
Investment Company Institute

EFFECTIVE April 30, 2021, THIS LETTER IS WITHDRAWN.

Please consult the following web page for more information:

<https://www.sec.gov/divisions/investment/im-modified-withdrawn-staff-statements>.

March 19, 2020

Ms. Susan Olson
Investment Company Institute
1401 H Street NW

Washington D.C. 20005

Dear Ms. Olson:

Based on the information contained in your March 19, 2020 letter, the staff of the Division of Investment Management (the “Staff”) will not recommend enforcement action to the Securities and Exchange Commission against any registered open-end investment company that is regulated as a money market fund under rule 2a-7 under the Investment Company Act of 1940 (the “Act”) (each, a “Fund”), or any affiliated person of the Fund (or any affiliated person of such person) that is subject to Sections 23A and 23B of the Federal Reserve Act and that purchases a security from a Fund (each, a “Purchaser”), under Section 17(a) of the Act or rule 17a-9 thereunder, if a Purchaser purchases securities from a Fund, under the circumstances and subject to the conditions described below (the “Affiliated Purchases”).

You state that, because of the COVID-19 outbreak, there is a short-term dislocation in the market for money market securities. This short-term dislocation is causing liquidity problems for securities that Funds hold. We further understand that Purchasers may wish to purchase securities from the Funds in light of these dislocations, but are unable to do so in reliance on rule 17a-9 because of conflicting banking regulations to which they are subject (*e.g.*, Sections 23A and 23B of the Federal Reserve Act and Regulation W, and certain exemptions referenced below).

The staff’s position is based on the following conditions:

1. The purchase price of the purchased security would be its fair market value as determined by a reliable third-party pricing service (the “Purchase Price”).

2. The Affiliated Purchases satisfy the conditions of rule 17a-9 under the Act except to the extent that the terms of such Affiliated Purchases would otherwise conflict with (i) applicable banking regulations or (ii) the exemption issued by the Board of Governors of the Federal Reserve System on March 17, 2020, defining “covered transaction” for purposes of section 23A of the Federal Reserve Act to not include the purchase of assets from an affiliated money market fund.
3. The Fund timely files Form N-CR reporting such transaction under Part C of such Form, and reports in Part H of such Form that the purchase was conducted in reliance on this letter.
4. The relief set forth herein shall be in effect on a temporary basis in response to the national emergency concerning the COVID-19 outbreak, which was proclaimed by the President of the United States on March 13, 2020, and will cease to be in effect upon notice from the Staff.

Because our position is based on the information in your letter, you should note that any different facts may require a different conclusion. This response expresses our views on enforcement action only and does not express any legal conclusion on the issues presented. Any questions relating to this letter should be directed at Dalia Blass (blasse@sec.gov) or Sarah ten Siethoff (tensiethoffs@sec.gov).

Very truly yours,

Thoreau Bartmann
Senior Special Counsel

Related Materials

- [Incoming Letter](#)

Modified: April 15, 2021