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Beware Recurring Misstatements on Money Market Funds

By Mike McNamee

With the recent action from the Financial Stability Oversight Council, money market funds are receiving extra attention these days from the news media.

Unfortunately, we still see instances where the coverage falls short. Stories and commentary continue to repeat myths and misconceptions about money market funds.

A recent *New York Times article*, for example, suggested that the Securities and Exchange Commission (SEC) failed "to strengthen rules governing money market mutual funds since the financial crisis." This is flatly untrue. Just read the SEC's press release from 2010, "SEC Approves Money Market Fund Reforms to Better Protect Investors."

We urge readers and journalists alike to stay wary of these myths and to keep a solid grasp of the facts.

The Truth About Money Market Funds

Click through the links to read more.

1. Money market funds are not "susceptible to runs."
2. Money market funds were not to blame for the 2008 financial crisis.
3. The U.S. federal government did not guarantee "$3 trillion" in money market fund assets during the financial crisis.
4. Investors receive ample disclosure of money market fund risks, and money market fund investors tend to be knowledgeable about those risks.
5. The SEC's 2010 reforms for money market funds created substantial new investor protections.
6. The SEC's 2010 money market fund reforms are a proven success.

You can find information on these topics and more about money market funds at ICI's Money Market Funds Resource Center.

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