

Resolution of the Board of Governors of the Investment Company Institute

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March 17, 2009

Whereas, money market funds, with assets comprising nearly \$3.9 trillion as of February 2009, are one of our nation's most significant financial product innovations during the past half century; and

Whereas, money market funds serve as an effective cash management tool for retail and institutional investors and are an exceptionally important source of short-term financing in the U.S. economy; and

Whereas, money market funds are stringently regulated under the Investment Company Act of 1940, including the special, risk-limiting provisions of Rule 2a-7 under that Act, and these protections have helped money market funds garner and maintain investor confidence; and

Whereas, the abnormal market climate during the financial crisis of 2007 – 2008 revealed certain areas in which money market fund regulation could be further strengthened; and

Whereas, in October 2008, the Executive Committee of the ICI Board of Governors approved the formation of a [Money Market Working Group](#) under the leadership of John J. Brennan, Chairman of The Vanguard Group ("Working Group"), to develop recommendations to improve the functioning of the money market and, in particular, the operation and regulation of money market funds; and

Whereas, the Working Group has apprised the Board of its [findings and recommendations](#), these being intended to: (1) respond directly to weaknesses in money market fund regulation that were revealed by the recent abnormal market climate; (2) identify potential areas for reform that, while not related to recent market events, are consistent with improving the safety and oversight of money market funds; and (3) provide the government detailed data to allow it to better discern trends and the role played by all institutional investors, including money market funds, in the overall money market, and invite greater surveillance of outlier performance of money market funds that may indicate riskier strategies; and

Whereas, the Working Group seeks the Board of Governors' endorsement of its recommendations with the expectation of issuing a public Report of its work on March 18, 2009; now, therefore, let it be

RESOLVED, that the Board of Governors strongly endorses the recommendations of the Working Group and urges all ICI money market fund members to take such actions as may be appropriate to implement the practices recommended in the report that can be implemented without regulatory action as soon as reasonably practicable, but no later than September 18, 2009; and it is further

RESOLVED, that the Working Group and Advisers to the Working Group be commended for their efforts and the excellent and timely results of their deliberations; and it is further

RESOLVED, that the Board of Governors expresses its most sincere gratitude to Mr. Brennan and to the Members of the Working Group, James H. Bodurtha, Richard S. Davis, Mark R. Fetting, Martin L. Flanagan, George C.W. Gatch, John W. McGonigle, James A. McNamara, Randall W. Merk, Paul Schott Stevens, and Michael Wilens, and to the Advisers to the Working Group, Mary Colby, Deborah Cunningham, John T. Donohue, Dave Fishman, David R. Glocke, Richard K. Hoerner, Karen Dunn Kelly, Kevin Kennedy, Mary J. Miller, and Charles Morrison, for their dedication and outstanding contributions to this effort.

Adopted Unanimously at Special Meeting on 3/17/09.

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