September 17, 2013

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

RE: Comments on Securities and Exchange Commission File Number 57-03-13, Release No. IC-30551, *Money Market Fund Reform: Amendments to Form PF*

Dear Ms. Murphy:

As portfolio managers for Waddell & Reed Investment Management Company, we respectfully submit our comments on the proposed rule changes for money market mutual funds. We appreciate this opportunity to comment, as we believe the proposed rule changes would unfairly penalize retail money market funds in addition to negatively impacting the entire short-term marketplace.

In a market dominated by institutional investors, retail fund shareholders are unique participants. We believe our funds and their respective shareholders represent a true picture of the "retail" money market. Our shareholders are typically individuals with small account balances, who also hold investments in other fund categories within our mutual fund complex. Our shareholders generally use their money market fund holdings to assist in their overall investment plan. Rarely do net flows from our retail shareholders materially impact the funds. This behavior is critically different from institutional investing where cash flows can be volatile.

In our experience, retail investors do not often inquire about the specific holdings or characteristics of the money market funds. In fact, since the crisis of 2008 only a few inquiries have been made. It is our opinion that the costs of any additional fund disclosure, stress testing, or a floating NAV would outweigh the benefit to our shareholders.

From this perspective *we suggest*:

1. Retail funds should be evaluated on the characteristics of their low minimum to entry and granular shareholder base. *Alternatively*, the Commission should consider identifying funds characterized as *systemically significant* and apply additional regulation to those funds <u>only</u>.

2. All funds should remain CNAV. We do not agree that floating the net asset value would stop a run on a fund as evidenced by the behavior of shareholders of some limited mutual funds with floating NAVs.

3. Retail funds should be exempted from requirements to provide additional fund statistics on their websites. Given our experience, the added expense to shareholders would exceed any perceived value. In addition, retail investors could become confused by the additional information, for example, the reporting of the absolute dollar value of daily fund flows.

4. Retail funds should not be required to list their top twenty shareholders. In our opinion, individuals would oppose having their personal information published. We believe the requirement to report 5% shareholdings to be more than sufficient to indicate potential risks of large redemptions.

5. Form N-MFP filings remain a monthly requirement. The cost to provide this information weekly far outweighs the benefits to regulators and shareholders.

6. Eliminate proposed requirement to post fund holdings daily. Given the short duration of money market funds and their current daily and weekly liquidity requirements, this would not be a valuable service or provide useful information to shareholders.

7. Eliminate the requirement of additional stress tests. Allow stress testing to remain flexible to assess the risks posed to each individual fund, and provide useful information to fund boards, rather than a task that must be completed, whether or not it provides beneficial information.

8. Continue to allow funds to use amortized cost accounting on securities maturing after 60 days.

The burden the Commission's new regulatory proposals for money market funds would place on retail funds, and ultimately retail investors, outweigh the benefits. . If universally implemented, these proposals will lead to an increase in fund closings and consolidations and further concentrate the systemic risks to the financial system. Retail investors will be disadvantaged, no longer having easy access to one of the safest asset classes currently available and will be forced into riskier assets and/ or the banking system. This increases the risks not only to retail shareholders but also U.S. taxpayers. We appreciate your consideration of our comments and suggestions.

Sincerely,

Mira Stevovich, CFA
Vice President – Portfolio Mgr.

Sabrina Saxer
Vice President- Asst. Portfolio Mgr.