



Contact:  
Kyle O'Connor  
312-628-6927  
Kyle\_Oconnor@TreasuryStrategies.com

For Immediate Release

## **Report From Financial Regulators Extends Uncertainty for Money Market Funds According To Treasury Strategies**

October 27, 2010 (Chicago, IL) – The President’s Working Group on Financial Reform issued an unusually inconclusive report on [Money Market Mutual Funds](#) last week according to [Treasury Strategies](#). Published 13 months after originally expected, the report merely encourages the newly formed Financial Services Oversight Committee to take up the matter.

The President’s Working Group was attempting to assess options for Money Market Funds (MMF) to mitigate systemic risk and reduce their susceptibility to runs, a task they were assigned by the U.S. Treasury Department following the financial crisis.

“Conspicuously absent from the report were a conclusion section and a recommendations section,” notes Anthony J. Carfang, a Partner with Treasury Strategies. “The report was simply an enumeration of the pros and cons of already widely discussed policy options.”

Carfang continues by suggesting that these omitted sections are a tacit acknowledgement that none of the proposed options are superior to the status quo.

A [floating NAV](#), insurance, and two-tiered fund structure were among the options discussed in the report, which concedes that all the options have serious unintended consequences.

“Existing rules have already made money funds less competitive in a challenging environment. The potential outcome of proposed regulations could bring about the demise of the money funds industry,” says Chrystal Pozin, a Principal with Treasury Strategies.

The report’s primary concern is the likelihood of institutional investors to easily transfer money out of MMFs and into instruments beyond the jurisdiction of U.S. regulators. It would be unwise for regulators to drive this important funding source – for both public and private sector borrowers – offshore.

“Treasury Strategies has [studied, reported on and consulted on](#) the consequences of [global financial regulation](#) and the possibility that it would misallocate capital. Market participants understand the risk-reward tradeoff. They have the tools to manage funds from any point around the globe and will respond accordingly to new regulations,” concludes Carfang.

---

### Treasury Strategies, Inc.

309 W. Washington Street  
13th Floor  
Chicago, Illinois 60606

† 312.443.0840  
f 312.443.0847

---

61 Broadway  
Suite 905  
New York, New York 10006

† 212.292.0856  
f 212.292.0863

---

1 Northumberland Avenue  
Trafalgar Square  
London  
WC2 N5BW  
Great Britain

† +44 207 872 5551  
f +44 207 872 5611

---

[www.TreasuryStrategies.com](http://www.TreasuryStrategies.com)

**About Treasury Strategies, Inc.**

Treasury Strategies, Inc. is the leading Treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in [treasury management](#), working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions. For more information, please visit [TreasuryStrategies.com](http://TreasuryStrategies.com).

###

