

## Corporate Survey of Plans for Using Money Market Funds

In mid-October of this year when new regulations are implemented, Prime and Tax Exempt Institutional Money Funds will switch to fluctuating net asset values, and fund boards will be empowered to impose temporary fees or gates if that is in the best interest of fund investors.

There has been much discussion and hyperbole around what these changes mean for corporate investors. Last month, as part of helping our clients navigate these new regs, we conducted a short survey of how companies plan to alter their investing behavior. Here's what we found.

### Institutional Prime Money Funds (PMMFs)

Roughly three-quarters of our respondents have invested in prime funds during the past decade. When we asked about their plans after the regulation's October effective date, we learned:

- 30% plan to continue investing in PMMFs
- 42% plan to discontinue using PMMFs, at least initially
- 28% are undecided

It appears from survey comments that many in the "discontinue" category are soft. Several clients are simply in "wait and see" mode.

The undecided group seems likely to base its action on the prime/government fund rate spread, rather than it being a question of policy.

Of the 25% who have not invested in PMMFs in the past, none plan to begin investing now.

### Institutional Tax-Exempt Money Funds (TEMMFs)

Roughly one-quarter of our respondents have invested in tax-exempt money funds during the past decade. When we asked about their plans after the October effective date, we learned:

- 55% plan to continue investing in TEMMFs
- 45% plan to discontinue using TEMMFs, at least initially

Of the three-quarters who have not invested in TEMMFs in the past, 6% will consider using them if the market rate and their tax situation warrants.

### Use of Portals

Nearly half of the companies in our sample use portals for their MMF investments. Among portal users, 86% have used PMMFs in the past and 24% have used TEMMFs. Interestingly, portal users are more likely than non-users to discontinue using PMMFs and TEMMFs after the regulations become effective.

## Next Steps

As we have throughout this extended regulatory debate, Treasury Strategies will stay at the forefront of helping our clients navigate these changes. We continue to advocate on your behalf and to keep you updated.

Wednesday, February 24, Tony Carfang, Partner will be testifying once again before the House Financial Services Committee. Live streaming for the hearing, “The Impact of the Dodd-Frank Act and Basel III on the Fixed Income Market and Securitizations,” begins at 10:00AM Eastern Standard Time. Follow this link. <http://www.financialservices.house.gov>

In addition, we are working with many clients to update investment policies, improve cash forecasting and enhance cash visibility. Drop us a note at [info@TreasuryStrategies.com](mailto:info@TreasuryStrategies.com) to discuss how we can help you achieve your goals.

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