

Document 1507

[21507001]

(During its centennial year . The Wall Street Journal will report events of the past century that stand as milestones of American business history .)

[21507002]

MUTUAL FUNDS ARRIVED IN THE U.S. during the Roaring Twenties (they had been in Britain for a century) , but they did n't boom until the money market fund was created in the 1970s .

[21507003]

By 1980 , there were more than 100 such funds .

[21507004]

Besides creating a vehicle for investors , money market funds also helped rewrite banking regulations .

[21507005]

The idea was to let small investors , the backbone of the fund business , deal in the money market 's high short-term interest rates .

[21507007]

The now-standard price of \$ 1 a share came about by accident .

[21507008]

An early fund had filed a registration with the Securities and Exchange Commission that included a fixed \$ 1 price .

[21507009]

It arrived just as the regulator handling such operations was retiring .

[21507010]

His successor approved the \$ 1 price in the process of clearing the backed-up papers on his desk .

[21507012]

Dreyfus moved to the \$ 1 price after the SEC set standards - an average 120-day maturity of high-grade paper - that are still the rule .

[21507013]

Keeping the listed price at a dollar is primarily a convenience .

[21507015]

Rounding-off keeps them at \$ 1 .

[21507016]

Eventually , the money funds ' success forced relaxation of curbs on bank interest rates to allow banks to offer competing yields .

[21507017]

