in commercial paper, a credit crunch in the short-term commercial paper market ensued. According to Securities and Exchange Commission (SEC) Chairman Mary Schapiro in June 21, 2012 congressional testimony, more than 100 MMFs received some form of sponsor financial support or guarantee during September 2008.[2]

Ultimately, the Treasury Department temporarily guaranteed the $1 share price of MMF shares purchased prior to these events, and the Board of Governors of the Federal Reserve System created facilities to support the short-term markets.

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[1] Investment Company Institute, "Money Market Funds in 2012" (July 17, 2012): http://www.ici.org/pdf/12_mmf_inv_econ_jul.pdf.

[2] Chairman Schapiro, "Perspectives on Money market Mutual Fund Reforms" (June 21, 2012): http://www.sec.gov/news/testimony/2012/ts062112mls.htm

May 2010: Additional risk limits put in place

As a result of Lehman, the Reserve Primary Fund, and the temporary federal guarantees, the SEC and ICI quickly went into action to review what had happened and to strengthen the risk-limiting conditions of Rule 2a-7. As a result, new rules were put in place in May 2010 that tightened limits on quality, duration, liquidity, and transparency and imposed other requirements (10% of assets must have daily liquidity, 30% must have weekly liquidity; maximum weighted average maturity reduced to 60 days, with a weighted average life of 120 days or less). A summary of the 2010 changes is in *Appendix A* of this paper.

At the time the 2010 amendments to Rule 2a-7 were adopted, SEC Chairman Schapiro indicated that the enhanced Rule 2a-7 conditions were "an important step – but just a first step" in strengthening MMFs. Many in the industry disagree, and have concluded that the 2010 changes to Rule 2a-7 were sufficient to improve the resilience of MMFs.

Irrespective of whether additional reforms are enacted, we note that the SEC staff is likely to focus on compliance with the 2010 amendments in its examinations and its oversight of MMFs' "shadow pricing" as disclosed in their Form N-MFP regularly filed with the SEC. MMFs, their sponsors, and their boards will want to ensure that they are in compliance with the revised liquidity, credit quality, and maturity requirements, and that they understand their investor base -- and the investors that may be "hot" money -- and incorporate this information into their stress-test scenarios. MMF boards of directors will also want to exercise oversight to ensure that the MMF is in compliance with the risk-limiting requirements.

Additional reforms on the table

In October 2010, the President's Working Group on Financial Markets – a precursor to the Financial Stability Oversight Council (FSOC), comprised of securities and banking regulators – released a report concluding that additional MMF reforms were needed, even beyond the SEC's 2010 risk-limiting rules.

In early 2011, SEC Chairman Schapiro began to champion the need for additional reforms. Throughout 2012, Chairman Schapiro and various federal banking regulators, including Treasury Secretary Timothy Geithner and Federal Reserve Governor Daniel Tarullo, publicly called for additional reforms. Their principal point was that unless MMF regulation is further reformed, taxpayers and markets will continue to be at risk that an MMF could break the buck and transform a moderate financial shock into a destabilizing run on MMFs and another, more severe credit crisis.[3]

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[3] Federal Reserve Governor Tarullo recently pointed out that proposals during the crafting of Dodd-Frank would have authorized the FSOC to override agency action or inaction. He noted that these proposals were rejected in light of concerns that they would have resulted in a super-agency with authority over all financial regulators. Speech by Fed Governor Tarullo, University of Pennsylvania Law School (October 10, 2012): http://www.federalreserve.gov/newsevents/speech/tarullo20121010a.htm.

The two alternatives most often offered are described below.

Floating NAV. *One option would be to eliminate the Rule 2a-7 safe harbor and force all MMFs to value their portfolios daily using standard mark-to-market accounting. In effect, this would cause MMFs to abandon the stable price at which fund shares are purchased and sold and instead adopt a floating NAV, just like all other open-end funds.*

Those in favor of this reform claim that a floating NAV would take away any early-redemption incentives and thus forestall a destabilizing run on MMFs by investors ready to bolt at the first sign of trouble.

Those opposed to this move conclude that it would be detrimental or even destructive to the MMF product. According to the ICI, a floating NAV would force millions of individual and institutional investors to give up the convenience, stability, and liquidity of MMFs and would shift hundreds of billions of dollars into too-big-to-fail banks and into alternative funds that operate without the risk-limiting rules and transparency applied to MMFs, thus increasing risk to the financial system. In addition, opponents note that floating NAV mutual funds were not immune to redemption runs during September 2008 and that MMF shareholders already realize that MMFs are investments subject to risk of loss.

Capital buffer and redemption holdback. *This reform alternative would allow MMFs to continue maintaining a stable $1 NAV but to increase Rule 2a-7's risk limiting conditions by: (i) requiring a capital buffer against possible losses; and (2) requiring a 30-day holdback of up to 3% of redemption proceeds, with such amounts first in line to suffer any investment losses above the capital buffer.*

Proponents of this alternative claim that it will protect shareholders against some market fluctuations, increase fund stability, and make investors more cautious about redeeming shares during a period when it might be possible for a fund to break the buck – essentially removing any "first mover" advantage.

Opponents argue that this alternative defeats the basic liquidity feature of MMFs, and will increase costs and make MMFs much less desirable as a cash-management tool. In addition, the redemption holdback feature would create serious operational issues that would restrict or void the usefulness of MMFs in many respects, including check-writing and debit card privileges and the use of MMFs as sweep account vehicles.

Throughout the summer, the SEC staff worked on a proposal to present to the Commission for a vote scheduled for August 2012 (a majority of the five-member Commission is needed to issue proposals or adopt rules). Days before the August 29 vote, Chairman Schapiro announced that she did not have majority support of the commissioners and that she would cancel the vote in favor of further study – indicating an unusual public disagreement among the commissioners. In her statement, she also called upon other financial regulators to take action.[4]

[4] Statement of Chairman Mary Schapiro (August 22, 2012): http://www.sec.gov/news/press/2012/2012-166.htm.

Enter Treasury Secretary Geithner

On September 27, 2012, Secretary Geithner publicly released a letter he wrote to the FSOC, calling upon it to take immediate action to propose options for money market reform for public comment, and thereafter to direct the SEC to take action.[5] Recognizing the SEC's 2010 amendments to Rule 2a-7, he wrote that:

> [T]he effort towards reform should not stop there. The 2010 reforms did not attempt to address two core characteristics of MMFs that leave them susceptible to destabilizing runs: (1) the lack of explicit loss-absorption capacity in the event of a drop in the value of a portfolio security and (2) the "first mover advantage" that provides an incentive for investors to redeem their shares at the first indication of any perceived threat to the fund's value or liquidity.

Referencing his role as FSOC Chairman, Secretary Geithner urged the FSOC to take action using its new authority granted in Dodd-Frank to prevent systemic risk to financial markets. The FSOC is comprised of ten voting members (banking, securities, and commodities regulators), and any action by the FSOC requires a majority vote. Under Dodd-Frank, the FSOC is empowered to issue recommendations to the SEC, the Commodity Futures Trading Commission, and other primary financial regulators to apply new or heightened prudential standards and safeguards for a financial activity or practice conducted by companies under their jurisdiction. The FSOC is required first to consult with the primary regulator, then to provide notice to the public and an opportunity to comment on any proposed recommendation. Then, the primary regulator must impose the standards recommended by the FSOC, or explain in writing within 90 days why it is choosing not to do so (the so-called "adopt or explain" approach in Section 145 of Dodd-Frank). This authority has never before been used by the FSOC.

In his letter, Secretary Geithner proposed the two options that the SEC had considered proposing (the floating NAV and the capital buffer, as described above) and included a third: temporary "gates" on redemptions, which he said could be coupled with capital, enhanced liquidity requirements, and/or liquidity fees.

Temporary gates, liquidity fees. *Under this option, an MMF board would be empowered to temporarily suspend or "gate" redemptions in times of market stress (i.e., valuation or liquidity) to stave off a run and to allow the fund manager time to mitigate the concerns of investors who otherwise might be inclined to redeem. The SEC's 2010 amendments to Rule 2a-7 allowed MMF boards to suspend redemptions, though only as a prelude to winding down the fund.*

Proponents of this option – including possibly two commissioners at the SEC who suggested that it be studied further – believe that discretionary gating directly responds both to run risk (both as to an individual fund and across multiple funds) and to the potential disparate treatment between retail and institutional investors.

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[5] Letter from Secretary Geithner (September 27, 2012): http://www.treasury.gov/connect/blog/Pages/geithner-fsoc-letter.aspx.

Secretary Geithner indicated that temporary gates could be coupled with capital, enhanced liquidity requirements, and/or liquidity fees. "Liquidity fees" are fees that redeeming shareholders would pay in a stressed situation (e.g., calculated as a percentage of their redemption), with such fees then providing cushion against losses, and reducing the incentive for "runs."

In his letter, Secretary Geithner also outlined other courses of action and "in-parallel" options available to the FSOC should the SEC, as the primary functional regulator for MMFs, fail to act:

- **SIFI status.** The FSOC could designate individual MMFs, their sponsors, or advisers as non-bank systemically important financial institutions (SIFIs) whose failure could pose a threat to US financial stability. Such a designation would give the Federal Reserve broad powers to impose enhanced prudential requirements, including the options discussed above. Alternatively, the FSOC could designate all MMFs as part of systemically important clearance, payment, or settlement activities and thus impose heightened risk-management standards on an industry-wide basis.

- **Restrictions on banks.** Individual banking agencies could impose capital surcharges on bank-affiliated MMF sponsors, or could restrict banks' ability to sponsor, borrow from, invest in, or provide credit to MMFs that do not have protections.

Secretary Geithner's letter urged FSOC members to "accelerate their evaluation of these alternatives." He also wrote that the goal should be to propose reforms that protect the stability of MMFs "without creating a competitive advantage for unregulated cash-management products."

The reaction

Opposition remains despite Secretary Geithner's specific endorsement for additional MMF reforms. The US Chamber of Commerce weighed in, saying, "The SEC, which is best suited to address this issue, should go back to the drawing board and, only after careful analysis, consider alternatives that will strengthen rather than destroy money market funds that serve the needs of millions of investors and companies. . . . The broad coalition of businesses, cities, states and others that opposed Chairman Schapiro's harmful reforms will no doubt oppose the same reforms pushed by the Treasury secretary."[6]

Other options have also been floated, both recently and in the past year, including: (i) the creation of two classes of funds, one which would accept the first losses in exchange for higher returns; (ii) an insurance pool funded by advisers; (iii) a capital obligation for MMF sponsors; and (iv) "circuit breakers" in the form of stand-by liquidity fees that would be charged to redeeming shareholders in the event of a run, with fees going to the fund.

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[6] Alice Joe, executive director, US Chamber of Commerce Center for Capital Markets Competitiveness, quoted in Sarah N. Lynch and Karey Wutkowski, "US Treasury's Geithner Urges Action on Money Market Funds," *Reuters* (September 27, 2012).

Beyond these ideas for reform, in his October 10, 2012 speech, Fed Governor Tarullo suggested that consideration be given to broader reform with respect to all cash-like instruments, not just Rule 2a-7 funds:

> [T]he capacity of private financial market actors to create what are, at least in normal times, considered cash equivalents raises broader financial stability questions. Specifically, there may be a need for new macroprudential instruments, such as comprehensive authority to impose margins on all cash-like instruments, regardless of whether a firm creating those instruments is a regulated entity such as a bank holding company. Such possibilities obviously carry significant consequences, not just for the liquidity available to the financial system, but also for values such as the concentration of governmental authority. This is a topic on which much further thought is needed.[7]

International regulators too

European and other foreign regulators are also taking an active stance on money market reform. Globally, MMFs have more than $4.7 trillion under management (those with a fixed NAV are called "constant NAV" or "CNAV" funds). The Financial Stability Board requested that the International Organization of Securities Commissions (IOSCO) undertake a review of potential money market reforms, and in early October 2012, IOSCO released a report recommending that global securities regulators take additional actions to prevent runs on MMFs.[8]

Referring to MMFs as part of the "shadow banking system," IOSCO made 15 recommendations, including that they should have limits on their holdings, perform stress tests, and enhance disclosure to investors regarding how they value investments, the absence of a capital guarantee, and actions they would take in times of stress.

IOSCO further recommended that "regulators should require, where workable, a conversion to floating variable NAV. Alternatively, safeguards should be introduced to reinforce stable NAV MMFs resilience and ability to face significant redemptions." The report states that regulators should be able to stop outflows in "exceptional situations," which "may have implications for the broader financial system." A full list of the IOSCO report recommendations appears in *Appendix B*.

The IOSCO report has the support of many EU and other securities regulators. In a March 2012 speech, Adair Turner, chairman of the UK Financial Services Authority, said that "shadow banking" must be reined in by regulators as it is "potentially very unstable."[9] However, IOSCO notes that a majority of US SEC commissioners did not support the report, and its recommendation to convert CNAV funds to variable NAV funds was immediately criticized by the ICI and others. IOSCO is expected to report its recommendations to the G20 finance ministers in November.

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[7] Speech by Fed Governor Tarullo (October 10, 2012): see note 2.

[8] IOSCO, *Policy Recommendations for Money Market Funds* (October 9, 2012): http://www.iosco.org/library/pubdocs/pdf/IOSCOPD392.pdf?v=1.

[9] FSA Chairman Adair Turner, speech at Cass Business School, London (March 13, 2012).

Do nothing is no longer an option

While events are still unfolding, we expect to see efforts at reaching some compromise. The drumbeat of persisting "systemic risk" continues, and has taken on international dimension with the release of the IOSCO report described above. While the threat of MMF SIFI designation by the FSOC is meaningful given that the Fed would acquire regulatory jurisdiction to impose additional prudential requirements (i.e., capital), we think the regulators that comprise the FSOC would clearly prefer that the SEC take action, given its expertise and traditional jurisdiction with respect to MMFs, and the sensitivity around potential court challenges to the FSOC's public process and authority.

We expect the SEC to revisit money market reforms, perhaps exploring other options in addition to those described above. In August, the two Republican commissioners indicated that they were not opposed to additional reforms to MMFs, thus indicating some openness to exploring options.[10] Among the options, they indicated support for discretionary "gates," coupled with enhanced disclosure to investors. Moreover, they know the FSOC threat is real and may lead to a far worse outcome.

We think it is most likely that the SEC and other regulators will consider some combination and variation of the reforms described above, and will be seeking reform that addresses the "run" risk while also seeking to maintain the stable NAV feature of MMFs. One hurdle, which the SEC is well aware of, is that in order to overcome possible court challenge, it will need to perform a cost-benefit analysis and an analysis of why additional reforms are needed, beyond the 2010 Rule 2a-7 amendments.

We also expect to see some efforts to evaluate the regulation of the entire cash management industry. Some have expressed a concern that reform to Rule 2a-7 funds would result in money moving to less-regulated non-2a-7 cash products. Indeed, one SEC commissioner expressed the desire for study of the entire cash management industry,[11] a sentiment recently echoed by Federal Reserve Governor Tarullo, as described above. While disagreement remains as to whether reforms to MMFs are needed or desirable – and if so, what form they should take – many in the MMF industry certainly agree with Secretary Geithner that reforms to MMFs should not create a competitive advantage for unregulated cash management products. In any event, doing nothing is no longer an option.

Lastly, we would note that the outcome of the November US elections could have an impact on the pace and nature of change and as such, regulators will defer any action until after the results are in. More to come after Thanksgiving.

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[10] Statement by SEC Commissioners Daniel Gallagher and Troy Paredes (August 28, 2012): http://www.sec.gov/news/speech/2012/spch082812dmgtap.htm.

[11] Statement by SEC Commissioner Luis Aguilar (August 23, 2012): http://www.sec.gov/news/speech/2012/spch082312laa.htm.

Current state of the money market reform debate	
September 2008	Lehman fails; Reserve Fund breaks buck; investors pull about $300 billion from prime money market funds; sponsors provide support; Treasury and Fed institute guarantee programs
March 2009	ICI Money Market Working Group Releases reform study
September 2009	End of Treasury/Fed MMF guarantee programs
January 2010	SEC adopts amendments to Rule 2a-7, tightening limits on quality, duration, liquidity, and transparency(10% of assets must have daily liquidity, 30% must have weekly liquidity; maximum weighted average maturity reduced to 60 days, with a weighted average life of 120 days or less)
October 2010	President's Working Group releases report concluding that additional MMF reforms are needed
June 2012	Fed governors criticize SEC for inaction, and suggest tighter controls on banks' access to MMF funding and required capital buffers for bank-sponsored MMFs
June 2012	Chairman Schapiro testifies SEC is preparing a rule proposal that would make funds choose between floating their NAVs or instituting capital buffers and redemption limits; cites 300 cases of sponsor bail-outs
August 2012	SEC abruptly cancels scheduled public meeting to propose new rules due to lack of majority support on commission; Chairman Schapiro urges FSOC to use its authority to act
September 2012	SEC Commissioner Gallagher indicates that he'd support a floating NAV requirement. Treasury Secretary Geithner sends letter to FSOC calling on it to take action to seek public input on reforms and thereafter to direct SEC to act. Also calls on bank regulators to take steps within their authority
October 2012	IOSCO releases report calling for conversion to floating NAV "where possible"

Appendix A: Rule 2a-7 risk-limiting conditions imposed in 2010

Liquidity	• Taxable MMFs: Minimum 10% of net assets in cash, US Treasuries, or other securities that convert to cash (mature) within one day. • All MMFs: Minimum 30% of assets must be in cash, US Treasuries, certain other government securities with remaining maturities of 60 days or less, or securities that convert (mature) into cash within one week. • Maximum 5% of the fund's portfolio in any single security, as measured at time of purchase.
Maturity	• Maximum weighted average maturity of any single security is 120 days (effect is to restrict ability to purchase long-term floating rate paper). • Maximum weighted average maturity to 60 days (past limit was 90 days).
Credit quality	• Maximum 3% (rather than 5%) of assets invested in second-tier securities as rated by a nationally recognized statistical rating organization (NRSRO) (i.e., A2/P2 rating). • Maximum one-half of 1% of assets invested in second-tier securities of a single issuer (rather than 1% or $1 million). • No purchases of second tier securities that mature in more than 45 days (rather than 397 days).
Stress tests	• The rule requires MMF managers to periodically stress test the ability of the fund to maintain stable NAV in case of shocks to credit quality, redemptions, or interest rate changes.
Transparency	• MMFs must report to the SEC, in detailed database form, monthly portfolio schedules so that the SEC can oversee the industry and monitor developing risks. Information disclosed to the SEC is available to the public 60 days later. This information would include the fund's "shadow NAV" (or "mark to market" NAV). • MMFs must post their holdings on their website each month, and leave data up for at least six months (i.e., rolling six months).

Operations / suspension of redemptions	• Funds and their service providers need to be able to process fund share transactions at other than $1 per share. • An MMF's board may suspend redemptions if the fund is about to break the buck and if the board decides to liquidate the fund, without an exemptive order from the SEC. This provision was seen as a critical step to halting potential runs on MMFs, as happened after the Reserve Primary Fund broke the buck. An MMF must notify the SEC prior to relying on this rule. • The ability of MMF affiliates to purchase distressed assets from funds under protective conditions is expanded. Previously, affiliates could only do so after a ratings downgrade or a default, or with SEC approval. Under the amendment, an MMF must notify the SEC when it relies on this rule.
Other	• *Know-your-investor procedures*. In addition to minimum liquidity requirements, MMFs are required to hold sufficient liquid assets in case of a quick surge in redemptions. As part of this requirement, MMFs need procedures to identify investors (i.e., institutional investors) who, based on past behavior and needs, may pose a large redemption threat to the fund, and to anticipate/assess possible large redemptions under various stress scenarios. • *Designation of NRSROs*. MMF boards must annually designate four NRSROs deemed to be reliable. The 2010 rules also eliminated the requirement that MMFs invest only in asset-backed securities that have been rated by an NRSRO. • *Repurchase agreements*. Collateral must be cash or government securities (changed from "highly rated") and funds need to separately evaluate the creditworthiness of each repo counterparty.

Appendix B: IOSCO recommendations

1. MMFs should be explicitly defined in collective investment scheme (CIS) regulation.
2. Specific limitations should apply to the types of assets in which MMFs may invest and the risks they may take.
3. Regulators should closely monitor the development and use of other vehicles similar to MMFs (CISs or other types of securities).
4. MMFs should comply with the general principle of fair value when valuing the securities held in their portfolios. Amortized cost method should only be used in limited circumstances.
5. MMF valuation practices should be reviewed by a third party as part of their periodic reviews of the fund's accounts.
6. MMFs should establish sound policies and procedures to know their investors.
7. MMFs should hold a minimum amount of liquid assets to strengthen their ability to face redemptions and prevent fire sales.
8. MMFs should periodically conduct appropriate stress testing.
9. MMFs should have tools in place to deal with exceptional market conditions and substantial redemptions pressures.
10. MMFs that offer a stable NAV should be subject to measures designed to reduce the specific risks associated with their stable NAV feature and to internalize the costs arising from these risks. Regulators should require, where workable, a conversion to floating/variable NAV. Alternatively, safeguards should be introduced to reinforce stable NAV MMFs' resilience and ability to face significant redemptions.
11. MMF regulation should strengthen the obligations of the responsible entities regarding internal credit risk assessment practices and avoid any mechanistic reliance on external ratings.
12. Credit rating agency (CRA) supervisors should seek to ensure CRAs make more explicit their current rating methodologies for MMFs.
13. MMF documentation should include a specific disclosure drawing investors' attention to the absence of a capital guarantee and the possibility of principal loss.
14. An MMF's disclosure to investors should include all necessary information regarding the fund's practices in relation to valuation and the applicable procedures in times of stress.
15. When necessary, regulators should develop guidelines strengthening the framework applicable to the use of repos by MMFs, taking into account the outcome of current work on repo markets.

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