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Treasury Provides Further Clarity For Guaranty Program for Money Market Funds

Washington – The U.S. Treasury Department is continuing to develop the specific details surrounding the temporary guaranty program for money market funds that was announced on September 19, 2008.

While these details are being finalized, Treasury is making the following clarifications:

1. All money market mutual funds that are regulated under Rule 2a-7 of the Investment Company Act of 1940 and are publicly offered and registered with the Securities and Exchange Commission will be eligible to participate in the program.
2. Eligible funds include both taxable and tax-exempt money market funds. The Treasury and the IRS intend to issue guidance that will confirm that participation in the temporary guaranty program will not be treated as a federal guaranty that jeopardizes the tax-exempt treatment of payments by tax-exempt money market funds.
3. The temporary guaranty program will be designed to provide coverage to shareholders for amounts held by them in such funds as of the close of business on September 19, 2008.
4. Further details on other aspects of the temporary guaranty program and the required documentation for funds to participate will be provided in the coming days.