

117TH CONGRESS
1ST SESSION

S. 2684

To protect the investment choices of investors in the United States, and
for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 9, 2021

Mr. TOOMEY (for himself, Mr. MENENDEZ, Mr. ROUNDS, and Mr. PETERS)
introduced the following bill; which was read twice and referred to the
Committee on Banking, Housing, and Urban Affairs

A BILL

To protect the investment choices of investors in the United
States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Financial
5 Choice and Capital Markets Protection Act of 2021”.

6 **SEC. 2. TREATMENT OF MONEY MARKET FUNDS UNDER**
7 **THE INVESTMENT COMPANY ACT OF 1940.**

8 The Investment Company Act of 1940 (15 U.S.C.
9 80a–1 et seq.) is amended by adding at the end the fol-
10 lowing:

1 **“SEC. 66. MONEY MARKET FUNDS.**

2 “(a) DEFINITIONS.—In this section—

3 “(1) the term ‘covered Federal assistance’
4 means Federal assistance used for the purpose of—

5 “(A) making any loan to, or purchasing
6 any stock, equity interest, or debt obligation of,
7 any money market fund;

8 “(B) guaranteeing any loan or debt
9 issuance of any money market fund; or

10 “(C) entering into any assistance arrange-
11 ment (including tax breaks), loss sharing, or
12 profit sharing with any money market fund;
13 and

14 “(2) the term ‘Federal assistance’ means—

15 “(A) insurance or guarantees by the Fed-
16 eral Deposit Insurance Corporation;

17 “(B) transactions involving the Secretary
18 of the Treasury; or

19 “(C) the use of any advances from any
20 Federal Reserve credit facility or discount win-
21 dow that is not part of a program or facility
22 with broad-based eligibility established in un-
23 usual or exigent circumstances.

24 “(b) ELECTION TO BE A STABLE VALUE MONEY
25 MARKET FUND.—

“(1) IN GENERAL.—Notwithstanding any other provision of this title, any open-end investment company (or a separate series thereof) that is a money market fund that relies on section 270.2a–7 of title 17, Code of Federal Regulations, may, in the prospectus included in its registration statement filed under section 8 state that the company or series has elected to compute the current price per share, for purposes of distribution or redemption and repurchase, of any redeemable security issued by the company or series by using the amortized cost method of valuation, or the penny-rounding method of pricing, regardless of whether its shareholders are limited to natural persons, if—

“(A) the objective or principal investment strategy of the company or series is not inconsistent with the generation of income and preservation of capital through investment in short-term, high-quality debt securities;

“(B) the board of directors of the company or series elects, on behalf of the company or series, to maintain a stable net asset value per share or stable price per share, by using the amortized cost valuation method, as defined in section 270.2a–7(a) of title 17, Code of Federal

1 Regulations (or successor regulation), or the
2 penny-rounding pricing method, as defined in
3 section 270.2a–7(a) of title 17, Code of Federal
4 Regulations (or successor regulation), and the
5 board of directors of the company has deter-
6 mined, in good faith, that—

7 “(i) it is in the best interests of the
8 company or series, and its shareholders, to
9 do so; and

10 “(ii) the money market fund will con-
11 tinue to use such method or methods only
12 as long as the board of directors believes
13 that the resulting share price fairly reflects
14 the market-based net asset value per share
15 of the company or series; and

16 “(C) the company or series will comply
17 with such quality, maturity, diversification, li-
18 quidity, and other requirements, including re-
19 lated procedural and recordkeeping require-
20 ments, as the Commission, by rule or regulation
21 or order, may prescribe or has prescribed as
22 necessary or appropriate in the public interest
23 or for the protection of investors to the extent
24 that such requirements and provisions are not
25 inconsistent with this section.

1 “(2) EXEMPTION FROM DEFAULT LIQUIDITY
 2 FEE REQUIREMENTS.—Notwithstanding section
 3 270.2a–7 of title 17, Code of Federal Regulations
 4 (or successor regulation), no company or series that
 5 makes the election under paragraph (1) shall be sub-
 6 ject to the default liquidity fee requirements of sec-
 7 tion 270.2a–7(c)(2)(ii) of title 17, Code of Federal
 8 Regulations (or successor regulation).

9 “(c) PROHIBITION AGAINST FEDERAL GOVERNMENT
 10 BAILOUTS OF MONEY MARKET FUNDS.—Notwith-
 11 standing any other provision of law (including regula-
 12 tions), covered Federal assistance may not be provided di-
 13 rectly to any money market fund.

14 “(d) DISCLOSURE OF THE PROHIBITION AGAINST
 15 FEDERAL GOVERNMENT BAILOUTS OF MONEY MARKET
 16 FUNDS.—

17 “(1) IN GENERAL.—No principal underwriter of
 18 a redeemable security issued by a money market
 19 fund nor any dealer shall offer or sell any such secu-
 20 rity to any person unless the prospectus of the
 21 money market fund and any advertising or sales lit-
 22 erature for such fund prominently discloses the pro-
 23 hibition against direct covered Federal assistance as
 24 described in subsection (c).

1 “(2) RULES, REGULATIONS, AND ORDERS.—

2 The Commission may, after consultation with and
3 taking into account the views of the Board of Gov-
4 ernors of the Federal Reserve System, the Federal
5 Deposit Insurance Corporation, and the Department
6 of the Treasury, adopt rules and regulations and
7 issue orders consistent with the protection of inves-
8 tors, prescribing the manner in which the disclosure
9 under this subsection shall be provided.

10 “(e) CONTINUING OBLIGATION TO MEET REQUIRE-
11 MENTS OF THIS TITLE.—A company or series that makes
12 an election under subsection (b)(1) shall remain subject
13 to the provisions of this title and the rules and regulations
14 of the Commission thereunder that would otherwise apply
15 if those provisions do not conflict with the provisions of
16 this section.”.

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