



Dimensional Fund Advisors LP
6300 Bee Cave Rd., Building One
Austin, TX 78746

July 27, 2020

Ms. Vanessa Countryman
Secretary
U.S Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: Good Faith Determinations of Fair Value (File Number S7-07-20)

Dear Ms. Countryman:

Dimensional Fund Advisors LP (“Dimensional”)¹ appreciates the opportunity to comment on proposed Rule 2a-5 on good faith determinations of fair value (the “proposed rule”).² We commend the initiative of the Securities and Exchange Commission (“Commission”) in proposing Rule 2a-5 and appreciate the Commission’s efforts to adopt a rule that reflects the role that investment advisers have and the expertise they provide in the fair value determination process.

At the same time, we believe the Commission should consider certain revisions to the proposed rule and generally agree with the comments made by the Investment Company Institute (the “ICI”) in its letter dated July 16, 2020.³ In particular, we urge the Commission to adopt the following recommendations proposed by the ICI.

- We request that the Commission consider recasting the proposed rule as a safe harbor.

We recommend that the Commission recast the proposed rule as a non-exclusive means of establishing compliance with the statutory requirement to “determine fair value in good faith”, *i.e.*, a safe harbor. We strongly support the view that there is often not a single way to determine fair value for all asset types in good faith. We urge the Commission to provide fund boards and investment advisers with flexibility when carrying out their obligations.

- The proposed rule should be modified to better acknowledge the role of pricing vendors.

As proposed, Rule 2a-5 would require fund boards and investment advisers to establish, apply and test their own methodologies for determining fair value. We believe the proposed rule misses the essential role that pricing services currently play in the valuation process for funds. Currently, funds and investment advisers hire pricing services after conducting extensive due diligence, and they remain responsible for overseeing and evaluating the services provided to the funds by pricing vendors in accordance with fund policies and procedures. We recommend that the rule be revised to allow both pricing services and investment advisers to establish and apply fair value methodologies, which we believe would more accurately capture the current allocation of services between investment advisers and funds’ pricing service vendors.

¹ Dimensional Fund Advisors LP is an investment adviser registered with the Securities and Exchange Commission.

² Good Faith Determinations of Fair Value, No. IC-33845; File No. S7-07-20 (April 21, 2020).

³ Comment Letter of the Investment Company Institute (July 16, 2020).



- The Commission should affirm existing guidance relating to Rule 17a-7.

We also encourage the Commission to take the opportunity to confirm that, notwithstanding the proposed rule, funds can continue to rely on existing guidance and no-action relief under Rule 17a-7. We believe it is important that the industry have clarity that Rule 2a-5 is not intended to inhibit US funds' current cross-trading practices consistent with Rule 17a-7, as those practices are very beneficial to funds who participate.

- The proposed rule should take a bifurcated approach to recordkeeping.

Finally, we recommend that the Commission consider bifurcating the recordkeeping requirement such that the full provisions of the proposed rule would apply only to those investments for which the fund establishes and applies its own fair value methodologies. In our view, this approach would be sufficient to demonstrate whether holdings have been valued in a manner consistent with applicable law and would also significantly reduce the costs and burdens that the proposed rule would impose on funds.

Please do not hesitate to contact us if we could be of further assistance. We would welcome the opportunity to present an expanded discussion of our thoughts on these issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Catherine L. Newell', written in a cursive style.

Catherine L. Newell
General Counsel and Executive Vice President