

ICI Survey of Money Market Form N-MFP Data: FAQs

Frequently Asked Questions About Money Market Fund N-MFP Data

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What is this new money market fund data ICI is releasing and why is ICI releasing it?

The Securities and Exchange Commission's 2010 money market fund amendments require such funds to file detailed portfolio information with the agency monthly, on SEC Form N-MFP. The data in this monthly report comes from that form, which ICI members also send directly to ICI. The Institute has been tracking this data since firms began filing it in December 2010, and is now making a summary of the data publicly available in a monthly report, beginning in January 2014. The summary report is intended to provide aggregated insights into the holdings of taxable money market funds, which includes both prime and government money market funds.

What does the new ICI data release include?

Form N-MFP provides detailed information about the nature and maturity of money market funds' holdings of securities and repurchase agreements. ICI's data release provides aggregated data for funds holding roughly 94 percent of the assets in taxable money market funds, as well as insights on the:

- Types of securities in government and prime money market funds' portfolios;
- Home countries and regions of issuers of securities and repurchase agreements held in money market funds' portfolios (based on the home country of the issuer's parent company);
- Maturity of funds' portfolios, expressed as weighted average maturity (WAM) and weighted average life (WAL);

- Liquidity of funds' portfolios; and
- Maturity distribution of securities in money market funds' portfolios, by type of securities and by home country of issuers.

The monthly press release that will accompany ICI's report will focus on daily and weekly liquidity, WAM and WAL, and the home regions of issuers of securities held by prime and government taxable money market funds. The release will include a link to additional tables for the rest of the data.

Why does ICI's press release focus on liquidity, maturity (WAM and WAL), and the region of issuers for MMF portfolios?

Liquidity and maturity, which are measures emphasized in the SEC's 2010 money market fund reforms, are among the important risk-limiting characteristics of money market funds. In light of economic and political developments around the world, analysts and investors frequently focus on the region and home country of securities issuers as a means of gauging money market fund exposure.

Why isn't ICI reporting data on tax-exempt money market funds? Is that data available?

Taxable money market funds account for 90 percent of money market fund assets, so ICI's current efforts have focused on providing this information to the public. Due to the vast number of issuers in the tax-exempt market, categorizing the securities in this market would require substantial additional work.

How often and when will ICI issue this report?

We intend to issue the report in the middle of each month, based on data for the prior month.

How often is this data collected?

Money market funds must report information on Form N-MFP for each portfolio security held on the last business day of the prior month, and must do so by the fifth business day of the month in which they submit the form. The SEC makes the monthly Form N-MFP data available to the public after a 60-day delay. ICI's data release is based on Form N-MFP data that fund sponsors provide directly to ICI, and covers funds holding roughly 94 percent of assets in taxable money market funds registered under the Securities Act of 1933 and the Investment Company Act of 1940.

Will the data in the report be revised?

Once the SEC makes the monthly Form N-MFP data available to the public, ICI will produce new tables that will include data for all publicly offered taxable money market funds. These new reports also will include any revisions due to amended Form N-MFP filings.

Will ICI interpret trends in money market fund holdings?

When significant trends emerge or when economic or political developments focus attention on money market funds and their holdings, ICI intends to offer its insights through its blog, *ICI Viewpoints*. In 2014, ICI published a series of *ICI Viewpoints* pieces examining the N-MFP data and explaining what insights it can yield about money market funds.

Why are the data in the report mostly shown in percentages, despite the fact that most of ICI's other data releases are in dollar figures?

Because of the revisions to data, there will be some differences in the asset levels between the historical data and the most recently published reports. Reporting data in percentages, rather than asset levels, helps facilitate historical comparisons.

Are historical data available?

Yes, we have historical data going back to January 2011. Those reports are available as a link on the press release.

How does the report differ from ICI weekly and monthly publications that

include money market funds?

This report and ICI's weekly and monthly data releases differ in focus and in the level of detail they provide:

- The [Form N-MFP data](#), which provide the basis for this report, provide detail about the individual securities holdings of taxable money market funds. For example, the Form N-MFP can be used to aggregate fund holdings by the home countries of issuers and by the specific type of security.
- The [ICI weekly report on money market fund assets](#) aggregates the number of taxable and tax-exempt money market funds and their total assets by broad fund type each week. It does not include any information about holdings.
- The monthly ICI report, "[Trends in Mutual Fund Investing](#)," includes month-end data, such as total net assets, number of funds, and cash flows for taxable and tax-exempt money market funds.

These different reports use different sources, and are completed at different intervals. Therefore, comparisons between the collections are not recommended.

Do U.S. money market funds hold assets issued in currencies other than the U.S. dollar?

No, under SEC Rule 2a-7, money market funds may hold only securities denominated in U.S. dollars.

How can a U.S. money market fund hold securities issued by foreign companies?

Many companies, both financial and nonfinancial, that have their headquarters outside the United States issue U.S. dollar-denominated debt instruments. They may do this to help fund their U.S.-based operations. Also, foreign financial companies may issue dollar-denominated debt securities to make loans in dollars to businesses (whether U.S. or foreign) or U.S. residents. Money market funds may decide to invest in such U.S. dollar-denominated securities as long as the securities are of the short-term, high-quality nature required by SEC Rule 2a-7.

How are the countries and regions of issuers assigned?

ICI staff review and classify the individual issuers included in the N-MFP data by identifying the parent company of each issuer, then assigning a country and region based on the geographical location of the issuer's parent company. For example, if a prime money market fund holds \$100 million in U.S. dollar-denominated commercial paper issued by a U.S.-based subsidiary of Honda Motor Co. Ltd., ICI would classify that \$100 million as having a home country of Japan and a region of "Asia and Pacific"—even if the U.S. subsidiary uses the proceeds to fund automobile loans to American car buyers. Similarly, if a government or prime money market fund were to engage in a U.S. dollar-denominated repurchase agreement with a U.S. subsidiary of a Japanese bank, ICI would classify the repurchase agreement as having a home country of Japan and a region of "Asia and Pacific," even if the repurchase agreement were collateralized entirely by U.S. Treasury and agency securities.

What are taxable money market funds?

Money market funds are classified in two broad categories—tax-exempt funds, which primarily hold tax-exempt municipal securities, and taxable money market funds. Funds in both categories are restricted to holding short-term securities denominated in U.S. dollars. The taxable category is further divided into prime and government money market funds.

What are prime money market funds?

A prime money market fund is a fund that may invest in high-quality, short-term money market instruments, including Treasury and government obligations, certificates of deposit, repurchase agreements, commercial paper, and other money market securities.

What are government money market funds?

A government money market fund is a fund invested principally in U.S. Treasury obligations and other financial instruments issued or guaranteed by the U.S. government, its agencies, or its instrumentalities. Government money market fund assets include dollar-denominated repurchase agreements with U.S. financial institutions, as well as with U.S. subsidiaries of banks headquartered in other countries; in the case of U.S. subsidiaries of banks headquartered in other countries, those repurchase agreements would be

categorized by the bank's home country and region.

What is liquidity?

Liquidity refers to the speed at which a security can be sold for approximately the price at which it is valued by the fund. To ensure a certain level of liquidity, the SEC's 2010 money market fund amendments mandated that money market funds hold minimum levels of daily and weekly assets.

Daily Requirement: All taxable money market funds must hold at least 10 percent of assets in cash, direct obligations of the U.S. government, or securities that will mature or are subject to a demand feature that is exercisable and payable within one business day.

Weekly Requirement: All money market funds must hold at least 30 percent of assets in cash, direct obligations of the U.S. government, certain other government securities with remaining maturities of 60 days or less, or securities that will mature or are subject to a demand feature that is exercisable and payable within five business days.

What is weighted average maturity (WAM)?

A fund's weighted average maturity is a dollar-weighted average measure of the maturity of a fund's portfolio securities. As defined under Rule 2a-7 under the Investment Company Act of 1940—the rule that regulates U.S. money market funds—WAM takes into account maturity-shortening provisions, such as the date of an instrument's next interest rate reset date and/or tender dates. Currently, money market funds must maintain a WAM of 60 days or less.

What is weighted average life (WAL)?

The weighted average life is a dollar-weighted average of the maturity of a fund's portfolio. It differs from a fund's WAM because the WAL uses the stated final maturity date of a security—the date on which the fund has an unconditional right to receive payment of principal and interest. For securities with a demand feature (such as a "put provision"), the WAL calculation allows the fund to set the security's final maturity date equal to the next date at which the fund may demand payment of principal and interest. Currently, money market funds must maintain a WAL of 120 days or less. The effect of the WAL restriction is to limit the ability of the fund to invest in long-term floating-rate securities.

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