

New Money Market Rules Announced

NEW MONEY MARKET FUND RULES ANNOUNCED. The new SEC money market fund rules announced on July 23, 2014 amend Rule 2a-7 of the Investment Company Act of 1940, which governs money market funds. The adopted rules require “prime” money market funds, which are to be used by institutional investors, to move from a stable \$1 per share Net Asset Value (NAV) to a floating NAV, while “retail” money market funds, which may only have individual shareholders, will be able to maintain a stable NAV.

Under the rules, the SEC also will permit fund boards to impose redemption fees and/or halt redemptions at times of market stress. Most of the new rules will have a two-year implementation period.

IMPACT ON YOU. TIAA-CREF will continue to manage its money market funds, which include the CREF Money Market Account and the TIAA-CREF Money Market Fund, with the same prudent investment process and low-cost approach our investors have come to expect. If you are a shareholder in any TIAA-CREF money market product, there is no change to your holdings or to the rules that apply to them at this time.

Once the new rules are implemented, money market funds with only natural persons as shareholders may be considered “retail” money market funds and maintain a stable NAV. Currently and historically, our money market funds have been overwhelmingly owned ultimately by individual investors, but any final determination of our funds’ classification has not yet been made. The new rules are complex and will require thorough review, which is in progress, as well as coordinated action by many parts of our organization, including by the funds’ Boards of Trustees. Our money market fund shareholders will receive advance notice of our final determination and information on how implementation of the new rules may affect them.

TIAA-CREF RESPONSE. Because the new rules have been debated among industry participants and discussed in the press for some time, TIAA-CREF has followed their development closely and has offered our perspective to the SEC on the initial proposal of these changes via a comment letter. We are prepared to implement the rules’ requirements and will be in full compliance by the required date. In the meantime, we will analyze the rules and keep our participants informed as to what the rules require and how they will impact the money market products we manage.

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