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November 20, 2017

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

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

Dear Mr. Fields:

Nuveen, LLC ("Nuveen"),[1] the investment management subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), appreciates the opportunity to comment on new Securities and Exchange Commission ("SEC") Rule 22e-4, which sets forth requirements for investment company liquidity risk management programs.[2] We are writing to respectfully request that the SEC delay the December 1, 2018 compliance date of Rule 22e-4 and its related reporting requirements for a period of at least one year. This letter supplements the prior letter submitted by Nuveen Fund Advisors, LLC to the SEC on its proposal for open-end fund liquidity risk management programs.[3]

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1 Nuveen is a wholly-owned subsidiary of TIAA, and includes investment advisers that collectively manage over $950 billion in assets, including in the Nuveen and TIAA-CREF mutual fund complexes. Nuveen is the parent company of several investment subsidiaries, including Nuveen Asset Management, Symphony Asset Management, NWQ Investment Management Company, Santa Barbara Asset Management, Tradewinds Global Investors, Winslow Capital Management, Gresham Investment Management, and TIAA Investments.

2 *Investment Company Liquidity Risk Management Programs*, SEC Release No. IC-32315,81 Fed. Reg. 82142 (Nov. 18, 2016), available at www.gpo.gov/fdsys/pkg/FR-2016-11-18/pdf/2016-25348.pdf.

3 Letter from Gifford R. Zimmerman, Managing Director and Associate General Counsel of Nuveen Fund Advisors, LLC, to Brent J. Fields, Secretary of the SEC (Jan.13, 2016), available at https://www.sec.gov/comments/s7-16-15/s71615-38.pdf.

We echo the sentiments expressed in comment letters submitted by the Investment Company Institute ("ICI")[4] and the Securities Industry and Financial Markets Association Asset Management Group ("SIFMA AMG")[5] – organizations of which Nuveen is a member – that a delay is necessary to give funds and their third-party vendors the time they need to achieve compliance with Rule 22e-4's requirements. A delay will also allow the SEC to consider whether certain amendments should be made to Rule 22e-4 before the compliance date, as described in further detail below.

A delay is necessary to give funds and their vendors time to achieve compliance.

A delay in the compliance date of Rule 22e-4 is necessary to ensure that funds and their third-party vendors have the time they need to build classification methodologies that are consistent, dependable, and accurate. Many funds plan to rely on vendors to provide classification products and services that will facilitate fund compliance with Rule 22e-4. Indeed, in adopting Rule 22e-4, the SEC contemplated that "vendor-based solutions" would exist to assist funds in meeting their compliance requirements.[6] However, Nuveen shares the view of the ICI and SIFMA AMG that the complexity of Rule 22e-4's classification requirements has made it particularly difficult for vendors to develop products that will provide reliable classifications in advance of the compliance date. One year after Rule 22e-4 was adopted, many vendors still lack the necessary data to classify all categories of securities in each required asset class[7] – and even where vendors do have the data they need, the process of creating dependable and compliant methodologies for classifying these asset classes is complicated and time-intensive.

We do not anticipate that vendors will be prepared to offer classification products and services until well into 2018. And even after vendors are ready to offer these new products, funds will still need time to vet, select, and onboard vendors. Once onboarding is complete, each fund will need to test the new classification methodologies to gain confidence in their accuracy, reliability and repeatability – a process that could take additional months. Finally, once a fund is confident that its vendor-supplied classification

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4 Letter from Dorothy Donohue, Acting General Counsel of ICI, to Brent J. Fields, Secretary of the SEC (Nov. 3, 2017) (the "ICI Letter"), available at: https://www.ici.org/pdf/17_ici_sec_liquidity_ltr_supp.pdf.

5 Letter from Timothy W. Cameron, Head of the SIFMA AMG Asset Management Group, and Lindsey W. Keljo, Managing Director of the SIFMA AMG Asset Management Group, to Chairman Jay Clayton, Commissioner Kara Stein, and Commissioner Michael Piwowar of the SEC (Sep. 12, 2017), available at: https://www.sifma.org/wp-content/uploads/2017/10/SIFMA-AMG-LRM-Letter-to-Chair-and-Commissioners.pdf.

6 *Investment Company Liquidity Risk Management Programs*, 81 Fed. Reg. 82240.

7 For example, the ICI Letter notes that some vendors do not presently cover derivatives, asset-backed securities, mortgage-backed securities, preferred securities, bank loans, and to-be-announced securities.

methodology is working consistently, it will need to present its new liquidity risk management program to its board for approval. Depending on how much time a board needs to review and get comfortable with the liquidity risk management program presented to it, the approval process could also take months.

We think it likely that many vendors will not be ready until the spring of 2018, if not later – meaning funds will not have enough time to vet and onboard vendors, implement a new classification methodology, ensure that it works correctly for all required asset classes, and obtain board approval before December 1, 2018. As such, we respectfully urge the SEC to delay the compliance date of Rule 22e-4 by at least one year to give vendors and funds ample time to develop, implement, and obtain approval for their liquidity risk management programs – including their classification methodologies.

A delay will give the SEC time to consider changes to Rule 22e-4.

In addition to providing vendors and funds the time they need to develop and implement dependable classification methodologies, a delay would allow the SEC to consider whether certain changes to Rule 22e-4 might be advisable in advance of the compliance date. For example, under reporting requirements adopted in connection with Rule 22e-4, the SEC will make classifications that are reported via new Form N-PORT publicly available at the portfolio level on a quarterly basis with a 60-day lag. The SEC has decided to provide this information to the public based on the view that investors should and will use the information to make investment decisions.

We agree with SIFMA AMG's position that the public dissemination of classification information reported via Form N-PORT will likely lead to investor confusion. This concern is exacerbated by the fact that the current compliance deadline of December 1, 2018 will make it particularly difficult for funds and vendors to implement classification methodologies that will produce accurate and consistent data. But even if the compliance date is delayed, we believe that unless other changes to Rule 22e-4 are made, the classification information that will be reported via Form N-PORT may lead the public to draw inappropriate conclusions about a fund's liquidity. The classification information will be presented out of context, on a quarterly basis with a 60-day lag, without any explanation of the relevant fund's risk profile. The information will also be inherently subjective, as the classification process relies heavily on judgments from portfolio managers and other sources based on a series of assumptions that may vary among firms and even within firms. Nevertheless, investors, intermediaries, and financial advisers may be misled as to the value of such information, and use it as the basis for investment decisions despite this lack of understanding. As such, we encourage the SEC to reconsider its plan to make information reported via Form N-PORT publicly available.

We also echo ICI's concerns about the security of information reported via Form N-PORT. Under Rule 22e-4 and its related reporting requirements, funds will be required to report valuable and sensitive data about their portfolio holdings to the SEC on a monthly basis. A security breach that compromises such data would cause real and significant damage to reporting funds and open the door to predatory trading practices. Protecting sensitive financial data from hackers and other cybercriminals already poses a significant challenge for regulators; Rule 22e-4 only heightens this challenge by requiring funds to submit a new monthly flow of valuable information to the SEC. We urge the SEC to take steps to improve its information security program and implement more robust measures to protect Form N-PORT data before requiring funds to begin submitting reports. Delaying the compliance date of Rule 22e-4 will give the SEC much-needed time to make these improvements.

Finally, a delay in the compliance date will allow more time for the development of industry consensus on the appropriate interpretation of certain undefined terms that are referenced in the Rule 22e-4 adopting release. For example, the adopting release states that "in classifying and reviewing its portfolio investments or asset classes (as applicable), the fund must determine whether trading varying portions of a position in a particular portfolio investment or asset class, in sizes that the fund would reasonably anticipate trading, is reasonably expected to significantly affect its liquidity."[8] The adopting release provides little guidance as to what a "reasonably anticipated trading size" would be for a given fund, or how a fund should come to such a determination. The ambiguity around this concept makes it more difficult for funds to ensure that they are in compliance with the requirements of Rule 22e-4. With sufficient time, an industry consensus may form around how this concept should be interpreted. This effort would be assisted if the SEC staff provided assurance that a fund firm could use its own judgment in defining such terms without risk of an enforcement action, as long as the assumptions used were reasonable.

<u>Conclusion</u>.

Nuveen commends the SEC for working to raise standards for investment companies' liquidity risk management programs, and we appreciate the opportunity to participate in the discussion. We hope that our suggested revisions to Rule 22e-4 – including, most notably, a delay in the compliance date – will ultimately serve to strengthen funds' management of liquidity risk. We would welcome the opportunity to engage further on any aspects of the foregoing.

Sincerely yours,

Michelle Beck

Michelle Beck

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8 *Investment Company Liquidity Risk Management Programs*, 81 Fed. Reg. 82265.