

ICI VIEWPOINTS

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New York Times Trips into the “Money Market Funds Are Banks” Trap

By Karrie McMillan

I submitted the following letter to the *New York Times* in response to a recent column on money market fund regulation:

“Floyd Norris’ column, “[Money Market Funds and Their Allies Resist New Rules](#),” falls into the trap of concluding that money market mutual funds are banks. They’re not.

Money market funds use minimal leverage; they invest only in short-term securities with minimal credit risk; and their portfolios are diversified and fully disclosed. In short, money market funds are designed to minimize the risks that banks are designed to take. Thanks to this strict regulation, money market funds have delivered a stable, \$1.00 share price to their investors for almost 40 years, with two exceptions—one in the midst of a global banking crisis.

Norris also ignores the overwhelming objections to the SEC’s proposals from businesses, state and local governments, nonprofits, and others who value these funds’ stability, convenience, and liquidity. The SEC’s proposals will harm investors and the economy—just as inaccurate reporting and false analysis harm the public debate.”

Karrie McMillan is ICI’s general counsel.