November 8, 2017

Submitted Electronically
Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Investment Company Liquidity Risk Management Programs: Request for Delay- (File No. S7-16-15)

Dear Mr. Fields:

We are writing in support of the Investment Company Institute’s (“ICI”) written request of November 3, 2017 that the Securities and Exchange Commission (“SEC”) delay the compliance date of, and ease compliance with, the liquidity risk management program rule and its related reporting requirements. In declaring our support for the ICI’s request to, at a minimum, delay the rule’s liquidity classification bucketing requirement for at least one year and further consider targeted rule amendments, we wish to make the following points:

• Need for Delay Due to the Operational Complexity of the Rule. Many facets of the rule create operational complexity and will require additional time to develop and test the needed methodologies, processes and technologies to comply with the rule. For example, reaching internal consensus on a classification methodology and process has been time consuming and has contributed to delays in implementation because the liquidity classification system imposed by the SEC requires a level of precision that does not exist. Similarly, assessing external vendors and their services and products has also been a time consuming process because of the difficulty in quantifying data and the multi-dimensional aspects of a liquidity assessment. In addition to the difficulties with developing and testing methodologies for liquidity classifications for securities, more time is also need to develop and test reporting and monitoring methodologies and processes and the related technologies to assist in the performance of such functions. In addition, the process needed to educate a mutual fund board about its new oversight responsibilities, review with it the way liquidity of securities will be classified, monitored and reported and then seek Board approval of the liquidity risk management program also requires more time and thus, necessitates a delay in the rule. In light of the foregoing, the SEC may also want to use the extra time created by a delay to reconsider whether additional rule amendments or at least, additional regulatory guidance are needed to further improve the rule.

• Need for Delay to Reconsider Whether the Increased Costs to Shareholders Outweigh the Rule’s Anticipated Benefits. The complexity of the rule has
required a huge commitment of manpower and the development of multi-
million dollar technology systems by Vanguard in order to develop, test and
implement the various liquidity classification, monitoring and reporting
systems required by the rule. Ultimately, shareholders will bear these
regulatory costs, and Vanguard continues to question whether such costs are
warranted given the limited utility of the information being collected.1

In conclusion, we concur with the ICI’s view that “with a delay and prudent revisions or
guidance that preserve the rule’s objectives while facilitating compliance, the rule can be further
improved, and better serve the needs of funds, investors, the public and the SEC.”

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If you have any questions about Vanguard’s comments or would like any additional
information, please contact Laura Merianos, Principal- Legal and Compliance Division, at [Email HIDDEN].

Sincerely,

Rodney Comegys
Principal, Global Head of IMG Risk Management
Vanguard

cc: The Honorable Jay Clayton, Chairman
The Honorable Kara M. Stein, Commissioner
The Honorable Michael S. Piwowar, Commissioner
John Cook, Senior Advisor to the Chairman
Dalia Blass, Director
Division of Investment Management

1 See Vanguard’s letter dated January 6, 2016 to the SEC regarding the Liquidity Risk Management
Program proposal in which we noted among other things, that the SEC’s proposed liquidity classification
framework “does not provide meaningful tools for the SEC and could mislead investors by implying a
degree of precision in liquidity classification that does not exist.”