

## Andrew J. Donohue Addresses Conferees

### Overview of Remarks by Andrew J. Donohue

Though equity markets have been volatile and receiving the most press, Andrew Donohue, Director, Division of Investment Management of the SEC said that during these “truly extraordinary times,” the credit markets and the lack of liquidity have caused problems for money market funds.

Addressing ICI’s Equity, Fixed-Income & Derivatives Market Conference in New York, Donohue reviewed steps federal agencies took over the past 18 months, provided his observations, and outlined some possible options for money market funds facing liquidity problems. Noting that SEC involvement in the current crisis dated from August 2007, Donohue said that the consistent goal of the SEC was to allow an environment where funds could take actions that were in the best interests of investors.

Money market funds, having been stable and reliable for investors for over 30 years, will need to change in the future. Regulators and funds need to apply what has been learned from the current crisis to be sure that changes to this investment vehicle increase investor confidence.

Donohue explained that from his vantage point, it seems that while some investors look to their mutual funds for liquidity, others rely upon their accounts for stable net asset value. Still others look for both. In the future, Donohue suggested, perhaps mutual funds should be structured to offer these different options to investors.

During a question and answer session following his brief remarks, Donohue stressed that funds that sign up for Treasury’s guarantee program would need to be “very clear” with investors on which assets are covered and which are not.