



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for
Scholarly Publishing at Yale

YPFS Resource Library

11-20-2008

Treasury Enters into Agreement to Assist the Reserve Fund's US Government Money Market Fund

United States: Department of the Treasury

<https://elischolar.library.yale.edu/ypfs-documents2/47>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.

U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury Enters into Agreement to Assist the Reserve Fund's US Government Money Market Fund

11/20/2008

To view or print the PDF content on this page, download the free [Adobe® Acrobat® Reader®](#).

hp-1286

Washington- The U.S. Treasury Department announced today that it agreed to assist with the liquidation of The Reserve Fund's U.S. Government Fund, due to unique and extraordinary circumstances.

The U.S. Treasury Department announced today that it agreed to assist with the liquidation of The Reserve Fund's U.S. Government Fund, due to unique and extraordinary circumstances.

The fund, which Treasury accepted into its [temporary guarantee program for money market funds](#), has not made a claim to Treasury under the program. In a separate agreement with the fund, the Treasury has agreed to serve as a buyer of last resort for the fund's securities, which consist of short-term U.S. government and government sponsored enterprise securities.

This action is being taken to ensure that the fund is liquidated in an orderly and timely fashion.

The agreement grants the fund a 45-day period where it will continue to sell assets at or above their amortized cost. At the conclusion of this period, Treasury's Exchange Stabilization Fund will purchase any remaining securities at amortized cost, up to an amount required to ensure that each shareholder receives \$1 for every share they own.

This extraordinary action is in response to the unique situation of the money market fund. This fund was permitted to suspend share redemptions as of September 17, in accordance with an order issued by the Securities and Exchange Commission.

No other funds participating in Treasury's temporary guarantee program received a similar order from the SEC. Because of this, Treasury does not foresee a need to take similar actions with regard to any other funds participating in Treasury's temporary guarantee program.

Treasury's agreement with the fund requires the fund's adviser and its trustees to waive their fees accrued after November 19 to the extent that fund shareholders do not receive distributions of \$1 per share.

-30-

REPORTS

- [Letter Agreement](#)