

BONDVIEW

1188 Willis Ave, Suite 703 Albertson, NY 11507, PH 866 261 9533

February 10, 2016

Mr. Brent Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proposed Rule on Open-End Fund Liquidity Risk Management Programs. File No. S7-16-15 Release No. IC-31835

Dear Mr. Fields,

Bondview appreciates this opportunity to comment on the SEC's proposed rule on Liquidity Risk Management Programs. Previously we have met with prior Commissioner, Elisse Walter and her staff, to provide industry commentary.¹

Bondview is a leading independent advocate for municipal bond fund investors and financial advisors. We have a long history of providing pricing, research and data on municipal bonds and funds. Bondview is uniquely qualified to provide liquidity assessment solutions in the municipal bond fund marketplace.

We are not commenting here on whether the SEC's proposal is suitable from a regulatory perspective. Instead we are contributing to the informed debate by sharing some of our marketplace experiences described in this letter.

¹ Report on the Municipal Securities Market, U.S. Securities and Exchange Commission July 31, 2012, On 7/13/2011 Robert Kane, CEO of Bondview met with Commissioner Elisse B. Walter; Lesli Sheppard and Cyndi Rodriguez from the Office of Commissioner Walter; Dave Sanchez, Mary Simpkins, John McWilliams, and Alicia Goldin from the Division of Trading and Markets; Will Hines from the Division of Corporation Finance; Stanislava Nikolova and Amy Edwards from the Division of Risk, Strategy and Financial Innovation; Jenifer Minke-Girard and Lisa Tapley from the Office of the Chief Accountant; Suzy McGovern and Mshyka Davis-Smith from the Office of Compliance, Inspections and Examinations; and Mark Zehner from the Division of Enforcement to discuss issues related to the municipal securities market, including the mission and capabilities of Bondview.

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1) One size does not fit all - In our experience, liquidity can be viewed through multiples lens. Different funds practice various liquidity risk management techniques including feedback from their own investment teams, raw pricing from EMMA, Trace, historical transaction execution, dealer intraday quotes, anecdotal trading desk liquidity opinions, municipal bond turnover frequency analysis and fund redemption patterns.²

As the SEC proposal indicates, liquidity reporting has the potential to be burdensome to fund management. That said, liquidity assessors that specialize in fund holdings are already positioning to satisfy this market. It is certainly feasible for fund managers to assess and monitor their liquidity as per the SEC proposal as long as flexibility is maintained. This means including existing and future methods that define liquidity.

2) N-Port Is Strongly Needed - We agree with the proposed N-Port reporting requirements. We applaud the SEC for requiring CUSIP level data in a standardized structure for all underlying portfolio holdings. CUSIP level detail will result in the entire marketplace being able to “x-ray” a fund’s holdings which will provide transparency that augments the six liquidity levels proposed by the SEC. N-PORT also has the potential to foster an ecosystem of 3rd party liquidity assessment providers. These firms can offer products and services directly to fund managers by providing the necessary market data to assist in creating liquidity determinations.

Thank you for the opportunity to comment. We believe that independent 3rd party liquidity assessment firms will be able to provide tools and services for liquidity assessment that benefits investors and financial advisors while reducing the reporting and regulatory burden on fund managers.

² Letter from Barbara G. Novick, Vice Chairman, BlackRock, to the Financial Stability Oversight Council, at 6, March 25, 2015, available at www.regulations.gov. (Prudent market liquidity risk management includes estimating "potential fund redemptions based on (a) historical behavior under normal as well as under adverse market conditions, and (b) monitoring investor profiles and related redemption behaviors to help identify potential liquidity needs, recognizing the differences between institutional and retail investors, large and small investors, categories of assets (e.g., retirement versus non-retirement assets), and the platforms on which funds are sold (e.g., self-directed versus through an intermediary)."); and Letter from Mortimer J. Buckley, Chief Investment Officer, Vanguard, to Brent Fields, Secretary, Securities and Exchange Commission, at A 1, January 6, 2016, (" We use historical cash flow data for each Vanguard fund, as well as comparable funds within the industry, to examine redemption activity under times of stress....")

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I am available to meet and discuss these matters with the Commission and its staff, and to respond to any questions. Please contact me at your earliest convenience if you wish to discuss this further. I look forward to hearing from you.

Sincerely yours



Robert Kane

CEO

Bondview

