

U.S. DEPARTMENT OF THE TREASURY

President's Working Group on Financial Markets Releases Report on Money Market Funds

December 22, 2020


WASHINGTON – In March 2020, short-term funding markets came under sharp stress amid growing economic concerns related to the COVID-19 pandemic and an overall flight to liquidity and quality among investors. Today the President's Working Group on Financial Markets (PWG) released a report that examines these events and sets forth potential policy measures to improve the resilience of money market funds and broader short-term funding markets.

“During March, money markets experienced significant outflows, forcing Treasury and the Federal Reserve to step in to prevent a destabilizing run. We must now consider reforms to ensure this vulnerability does not threaten financial stability in the future,” said Deputy Secretary Justin Muzinich.

The PWG agrees that while many of the reforms implemented after the global financial crisis increased market stability, the events of March 2020 show that more work is needed to reduce the risk that remaining structural vulnerabilities in prime and tax-exempt money market funds will lead to or exacerbate stresses in short-term funding markets.

The PWG report released today does not endorse any particular reform, but instead advances the study and discussion of potential policy measures that could address these risks.

In addition to the Secretary of the Treasury, the PWG includes the Chair of the Board of Governors of the Federal Reserve System, the Chairman of the Securities and Exchange Commission, and the Chairman of the Commodity Futures Trading Commission.

The full report is available here: [President's Working Group on Financial Markets: Report on Recent Events and Potential Reform Options for Money Market Funds](#) .

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