
To: Public Comment File

From: The Division of Economic and Risk Analysis ("DERA")

Date: July 25, 2013

Re: Clarification on the memo dated July 10, 2013 entitled "The Exposure Money Market Funds Have to the Parents of Issuers"

On July 10, 2013, DERA submitted to the Commission's comment file (File No. S7-03-13) for the June 2013 Commission proposal regarding money market fund reform a memo that analyzed the exposure of money market funds to parents of issuers held in the money market funds' portfolios. Unless otherwise stated, all issuers of all securities were considered whether or not the security was subject to the diversification limits of Rule 2a-7. Of the securities analyzed, two types of securities in which money market funds have holdings are exempt from the diversification requirements: 1) securities issued by the U.S. government and 2) shares of other money market funds. For example, the rankings of Fidelity (5th in parent ranking) and Federated (29th in parent ranking) are primarily due to the holdings of their money market funds by other money market funds. Under rule 2a-7(c)(4)(ii)(E), however, these holdings are not counted toward the 5% diversification limit and would not be subject to the new diversification limits in the Commission's proposal should they be adopted (see proposed (FNAV and Fees & Gates) rule 2a-7(d)(3)(ii)(E).