Many Money Market Funds Have Invested Heavily in the Fed’s Overnight Reverse Repurchase Facility

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The Federal Reserve’s Overnight Reverse Repurchase Facility (ON RRP) has become increasingly important to the business model of many eligible money market funds because it provides a safe investment with competitive returns. The chart above shows each participating money market fund’s ON RRP investment compared with their total investments. Dots close to the 45° line indicate funds with nearly all of their investments in the ON RRP. As of April 2023, many funds kept most, and sometimes nearly all, of their investments in the ON RRP.

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Note: Chart shows ON RRP take-up by participating money market funds in April 2023. Total ON RRP investments are currently limited to $160 billion per fund. Sources: U.S. Securities and Exchange Commission and authors' calculations.