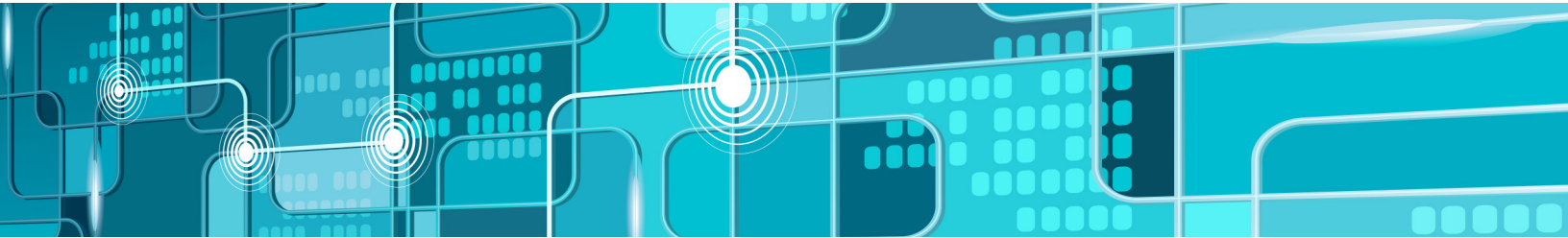


Communication Considerations

Liquidity Fees and Redemption Gates



Introduction

In July 2014, the Securities and Exchange Commission (SEC) adopted amendments to the rules that govern money market funds. The amendments give money market fund boards new tools to stem heavy redemptions by giving them discretion to impose a liquidity fee or gate if a fund's weekly liquid assets fall below the required regulatory threshold. The amendments also require all nongovernment money market funds (including floating NAV money market funds) to impose a liquidity fee if the fund's weekly liquid assets fall below a designated threshold, unless the fund's board determines that imposing such a fee is not in the best interests of the fund. The SEC explains that fees and gates are intended to enhance money market funds' ability to manage and mitigate potential contagion from high levels of redemptions and make redeeming investors pay their share of the costs of the liquidity that they receive. The SEC acknowledges, however, that fees and gates will rarely be imposed during normal market conditions.

Any fee or gate must be lifted automatically after the money market fund's level of weekly liquid assets rises to or above 30 percent, but can be lifted or altered at any time before that point if the board (including a majority of independent directors) determines that imposing such liquidity fee or gate is no longer in the best interests of the fund.

This document was developed by an ICI industry working group and is intended to outline common communications protocols related to applying or removing (or, in the case of a liquidity fee, revising) a liquidity fee or redemption gate, for use by money market funds with intermediary partners.

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Communication Considerations

Clear, concise, and timely communication is imperative once a money market fund's board has determined to implement a liquidity fee and/or redemption gate. All communications should be consistent and fair so as not to disadvantage any party. Any communications regarding a fee or gate event to shareholders and intermediaries should coincide with announcements posted to the fund's website and social media outlets. Proactive two-way communication among funds, intermediaries, service providers, and shareholders will assist all parties during the implementation process.

Each fund complex should develop their own communication plan in advance of the event, including content, timing,¹ and methods used to disseminate information. In the majority of cases, the fund will communicate the imposition of a fee/gate **after** the effective time/date;² however, when possible, funds will communicate the imposition of a fee/gate in advance of the effective time/date. To aid in that planning, ICI has identified common communication objectives that fund complexes should consider.

Implementing a Liquidity Fee or Gate

- I. Sending communications (i.e., email blast notifications) that include only the money market fund(s) implementing a liquidity fee or redemption gate. The communication should include the following:
 - a. CUSIP;
 - b. fund name;
 - c. ticker;
 - d. share class;
 - e. event (e.g., liquidity fee or redemption gate);
 - f. effective date and time (including reference to specific time zone) of event;
 - g. amount of liquidity fee (if applicable) expressed as a percentage (x.xx%); and
 - h. expectations of fee remittance (e.g., timing, method, need for estimates).
- II. Providing specific critical contact information, including how and when to contact
- III. Assessing impact on call centers and servicing centers including:
 - a. changes to upfront messages for voice response units (VRUs) for client services and dealer services; and
 - b. any necessary call scripting or training.
- IV. Incorporating external/internal websites when developing any communication plan and consider the following:
 - a. website messaging that is consistent with notifications (such as press statements and other public statements) to shareholders and intermediaries to ensure that critical information is disseminated in a fair and consistent manner; and
 - b. any regulatory requirements relating to public communications including required content and timing.³

¹ The effective date and time (e.g., intraday) that a liquidity fee or gate will be implemented may significantly affect a fund complex's communication plan and should be considered when determining the timing and methods of any related communications/notifications.

² Application of a fee and/or gate must be consistent, fair, and not afford one party an advantage over another. Therefore, application of a fee or gate at a future date and time may not be appropriate or feasible.

³ See, e.g., requirements relating to Form N-CR and Item 16(g) of Form N-1A.

Revising a Liquidity Fee

- I. Sending communications (i.e., email blast notifications) that include only the money market fund(s) revising its liquidity fee. The communication should include the following:
 - a. CUSIP;
 - b. fund name;
 - c. ticker;
 - d. share class;
 - e. event (e.g., revision of liquidity fee amount);
 - f. the original (or current) liquidity fee amount assessed expressed as a percentage (x.xx%);
 - g. effective date and time (including reference to specific time zone) of the revision;
 - h. the revised liquidity fee amount expressed as a percentage (x.xx%); and
 - i. expectations of fee remittance (e.g., timing, method, need for estimates).
- II. Providing specific critical contact information, including how and when to contact
- III. Assessing impact on call centers and servicing centers including:
 - a. changes to upfront messages for voice response units (VRUs) for client services and dealer services; and
 - b. any updates to scripting or training material(s).
- IV. Incorporating external/internal websites when developing any communication plan and consider the following:
 - a. website messaging that is consistent with notifications (such as press statements and other public statements) to shareholders and intermediaries to ensure that critical information is disseminated in a fair and consistent manner; and
 - b. any regulatory requirements relating to public communications including required content and timing.⁴

Removing a Liquidity Fee or Gate

- I. Sending communications (i.e., email blast notifications) that include only the money market fund(s) removing a liquidity fee or redemption gate. The communication should include the following:
 - a. CUSIP;
 - b. fund name;
 - c. ticker;
 - d. share class;
 - e. event (e.g., removal of liquidity fee or lifting of redemption gate); and
 - f. effective date and time (including reference to specific time zone) of the event.

⁴ See, e.g., requirements relating to Form N-CR and Item 16(g) of Form N-1A.

- II. Providing specific critical contact information, including how and when to contact
- III. Assessing impact on call centers and servicing centers including:
 - a. changes to upfront messages for voice response units (VRUs) for client services and dealer services; and
 - b. any updates to scripting or training materials.
- IV. Incorporating external/internal websites when developing any communication plan and consider the following:
 - a. website messaging that is consistent with notifications (such as press statements and other public statements) to shareholders and intermediaries to ensure that critical information is disseminated in a fair and consistent manner; and
 - b. any regulatory requirements relating to public communications including required content and timing.⁵

⁵ See, e.g., requirements relating to Form N-CR and Item 16(g) of Form N-1A.