



BY E-MAIL

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

**Re: Money Market Fund Reform; Amendments to Form PF
Release No. IC-30551; File No. S7-03-13**

Dear Ms. Murphy:

I am the Chairman of the Board of Trustees of the Wilmington Funds (the "Funds"), and I am writing on behalf of myself and the other trustees who are not "interested persons" (the "Independent Trustees," "we" or "us") of the Funds or of the Funds' investment advisor to express concerns about the recent proposals by the Securities and Exchange Commission (the "Commission") regarding money market fund reform that are set forth in the above-referenced release.

Background

The Wilmington Funds are a family of 23 registered, open-end mutual funds that includes four money market funds (the "Wilmington MMFs"). The Funds are advised by Wilmington Funds Management Corporation, an indirect subsidiary of M&T Bank Corporation ("M&T"), which was the 16th largest domestic bank holding company in the U.S. based on total consolidated assets at June 30, 2013.

Subsidiaries of M&T provide a complete array of loan, deposit and other banking products and services to retail and commercial customers, as well as a wide range of investment management, investment advice, personal trust, corporate trust, custody, retirement plan, securities brokerage and other wealth management and asset administration services to individuals, families, business entities, trusts, foundations, endowments, public and private pension funds, state and local governments, and other institutional and retail clients.

At June 30, 2013, the aggregate net asset value of the four money market funds was \$9.3 billion, approximately 99% of which represented funds invested by or on behalf of customers and clients of M&T. The Wilmington MMFs have served as an effective capital preservation, liquidity management and cash management tool for those customers and clients for over 25 years. The Independent Trustees have over 120 years of collective experience overseeing the activities of the Wilmington MMFs and their predecessors.

Comments and Observations

General. As the Commission is well aware, same-day liquidity and dollar-in/dollar-out pricing are the features that have made money market funds the cash investment of choice for investors of all sorts for over 35 years. Investors also seek a return on their cash and, in a normal interest rate environment, the different types of money market funds provide investors with different risk/reward choices of market-based returns subject, of course, to the significant limitations of Rule 2a-7 under the Investment Company Act of 1940. Money market funds also provide investors with cost-effective access to professional money management and exposure to a diverse pool of high-quality assets. It is undeniable that the proposed changes, which will directly affect the daily liquidity and stable NAV of money market funds, will make them undesirable for all users.

If money market funds pose a systemic risk to the U.S. financial system, then the solution to that risk should also be systemic. As noted above, although the users of the Wilmington MMFs are a diverse group, they are united in their belief in the value that stable value money markets funds provide to them in the pursuit of financial goals or the satisfaction of legal requirements. We are confident in stating that they are not the source of "systemic risk," and we are concerned that a floating NAV, liquidity fees and redemption gates, applied individually or in combination, will result in non-uniform, *non-systemic* outcomes. We cannot support any proposal that would harm or punish our shareholders for reacting as any reasonable person would to threatening external events.

Retail vs. Institutional. The Wilmington MMFs, like most money market funds, offer different classes of shares, with different cost structures and other features, to different types of investors. Under the Commission's floating NAV proposal, the Prime and Tax-Exempt Wilmington MMFs would have to split into separate "retail" and "institutional" funds, reorganization transactions that would require shareholder votes and would place substantial burdens on the Independent Trustees. In particular, we would have to determine that these reorganizations would be in the "best interests" of the different groups of shareholders. That determination may be a challenging task, given our view that those shareholders in the Prime and Tax-Exempt Wilmington MMFs who would be classified as "institutional" under the proposal would simply leave the funds because they have no interest in a floating NAV, and that the retail-only funds, having lost significant scale, may become uneconomical to operate after 25 years of service to M&T's customers and clients.

Omnibus accounts are an efficient tool for an intermediary to purchase and sell mutual fund shares and are pervasive in the industry; they are also largely opaque and already present boards of trustees with challenges. The board of trustees, including the independent trustees, would be responsible for approving procedures "reasonably designed" to enforce the \$1 million, "direct or indirect" redemption limit applicable to a "retail" money market fund, and the Commission has not provided trustees with any insight into the nature and scope of these procedures. If the Commission implements a floating NAV as proposed, then the Commission should provide meaningful guidance regarding omnibus accounts. The Commission should also clarify that a retail fund that unintentionally allows a redemption of more than \$1,000,000 may still maintain a stable net asset value and hold itself out as a money market fund.

We are also concerned that intermediaries may simply refuse to do business with smaller fund families if, as is likely, the intermediaries are expected to shoulder the bulk of the compliance burden and risk.

Liquidity Fees/Redemption Gates. If the Commission ultimately determines to impose liquidity fees and/or redemption gates, then we urge the Commission to do so in accordance with the following limitations.

1. A board of directors will be responsible for making "existential" decisions in the event of a run on a money market fund. Each time that the board of directors takes action with respect to a liquidity fee or redemption gate, it must determine that its actions are "in the best interest of the fund." It seems to us that, as a matter of state law, the board's conduct would have the benefit of the "business judgment rule," assuming the board meets the necessary conditions. We ask the Commission to confirm in the adopting release that decisions about liquidity fees or redemption gates are subject to the business judgment rule under applicable state law, and to provide guidance concerning the factors that trustees may wish to consider in making those decisions.

2. Boards of directors should be able to determine not to apply a liquidity fee to redemptions of shares newly purchased while the liquidity fee is in place. The practical consequence of imposing the fee on newly purchased shares would be to stop virtually all new purchases while the fee is in force, denying the money market fund an important source of liquidity at the time when it most needs it. Furthermore, to the extent new shares are subsequently redeemed, those redemptions (whether by new investors or existing investors) would not contribute to the fund's liquidity problems. Redemptions of new shares would essentially be a "wash" to the fund.

3. The Commission proposes to require a board of directors to decide whether or not to impose a gate, a significant responsibility that will result in financial hardships to shareholders and may adversely affect the survival of the money market fund and its sponsor. Given the magnitude of the decision, we believe that a board should be able to impose a partial redemption gate if doing so is in the best interest of the fund.

As the Commission notes, a partial gate can act as a gradual brake on redemptions, reducing them to the extent that they no longer threaten the money market fund's value or liquidity. A partial gate may also provide some liquidity to investors while allowing time for the fund to satisfy the remaining portion of redemption requests under improved market conditions or with internally generated liquidity. The availability of a partial gate will also make it easier for a board to determine that a gate is in the best interest of the fund because it will impose a lesser hardship on investors.

4. We request that the Commission provide guidance in the adopting release that boards of directors should request and evaluate, and the investment adviser should provide, information sufficient to allow the board to evaluate the need for a liquidity fee, in much the same way that directors and an adviser are required to interact under Section 15(c) of the 1940 Act with respect to an advisory contract. The Commission's guidance should include examples

of information that *the Commission* believes would be necessary or helpful to the board's determination. This guidance would also assist directors in making determinations that would be protected by the business judgment rule.

Conclusions

As the foregoing comments reveal, we do not support the Commission's proposed changes to prime money market funds. We believe that the Commission's 2010 reforms generally reduced the risk profile of money market funds (although we note that those reforms created new risks, such as the concentration of money fund investments in the obligations of a relatively small number of high-quality issuers. Given the challenges placed on money funds by the ongoing, artificially low rate environment and the continued global economic malaise, we see no reason to burden the money fund industry further, and many reasons not to.

We believe that the proposed changes will drive users of money funds of all types from the product, to the ultimate detriment of the Wilmington MMFs and M&T's customers. We are members of the communities in which those customers operate businesses and invest their wealth, and we have no desire to see them harmed by the proposed changes.

Any prospect for such dramatic changes to money market funds is all the more troubling since the Commission itself is unclear about the benefits of those changes. As the Commission notes in the proposing release: "We recognize that a floating net asset value may not eliminate investors' incentives to redeem fund shares, particularly when financial markets are under stress and investors are engaging in flights to quality, liquidity, or transparency." (Section III., *Subsection 1-c.*, 78 FR 36851). Given that there is also no certainty that liquidity fees and redemption gates will have the desired effect, we strongly urge the Commission to consider further the consequences of its proposals before moving ahead with such extensive changes.

Sincerely,

/s/ JOSEPH J. CASTIGLIA

Joseph J. Castiglia

Chairman of the Board of Trustees

cc: Robert H. Arnold, Independent Trustee
William H. Cowie, Jr., Independent Trustee
John S. Cramer, Independent Trustee
Daniel R. Gernatt, Jr., Independent Trustee
Nicholas A. Giordano, Independent Trustee
Richard B. Seidel, Independent Trustee
Alison M. Fuller, Esq., Counsel to the Independent Trustees