

U.S. DEPARTMENT OF THE TREASURY

Press Center



Statement from Secretary Lew on the Final Money Market Mutual Fund Rule by the SEC

7/23/2014

“Today, the SEC has adopted important structural reforms of money market mutual funds (MMFs). In particular, a floating NAV for institutional prime funds – along with enhanced transparency and diversification, and strengthened government MMFs – reduces risks to financial stability posed by MMFs.”

“The structural vulnerabilities of MMFs made them susceptible to destabilizing runs in the financial crisis, and resulted in extraordinary government support. Following initial reforms adopted by the SEC in early 2010, the Financial Stability Oversight Council (FSOC) consistently highlight unaddressed risks in MMFs. In 2012, when the SEC announced that it would not proceed with a vote on further MMF reforms, the Council used its authority under Section 120 of the Dodd-Frank Act to propose potential recommendations for reform.”

“It is important that the FSOC process has been used in an effective way. The FSOC came together, identified an unaddressed risk to financial stability, and encouraged the relevant regulator to take action. While the SEC’s reforms will require careful consideration and continued monitoring of their effectiveness in addressing risks to financial stability, the SEC’s final rule is a significant step forward. “

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