



# WOODLANDS BANK

## Trust & Asset Management Services

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August 20, 2013

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:

Woodlands Bank is a community bank trust department that offers personal trust, investment advisory and custodial services to individuals, foundations, endowments, and small businesses. We also provide fiduciary services to surviving spouses and their children and to individuals with special needs. For decades we have relied on providing liquidity to these types of individuals or institutions through the use of so-called institutional prime money market mutual funds (“prime funds”). We are aware of the changes set forth by the Securities and Exchange Commission (“SEC”) in its proposed rule released for comment on June 5, 2013, and are writing to you to express our concern as to the effect that the adoption of at least one of the proposals will have on our ability to continue to provide liquidity services to our customers.

We are familiar with the distinction the SEC has drawn between “retail” customers and “institutional” customers in categorizing prime funds. Unfortunately, the methodology used by our department to create liquidity on a regular or as-needed basis for our clients does not fit within the artificial distinction made in the release between institutional and retail customers.

The need for same-day liquidity can arise from a variety of factors—e.g., the settlement of a securities transaction, distributions associated with the termination of a trust, a major purchase on behalf of an account or a scheduled quarterly payment of a stipulated amount to a beneficiary. We have no means of controlling the size (e.g., \$1 million or less) or frequency of such distributions. To do so would add an extra layer of manual surveillance (i.e., cost) to what heretofore have been routine liquidity events for the last 25 years using predictable products with same-day liquidity at par.

We are particularly concerned about the proposal in the release stating that institutional prime funds would be required to effect purchases and redemptions at net asset values other than \$1.00 per share. The trust accounting system we currently use is not equipped to cope with or process liquidity vehicles with unpredictable values; state law, trust indentures and client directives require \$1.00 per share. Moreover, we see a potential problem in the transformation of an investment, heretofore exclusively income-producing in nature, having capital features that

would require extensive additional recordkeeping on our part because of the differences between principal and income and the ownership thereof by different beneficiaries.

In addition, we are concerned that the SEC has a misperception of the challenges presented to community trust departments and their reliance on institutional prime money market mutual funds as predictable, reliable and prudent sources of liquidity. Since there are no readily available alternatives to prime funds, the troubling potential exists where community bank trust departments such as ours might have to return to cash management procedures as they existed before the advent of money market mutual funds—where community bank trust departments had to acquire, retain and monitor the maturity of individual short-term investments. Such a result would add additional layers of cost that, of necessity, would have to be passed on to clients.

As we understand the second alternative proposed by the SEC, the board of directors of the institutional prime fund utilized by us in behalf of our clients, when given the occurrence of certain conditions and after making a determination that it was in the best interests of shareholders, would be able to impose a temporary pause in redemptions. It is our opinion that the temporary halt in redemptions for a limited period of time would be the most acceptable alternative for our bank acting in the multiple capacities set forth above in paragraph one.

We would urge the Securities and Exchange Commission to further consider the consequences of its proposal before moving ahead with such dramatic changes. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas B. Burkholder". The signature is fluid and cursive, with a large initial "T" and "B".

Thomas B. Burkholder  
Vice President & Trust Officer