

SEC Money Market Reform

Update from the Cash and Liquidity Management team
UBS Asset Management

12 July 2023

On Wednesday, July 12, 2023 the U.S. Securities and Exchange Commission (SEC) voted 3-2 to amend rules governing how money market mutual funds are structured and may operate. These reforms are NOT effective immediately.

What you need to know

- These changes will be subject to a lengthy implementation process, up to a year for some provisions, following the publication of the final rules in the Federal Register.
- The most notable changes are:
 - The minimum daily liquidity requirement will be increased from 10% to 25% of a fund's total assets. This provision does not apply to tax exempt funds. The minimum weekly liquidity requirement will be increased from 30% to 50% of a fund's total assets. Importantly, the requirement to impose fees and/or gates on redemptions when a fund falls below these percentages (which had inhibited funds from actually using that liquidity in a crisis) is being removed.
 - A new requirement for Floating Net Asset Value (FNAV) Prime and municipal money market funds implement a liquidity fee, based on an estimate of the fund's liquidity costs, if the fund has total net redemptions that day which exceed 5% of the fund's net assets, unless those costs are de minimis.
 - Elimination of the language related to the temporary suspensions of redemptions and, therefore, money market funds will no longer be subject to what is commonly referred to as "gating".
 - A new amendment addresses a potential negative interest rate environment. This allows a Constant NAV (CNAV) money market fund to reduce the number of its shares outstanding to maintain a stable share price, in addition to its existing ability to convert to a FNAV. Utilization of these measures will be subject to certain board determinations and disclosures to investors.

What you need to do

- No immediate action is required as these changes are subject to a lengthy implementation process, up to a year for some provisions.
- Further decisions and clarifications are expected from the SEC, the IRS, and relevant accounting bodies, and we expect to provide further updates as more information becomes available over the coming weeks and months.
- We look forward to helping you understand these rules and their implications. Please contact us with any questions.
 - Tom Cameron, Liquidity Sales Specialist
+1 212 882-5254
thomas.cameron@ubs.com
 - Flora Bartosik, Liquidity Sales Specialist
+1 212 882-5218
flora.bartosik@ubs.com

For daily yields and additional information about our offerings, please visit www.ubs.com/usliquidity



For more information

Contact your financial advisor or UBS Asset Management at 888-793 8637 for a current Fund prospectus. Consider carefully the Fund's investment objectives, risks, charges, expenses and other matters of interest set forth in the prospectus. The prospectus contains this and other information about the Fund. Please read it carefully and consider it before investing. It is important you have all the information you need to make a sound investment decision. An investment in a fund is only one component of a balanced investment plan. Diversification and asset allocation strategies do not ensure gains or guarantee against loss.

Current and future portfolio holdings are subject to risk.

UBS Asset Management (US) Inc., the Fund's placement agent, is an affiliate of UBS-AM. UBS-AM is registered with the SEC as an investment advisor. UBS-AM is an indirect wholly owned subsidiary of UBS Group AG

For CNAV Money Market Funds

You could lose money by investing in money market funds. Although certain money market funds seek to preserve the value of your investment at \$1.00 per share, they cannot guarantee they will do so. An investment in any money market funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Money market funds' sponsor has no legal obligation to provide financial support to them, and you should not expect that the sponsor will provide financial support to money market funds at any time.

For FNAV Money Market Funds

You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. Also, the fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Not FDIC insured. May lose value. No bank guarantee.

Americas

The views expressed are a general guide to the views of UBS Asset Management as of July 2023. The information contained herein should not be considered a recommendation to purchase or sell securities or any particular strategy or fund. Commentary is at a macro level and is not with reference to any investment strategy, product or fund offered by UBS Asset Management. The information contained herein does not constitute investment research, has not been prepared in line with the requirements of any jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. All such information and opinions are subject to change without notice. Care has been taken to ensure its accuracy but no responsibility is accepted for any errors or omissions herein. A number of the comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results, however, may prove to be different from expectations. The opinions expressed are a reflection of UBS Asset Management's best judgment at the time this document was compiled, and any obligation to update or alter forward-looking statements as a result of new information, future events or otherwise is disclaimed. Furthermore, these views are not intended to predict or guarantee the future performance of any individual security, asset class or market generally, nor are they intended to predict the future performance of any UBS Asset Management account, portfolio or fund. Separately Managed Accounts discussed herein are offered through UBS Financial Services Inc., which serves as the program sponsor. UBS Financial Services Inc. provides consulting, custody and execution services to clients invested in the UBS Asset Management separately managed account strategies.

There are fees associated with investing in separately managed accounts. For fees charged in connection with the UBS Financial Services program, please refer to the UBS Financial Services ADV Wrap Fee Program Brochure.

For more information, contact UBS Asset Management at 888-793 8637. Mutual funds are sold by prospectus, which includes more complete information on risks, charges, expenses and other matters of interest. Investors should read the prospectus carefully before investing. An investment in the Fund is only one component of a balanced investment plan.

UBS Asset Management (Americas) Inc., 787 Seventh Avenue, New York, NY 10019
The content of the discussion is not to be construed as legal, business or tax advice.



Follow us on LinkedIn

© UBS 2023. All rights reserved.
AMT-4362 C 7/23

ubs.com/am