
Treasury Announces Second Extension of Temporary Guarantee Program for Money Market Funds

2009-04-01

On March 31, 2009 the U.S. Treasury Department announced a second and, presumably, final extension of the Temporary Money Market Funds Guarantee Program (the "Program") through September 18, 2009. The first extension term of the Program expires April 30, 2009. Any funds that participate in the Program currently and meet the extension requirements are eligible to participate in this second extension term. Funds that do not participate in the Program currently are not eligible to enter the Program. The Program will continue to provide coverage to covered shareholders up to the amount held in participating funds as of the close of business on September 19, 2008. To participate in the Program, funds must submit a Program Extension Participation Payment, a Program Extension Notice and an updated Annex A thereto by April 13, 2009 and a Bring-Down Notice by May 11, 2009.

The amount of the extension payment will be based on a fund's net asset value ("NAV") as of September 19, 2008 as follows:

- for funds that had a market-based NAV greater than or equal to 99.75% of their stable share price, the payment will be 0.015%, or 1.5 basis points, multiplied by the number of shares outstanding on September 19, 2008.
- for funds that had a market-based NAV less than 99.75% but greater than or equal to 99.50% of their stable share price, the payment will be 0.023%, or 2.3 basis points, multiplied by the number of shares outstanding on September 19, 2008.

This extension will presumably be the Treasury's final extension as Section 3(b) of the Guarantee Agreement provides that the Program shall in no event be extended beyond 11:59 p.m., Washington, D.C. time on September 18, 2009.

For more information, please see the Treasury Release available at:

www.ustreas.gov/press/releases/tg76.htm; the Extension Agreement available at:

www.treas.gov/press/releases/reports/03312009ExtensionAnnouncement.pdf; and the Guarantee Agreement available at www.treas.gov/offices/domestic-finance/key-initiatives/money-market-docs/Guarantee-Agreement_form.pdf.

In addition, for more information please see WilmerHale's Investment Management Industry News Summaries available at: www.wilmerhale.com/publications/whPubsDetail.aspx?publication=8540; and www.wilmerhale.com/publications/whPubsDetail.aspx?publication=8459.