

# US Money Market Reform

## Frequently Asked Questions

The full impact of amended rules governing money market funds is fast approaching. In response to these rule amendments and the resulting market changes, UBS is altering its money market fund platform and launching new products. In this update, we answer frequently asked questions to help you navigate the changes.

### **Q. What is money market fund reform?**

A. In July 2014, the US Securities and Exchange Commission (SEC) amended the rules governing the US money market mutual fund industry. In addition, in September 2015, the SEC approved further rule amendments. These amended rules, which are intended to mitigate fund risk and enhance fund regulation and transparency for investors, become fully effective on October 14, 2016.

### **Q. What are some key changes to the SEC rules?**

A. The amendments will primarily target prime and tax-free money market funds and will also differentiate between investor types. Today, retail investors ("natural persons," as defined by the new amendments) and institutional investors (for example, banks, corporations, hospitals, colleges or governments) can invest in the same money market fund. Under the amended rules, *institutional investors* desiring a money market fund that seeks to maintain a constant net asset value (CNAV) per share of \$1.00 may only invest in government/Treasury funds. *Institutional investors* seeking to own prime or tax-free money market funds will be limited to money market funds that have a floating net asset value (FNAV) per share. Prime and tax-free money market funds that are available to *retail investors only* may continue to seek to maintain a CNAV per share price of \$1.00. Retail investors will be permitted to invest in both CNAV and FNAV types of funds.

For additional reform details, please refer to 'US Money Market Reform in Depth,' which can be found on the [UBS Money Market Fund](#) website.

### **Q. What is the difference between a "floating" NAV and a "constant" NAV? Why is this important?**

A. A constant NAV (CNAV) refers to a money market fund's ability to use the "amortized cost" and/or "penny rounding" method of pricing. In short, this enables money market funds to maintain a constant share price of \$1.00 per share. With a floating NAV (FNAV), the share price fluctuates to reflect the daily market value of the underlying investments the fund owns.

### **Q. How will these changes affect my UBS money market funds? When will the changes take place?**

A. UBS Asset Management (UBS AM) is making several changes to our US money market fund platform not only to comply with the new amendments, but to continue to provide you with a wide range of products and other liquidity management solutions. We will continue to offer prime money market funds, tax-exempt funds and Treasury funds and will introduce a new line-up of government money market funds.

The regulatory changes will occur during a time period that extends until October 14, 2016. We continue to evaluate our existing liquidity management offerings and will announce additional fund changes over the next several months.

For details of planned fund changes and offerings, please refer to '2016 Money Market Fund Platform' and the 'US Money Market Reform Overview,' which can be found on the [UBS Money Market Fund](#) website.

**Q. I'm an individual investor, how will I be affected? What actions do I need to take?**

A. If you are a current shareholder, you will receive advance notice of any scheduled changes to specific funds. You will have ample opportunity to discuss any fund changes with your Financial Advisor ahead of any scheduled changes. In most cases, you will not be required to take any action.

**Q. Where can I learn more?**

A. For more information about money market reform or fund changes, contact your UBS Financial Advisor or visit the [UBS Money Market Fund](#) website.

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*Mutual funds are sold by prospectus. Investors should carefully read and consider a mutual fund's investment objectives, risks, charges, and expenses before investing. The prospectus contains this and other information about a mutual fund. To obtain a free prospectus, please call your Financial Advisor or write to: UBS Asset Management, 1285 Avenue of the Americas, New York, NY 10019. You can also contact UBS Asset Management at 888-793 8637 or visit [www.ubs.com/usmoneymarketfundsholdings](http://www.ubs.com/usmoneymarketfundsholdings) for a current prospectus. Past performance is no guarantee of future results.*

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