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A closer look

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Money market reform: The SEC's long awaited proposal

Overview

The long, hard debate over whether there should be additional reforms to money market funds to curb systemic risk – and the nature of those reforms – is one step closer to an end. After five years of debate and regulatory tug-of-war, the SEC recently issued a proposed rule that would fundamentally alter money market fund regulation and disclosure.[1]

The proposal, at 698 pages, represents a significant undertaking, and initial public comments have been mostly positive regarding the SEC's thorough approach and economic analysis. Although the SEC will have to weigh the many comments it will receive (due in September), the SEC has now articulated the possible reform options, providing some hope that the five year process is nearer to conclusion. After reviewing the comments, the SEC – including two new commissioners – will still need to vote to implement new rules.

The proposal includes greatly enhanced disclosures, diversification limits and additional stress-testing requirements. The SEC proposed two alternative approaches to fundamental money market fund ("MMF") reform – a move aimed at appeasing competing industry interests and differences among the five SEC commissioners and other regulators.

As proposed, the changes will present substantial operational and business challenges for MMFs and non-registered MMF-like products that currently reference SEC rules in their legal documents. On top of the obvious business pressures caused by the current low interest rate environment and the fee subsidies that most MMF sponsors currently provide, existing and future sponsors will have to decide whether it will be economically viable to manage MMFs given the proposed regulation. While some fund groups may stop offering or advising MMFs, others will likely conclude that MMFs are a part of a full suite of fund offerings that they will need to maintain. Thus, they will need to take the necessary steps to meet the proposed rule's requirements and work through its implementation.

This ***A Closer Look*** builds on our June piece that briefly described the MMF proposal.[2] It provides further detail, practical considerations for MMFs, and our view of what the regulators will do next.

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[1] See SEC rule proposal: "Money Market Fund Reform; Amendments to Form PF," SEC Release No. 33-9408, IA-3616, IC-30551 (June 5, 2013).

[2] See PwC's *Regulatory Brief: Money market funds – SEC proposes new rules* (June 2013).

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Background

SEC-registered MMFs are currently a $2.7 trillion business in the US (measured in terms of assets under management). These funds are popular with retail and institutional investors as a safe haven for cash, and have historically returned slightly better yields than other cash-equivalent products. Much of their popularity is owed to their accounting treatment under Investment Company Act Rule 2a-7, which has allowed these funds to maintain stable net asset values ("NAVs"), typically $1.00 per share, by valuing portfolio investments at amortized cost rather than at market value. In return for this accounting accommodation, MMFs must adhere to strict risk-limiting conditions around portfolio credit quality, maturity and liquidity.

In September 2008, the Reserve Primary Fund, a $62 billion MMF, suffered losses on investments in Lehman Brothers commercial paper causing its market-based NAV to decrease below $1.00 (i.e., to "break the buck"). This, in turn, caused investors (primarily institutions) to begin a "run" on the fund. Other MMFs then faced similar redemption pressure from institutions, and an emergency US Treasury guarantee program may have been what ultimately stopped industry-wide panic. Some had feared the panic would lead to wider contagion in the short-term money markets generally, as funds would have been required to begin "fire sales" of commercial paper and similar assets to raise the cash required to meet redemptions.

In the aftermath of the Reserve Primary Fund's losses, many regulators and investors expressed concern that MMFs' stable NAVs may create an incentive for investors to redeem before others whenever there is uncertainty about the fund's market value, thus posing a systemic risk to investors and money markets. Although SEC rule amendments in 2010 tightened Rule 2a-7's risk limiting conditions, many have argued that those reforms did not go far enough. Since then, there has been a continuous debate between and within the SEC, federal financial regulators (including the newly-organized Financial Stability Oversight Council, or "FSOC"), industry and consumer groups, and commentators as to whether (and what kinds of) additional reforms are needed to further reduce MMFs' susceptibility to runs and systemic risk.

In November 2012, the FSOC issued a request for comments on various options to reform money market funds to make them more resistant to destabilizing runs.[3] Of note, the SEC's proposal explicitly considered, and rejected any form of capital buffer, which had been one of the FSOC's suggested reform options. Nonetheless, the FSOC expressed a clear preference for the SEC to take action on this issue, and a desire to rely on the SEC to do so.

SEC proposes two alternatives

The SEC proposed two main alternative approaches to MMF reform, noting that either approach individually, or some combination of both, could ultimately be adopted. Either alternative would fundamentally alter the way that MMFs are invested, operated, disclosed and accounted for. As part of the proposing release, the SEC's economists concluded that:

> While the 2010 reforms were an important step in making money market funds better able to withstand heavy redemptions when there are no portfolio losses (as was the case in the summer of 2011), they are not sufficient to address the incentive to redeem when credit losses are expected to cause fund's portfolios to lose value or when the short-term financing markets more generally are expected to, or do, come under stress.[4]

The two alternatives are described below, along with their operational challenges.

Alternative 1: Floating net asset value

Under the first alternative, MMFs would be required to value their portfolio investments each day based on market values (the "Floating NAV" proposal). MMFs would be required to calculate their NAVs out to the nearest 1 basis point (1/100th of a percent). For example, an MMF attempting to maintain a stable price near $1/share would calculate NAV out to four decimals ($1.0000), and an MMF maintaining a price near $10/share would calculate NAV out to three decimals ($10.000). Amortized cost accounting would no longer be permitted.

The main advantage to this approach is that once an MMF suffers investment losses, it would be immediately reflected in the fund's NAV, thus taking away any incentive for quick redemptions which may dilute share values for remaining investors. On the other hand, the SEC mentions several times in the proposal that a floating NAV is not a panacea for potential runs as there are multiple other reasons that could cause informed investors to redeem in times of stress (e.g., a flight to quality, liquidity and/or transparency). In addition to floating NAVs, Rule 2a-7's risk limiting conditions would remain in force. Thus, funds that market and hold-out as MMFs would continue to be limited to investing in short-term, high-quality, dollar-denominated instruments as prescribed by the rule and the proposed amendments.

[3] See PwC's *Financial Services Regulatory Brief: FSOC moves swiftly on money market reform* (November 2012).

[4] See footnote 1 at 44.

The SEC is recommending a compliance period of two years for the Floating NAV proposal.

Exemptions

The SEC would exempt two types of funds and continue to allow them to transact at stable NAVs: (1) Government/Treasury MMFs (i.e., those that invest at least 80% of their portfolio in cash, “government securities” issued by the US Treasury and government-sponsored entities, and repurchase agreements collateralized with government securities); and (2) “Retail” MMFs.

While amortized-cost accounting would no longer be allowed (other than for securities maturing within 60 days), these funds could still maintain stable NAVs through the use of the penny-rounding method (i.e., rounding their market-based NAV to the nearest one percent).

Because “retail fund” is not defined anywhere in the law and is not a standard term or convention within the industry, for purposes of the proposed exemption the SEC defined a “retail” MMF as any MMF that limits redemptions to no more than $1 million per day per shareholder. Although the SEC is not offering a specific exemption for tax-exempt (i.e., municipal) MMFs, the SEC claims that most tax-exempt MMFs should be able to fit within this retail category.

The SEC’s logic in proposing the exemptions is that in times of stress investors have typically run towards Government MMFs and not from them. These funds hold securities that trade in deeply liquid markets and are the type of securities that are sought after in a crisis. In addition, the SEC noted that most of the run activity in 2008 involved institutional and not retail investors.

The following chart provides practical considerations that market participants should consider with respect to the Floating NAV proposal:

Operations	Several MMF sponsors already post daily market-based NAVs on their websites, and more have started to do so recently. Fund managers and boards will need to be prepared to fair value portfolio holdings during times of market stress, taking into account that stressful markets for short-term securities may not reflect the fair value of portfolio securities whose issuers are reasonably likely to pay at maturity, and pricing vendors may not be able to provide meaningful prices. Current accounting and processing applications used to track MMF investments may not be compatible with floating NAVs, and many may not be able to handle NAVs computed to four decimal places. Thus, institutional investors and service providers may be required to re-program their systems or manually reconcile MMF transactions, increasing staffing costs. Because market values are only supplied by pricing vendors at the end of the day, a floating NAV may also take away same-day settlement capabilities not only for institutional MMFs required to float their NAVs, but for government and retail MMFs required to penny-round their NAVs based on end-of-day vendor prices. With the loss of same day settlement capabilities, investors could also lose check-writing, ATM, Fed-Wire, and electronic check capabilities currently offered by some MMFs. This could make MMFs in general less desirable than alternative cash and bank products.
Operational tax considerations	The Floating NAV proposal will produce a set of new tax issues and challenges for institutional investors who have not previously had to track gains, losses, or tax lots for their investments in MMFs. After the proposal's release, the IRS proposed relief for MMFs from wash sale tax rules, which prevent investors from recognizing losses on the sale of securities if they bought similar shares within 30 days before or after the sale.
Redemption limits on "retail MMFs"	Many funds currently do not self-identify as "institutional" or "retail," and there is no consensus on these definitions. In order to limit redemptions to $1 million per day, MMF sponsors will have to rely on and coordinate with the many omnibus account holders (broker-dealers, 401K plans, banks, etc.) who are the shareholders of record. The proposal does not require contractual agreements with these intermediaries who may have little incentive to cooperate absent additional fees paid by MMFs and/or their sponsors. These challenges may cause the SEC to revisit the definition of "retail" MMFs. There will be legal and operational costs and challenges, including likely shareholder votes, to reorganize fund and share-class structures – particularly among funds that offer "retail" and "institutional" classes of shares – as either "retail" or "institutional" funds. The industry will also likely question why tax-exempt MMFs, which are not likely candidates for runs, are not given a blanket exemption from the floating NAV requirement (rather than having to rely on the retail-fund exemption).
Basis point NAV rounding	Even small variations in NAVs rounded to the nearest basis point (four decimal places for $1 funds) would provide investors with new details about the variations in risk profiles among funds – transparency that may raise investor questions.
Investor requirements	The SEC states that even with floating NAVs, MMFs should still be considered eligible products within accounting pronouncements (e.g., GAAP) and legal requirements for certain institutional investors who are required to invest in "cash equivalents." However, the SEC does not cite authority for this position, and states that one reason for the proposed two-year compliance period is to provide time for corporate/state/municipal treasurers to seek statutory and contractual modifications to allow for investment in floating rate MMFs.
Holding-out as an MMF	Once forced to float their NAVs, some funds could decide that the marketing cachet of holding out as a MMF may not be sufficient to justify the extra operations and compliance costs required to live within 2a-7's risk limiting conditions. In that event, they may decide to abandon 2a-7 altogether, holding-out as ultra short-term fixed income funds or using some other label, which might cause confusion among investors.

Alternative 2: Liquidity "fees and gates"
As an alternative proposal, the SEC would continue to allow money market funds to transact at a stable share price in most circumstances. However, once an MMF's weekly liquid assets decline to less than 15% of total assets (i.e., less than half of the required 30%), an MMF would be expected to institute up to a 2% fee for withdrawing funds (i.e., a "liquidity fee"), and the MMF would be permitted to halt redemptions (i.e., "impose a gate") for up to 30 days in a 90-day period. However, the MMF's board would retain discretion to not take these actions or, in the case of liquidity fees, to impose a smaller fee.

Upon falling below the 15% weekly liquidity threshold, an MMF would have to make prompt public disclosure, whether or not its board decides to impose a liquidity fee or gate. The fund would also have to disclose the reasoning for the board's actions or decision not to act. Government/Treasury MMFs would not be required to impose or consider imposing liquidity fees and gates, but would be permitted to do so if they have disclosed this possibility in the prospectus.

The SEC's logic behind the "Fees and Gates" proposal is that fees would take away incentives for redemptions in times of stress when it is costly for funds to raise liquidity, and/or compensate the fund for providing liquidity in stress periods. Redeeming investors would have to decide whether immediate access to their funds is worth the cost, and such fees will require those redeeming to share costs and potential losses with remaining investors. Retention of the fees can also help funds repair damaged NAVs.

The SEC also indicated that gates are designed to buy time, let panic subside, and raise liquidity in an orderly fashion. In addition, gates would motivate MMF sponsors to monitor investor concentration and transaction behavior. However, the SEC acknowledges that gates go against the most prominent feature of all mutual funds – the right of redemption within seven days.

The SEC's use of an MMF's weekly liquidity as a trigger for consideration of fees and gates appears to be a balanced approach – alerting investors to levels where fees/gates may be imposed while allowing MMF boards some discretion in the ultimate implementation of fees/gates. A close reading of the language and reasoning for both proposals shows a strong and considered case for this proposal, and the Investment Company Institute ("ICI") has stated that it prefers this outcome as well.[5]

[5] See speech by ICI President Paul Schott Stevens, "Top of the Ninth? The State of Play for Money Market Funds" (June 18, 2013).

The following chart provides practical consideration that market participants should consider with respect to the Fees and Gates proposal:

Incentives to run	Some critics, including banking regulators and FSOC members, continue to state their belief that the potential imposition of liquidity fees and gates may in fact induce runs in times of stress as investors move to avoid their imposition – especially if weekly liquidity has declined to a level just above 15%, to avoid being caught behind a "gate." These critics will likely continue to argue that a floating NAV is needed for all MMFs.
15% weekly liquidity threshold	The SEC states, and industry observers agree, that only in the most extreme circumstances will MMFs move below the 15% weekly liquidity threshold (the SEC supports this claim with analysis of historical data on Form N-MFP). Thus, from an operational perspective, effort and cost will be directed toward setting up systems, controls, confirmations and reports that are capable of accurately implementing fees and gates, but a real-world test of such systems and controls may only come with the next market crisis.
Preference for government MMFs	Some investors may require constant access to their MMF investments even in times of stress. For example, if investors who have selected MMFs as sweep vehicles for investment and brokerage accounts have their funds gated, their other investment transactions may fail to settle. Thus, using MMFs other than Government/Treasury MMFs as sweep vehicles may lose appeal. Bank-affiliated sponsors may gain some competitive advantage by establishing sweep-account options that tie to FDIC-insured bank accounts at their banking affiliate, essentially having customers avoid money market funds entirely.
Management fees during gate period	The SEC asked for comment on whether advisers should be prohibited from charging investment management fees when an MMF is gated. Such a concession has been typical by hedge fund managers post-crisis, but it is unlikely that the SEC will mandate this move for MMF advisers. MMF sponsors and boards will have to work together to address this issue if and when a gate is imposed.

Disclosure requirements

While nearly all SEC rule proposals carry related disclosure and/or reporting requirements, the breadth and volume of the proposed disclosures included in this proposal is significant. Many of them will apply regardless of which of the two primary alternatives is adopted.

The proposed disclosures are detailed and wide-ranging. The attached **Appendix** outlines them and indicates where such disclosures must appear (i.e., website, new Form N-CR, revised Form N-MFP, the statement of additional information ("SAI"), prospectus, and/or revised Form PF). From an operations and fund administration standpoint, these disclosures may present some of the most challenging compliance issues. Moreover, the SEC's requests for comments seem to indicate a preference for even more disclosure and with more frequency than what is proposed.

The proposed disclosures are intended for two purposes: (1) to assist MMF shareholders, particularly during times of market pressure, in distinguishing between MMFs based on transparent portfolio quality and stability (potentially decreasing the incentive to run); and (2) forcing market discipline on MMF advisers with the ability for investors to better discern the risk-reward profile of each fund.

The following chart provides practical considerations that market participants should consider with respect to disclosure:

Daily website disclosure of market-based NAV and liquidity	Under both proposals, all MMFs will have to post daily information on their websites regarding their market-based NAV, the amount of daily and weekly liquidity contained in the portfolio, and net fund flows – including a six month rolling history of this data. Investors will be able to compare these key metrics across funds, and data organizations and analysts (e.g., Lipper, iMoneyNet, etc.) will likely use this information in their reviews.
Sponsor support	MMFs will have to report any current financial support received from affiliates on their websites, on new Form N-CR, and disclose a 10-year history of all such support in their SAIs. Industry critics have pointed out the difficulty in getting solid data regarding past instances of support from MMF sponsors, and this proposal aims to address that issue.
Removal of 60-day delay in public availability of Form N-MFP	MMFs currently provide a wealth of information, at the fund and security level, on Form N-MFP, which is not released publicly until 60 days after the report date. When Form N-MFP was adopted, the industry successfully argued that public disclosure in real-time would hurt the funds by disclosing their trading strategies and allowing other traders to front-run the adviser's investment decisions. The SEC now believes that the need for current disclosure overrides this concern, pointing in part to the increasing voluntary presentation of real-time "shadow" NAVs on fund websites. Public real-time disclosure may impact portfolio managers' trading strategies and tactics both during and at the end of each month.

Diversification

The SEC is also proposing to further tighten the diversification requirements in Rule 2a-7 in several respects, described below.

Aggregation of affiliated issuers

The SEC observed that Rule 2a-7 does not currently require an MMF to aggregate affiliated exposures when measuring compliance with diversification tests for issuers and demand/guarantee providers. Thus, while affiliated issuers may be separate legal entities, the valuation of their securities may depend on cross-group guarantees. Under the proposal, an MMF would have to aggregate affiliated issuers (defined as entities in a 50% control relationship with each other) for purposes of the 5% issuer diversification limit.

Inclusion of asset-backed security sponsors as "guarantors"

The SEC further observed that the Rule 2a-7's diversification provisions do not require diversification of exposure to asset-backed security ("ABS") sponsors even though MMFs may rely on the ABS sponsor for liquidity and other support and make investment decisions assuming that support will be forthcoming in the event of default. Thus, the proposal would require MMFs to treat the sponsors of special purpose entities issuing ABS as a "guarantor" subject to Rule 2a-7's diversification limits on guarantors/demand feature providers. An exception would be provided where the MMF's board (or its delegate) has determined that the fund is relying on other factors besides the ABS sponsor's financial strength to determine the ABS's credit quality. This determination would have to be documented and periodically re-evaluated.

Diversification of guarantors and demand-feature providers

Currently, MMFs cannot have more than 10% of their assets issued by, or subject to, guarantees or demand features from a single entity. However, this rule applies with respect to only 75% of an MMF's assets, meaning that for the remaining 25% of a fund's assets, a fund could concentrate its reliance on issues, guarantees or demand features from a single entity. The proposal would eliminate this 25% basket and apply the 10% limit to all fund assets. In its release, the SEC acknowledges that this and the other diversification proposals could deny fund managers some flexibility in managing fund portfolios and could potentially decrease fund yields.

Stress testing

As part of the amendments to Rule 2a-7 in 2010, the SEC required MMFs to periodically test their ability to transact at stable NAVs by conducting "what-if" analyses assuming changes in short-term interest rates, increases in shareholder redemptions, a downgrade of portfolio securities, or a change in yield spreads. The proposed rules include new related stress test requirements.

Under the Floating NAV proposal, stress tests would be modified to focus on fund liquidity instead of on the ability to transact at a stable NAV. The focus of the stress test would be the fund's ability to avoid having its weekly liquid assets fall below 15% of all fund assets. Retail and government funds, which would continue to transact at stable NAVs, would be required to test for both a stable share price and liquidity. All funds would be asked to expand the scope of stress testing to incorporate correlations among securities, concurrences of events, and likelihood of meeting redemption requests. The current stress tests would also become more prescriptive, including:

- Testing only for increases (rather than changes) in the general level of short-term interest rates;
- Testing for the "widening or narrowing of spreads among the indexes to which interest rates of portfolio securities are tied;" and
- Testing an additional hypothetical event looking at "other movements in interest rates that may affect fund portfolio securities, such as parallel and non-parallel shifts in the yield curve."

Next steps

Comments are due on the SEC's proposal in September. Following that, we expect to see the SEC schedule a public meeting to vote on implementing either of its rule proposals, along with the disclosure and diversification requirements. The major unknown variable is the views of the two new commissioners who are expected to be confirmed shortly. Any vote by the SEC will require a majority of the five member commission.

The SEC is likely to be interested in industry comments regarding implementation difficulties and challenges. We expect that the SEC will make resolving the MMF reform debate a priority, and include it on its Fall 2013 rulemaking calendar.

Appendix – Disclosure requirements of the MMF proposal

	Fund website	New Form N-CR	Revised Form N-MFP	Prospectus / sales literature	SAI	Revised Form PF
Daily disclosure of daily and weekly liquid assets as of previous business day, with chart or graph showing six-month history.	✓					
Daily disclosure of previous day's net inflow or outflow, with chart or graph showing six-month history.	✓					
Daily disclosure of previous day's market-based NAV/share, rounded to nearest basis point, with updated chart or graph showing six-month history.	✓					
Additional information in monthly portfolio listing: maturity date used to calculate dollar-weighted average life for each security.	✓		✓			
Additional information in monthly portfolio listing: market-based value of each portfolio security.	✓					
Event of default or insolvency by issuer, demand /guarantee provider, if immediately before the event the security or securities represented at least 0.5% of total assets. Disclosure to be made within one business day of event and include name of security affected, nature of event and financial impact.		✓				
Current information on financial support by fund affiliate, promoter, underwriter (or affiliate of an affiliate) including nature, amount, date, security, security value on support date (if applicable), the reason, term, and any contractual restrictions relating to the support. "Support" includes capital contribution, security purchases, letters of credit or capital support agreements, and similar transactions. Report to be made within one-business day of support provision, and website posting required to be maintained for minimum of one-year.	✓	✓				
Ten-year history of any financial support provided by fund affiliate, promoter or underwriter (or affiliate of affiliate) as reported on N-CR.					✓	
For each day in which market-based NAV of a stable NAV fund drops below $0.9975 (or 0.25%), a report within one business day including the date and extent of the deviation and the principal reason for the deviation (including the name of any security/issuer whose sale, default		✓				
Under Fees and Gates proposal, disclosure within one business day of any instance in which fund falls below 15% in weekly liquid assets, imposes or removes a liquidity fee, or closes or lifts a gate, including the date of the event.	✓	✓		✓ (prompt amendment to reflect fee/gate imposition)		

	Fund website	New Form N-CR	Revised Form N-MFP	Prospectus / sales literature	SAI	Revised Form PF
Under Fees and Gates proposal, amendment to the initial report on Form N-CR within four days providing additional detailed information about the event(s); namely, a description of the facts and circumstances leading to the triggering event, as well as a discussion of the fund board's analysis supporting the decision with respect to the imposition (or decision not to impose) fees or gates. No amendment to initial N-CR is needed for lifting of fees or gate.		✓				
Additional disclosure in prospectus or SAI, as fund determines appropriate, discussing operations of fees and gates in detail, including: means of notifying shareholders, timing, use of liquidity fee proceeds and tax consequences, and general description of process of fund liquidation if board determines it cannot stay opened.				✓ (prospectus or SAI as fund determines)		
Under Fees and Gates proposal (other than government funds relying on the exemption from fees and gates requirements), brief disclosure that if weekly liquid assets fall below 15%, the fund will charge ≤2% fee on redemptions unless the board determines otherwise, and the board could temporarily halt redemptions and/or liquidate the fund. Disclose 10 year history of instances of fund's weekly liquid assets falling below 15%, and imposition of fees or gates, appears in the fund's SAI.				✓		
Under Fees and Gates proposal (other than government funds relying on the exemption from fees and gates requirements), disclosure of any instance in past10 years where the fund's weekly liquid assets fell below 15%, and for each instance whether the fund imposed fees or gates, including date, length, and brief analysis of reasons.					✓	
Under Floating NAV proposal, for all government and retail MMFs, additions to the standard disclosure statement that MMF sponsors are not obligated to provide financial support.	✓	✓		✓		
Under Floating NAV proposal, for all MMFs other than government and retail MMFs, additions to standard disclosure statement that: (1) MMF sponsors are not obligated to provide financial support; (2) MMFs may not be an appropriate investment option for investors who cannot tolerate losses; (3) you should not invest in the fund if you require a stable NAV; and (4) fund security values may be affected by factors including interest rates and changes in credit quality.	✓	✓		✓		
Under Floating NAV proposal, for all MMFs other than government and retail MMFs, disclosure about the tax consequences to shareholders of buying, holding, exchanging, and selling the shares of the floating NAV fund.				✓		

	Fund website	New Form N-CR	Revised Form N-MFP	Prospectus / sales literature	SAI	Revised Form PF
Under Floating NAV proposal, for all MMFs other than government and retail MMFs, update to prospectus and SAI disclosures regarding the purchase, redemption, and pricing of fund shares (to reflect any procedural changes).				✓	✓	
Real-time availability to public of Form N-MFP disclosures (i.e. removal of 60 day delay in public availability).			✓			
Disclosure of: (1) NAV/Share at the series level and class level, rounded to nearest basis point; (2) amount of daily and weekly liquid assets; and (3) weekly amount of gross subscriptions and redemptions, all as of the close of business on each Friday during the month.			✓			
Additional information on each security in monthly portfolio listing, including: the Legal Entity Identifier ("LEI") and at least one other identifier such as ISIN or CIK; GAAP fair value level (1, 2 or 3); whether each security is considered a daily or weekly liquid asset; and the purchase date, the yield at purchase, the yield as of the Revised Form N-MFP reporting date (for floating and variable rate securities, if applicable), and the purchase price. Information would be required separately for each lot purchased and for any security sold during the reporting period.			✓			
Amount of cash held, whether any person paid for or waived all or part of the fund's operating expenses or management fees during the period (including name of payer and nature/amount of payment or waiver), and the total percentage of shares outstanding, to the nearest 0.1%, held by top twenty shareholders of record.			✓			
Disclosure of the number of shares outstanding, to the nearest hundredth, at both the series level and class level.			✓			
Liquidity Funds: New requirement for non-registered MMFs managed by "large liquidity fund advisers" to file virtually the same information with respect to their liquidity funds' portfolio holdings on Form PF as money market funds are required to file on Form N-MFP; information about any securities sold by a liquidity fund during the reporting period, including sale and purchase prices; and to identify any money market fund advised by the adviser or its related persons that pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as a liquidity fund the adviser reports on Form PF. The report would be quarterly for each month in the period.						✓

Additional information

For additional information about PwC's Financial Services Regulatory Practice and how we can help you, please contact:

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