Do Money Markets Pose A Systemic Risk?

Bloomberg Portfolio Manager Mash-Up

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Two Bad Choices

- Force money market funds to abandon stable $1.00 net asset value
- Impose capital buffers, redemption freeze
Two Bad Choices

• Force money market funds to abandon stable $1.00 net asset value
  ▪ Undermines stability, convenience for investors
  ▪ Creates an accounting nightmare—every transaction a taxable event
  ▪ Drives assets out of money market funds

• Impose capital buffers, redemption freeze
  ▪ Raises costs, cuts yields
  ▪ Undermines check-writing, use of funds in sweep accounts, retirement plans, etc.
What’s at Stake?
Money Market Funds Hold …

• 36 percent of commercial paper
• 57 percent of short-term state and local government debt
• 21 percent of large bank CDs
• 16 percent of Treasury bills
Speak Out

- www.ICI.org/mmfs
  - Resources on money market funds and the role they play for investors and the economy

- www.PreserveMoneyMarketFunds.org
  - Campaign site for business, municipal, investor, and other groups concerned about potential SEC changes