January 13, 2016

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: File No. S7-16-15

Dear Mr. Fields:

We appreciate the opportunity to respond to the Securities and Exchange Commission's (the SEC or the "Commission") proposed rule, *Open-End Fund Liquidity Risk Management Programs; Swing Pricing; Re-Opening of Comment Period for Investment Company Reporting Modernization* (the "Proposed Rule").

The focus of our response is on the aspects of the Proposed Rule that have accounting, auditing, or financial reporting ramifications. Such areas of focus include the optional use of swing pricing and the definition of illiquid investments.

Optional use of swing pricing

The Proposed Rule provides fund management with the option to use swing pricing. While swing pricing allows fund managers greater latitude in managing subscriptions and withdrawals and protection for long-term investors, utilization of swing pricing can present a number of financial reporting challenges and questions, which may necessitate additional standard setting. Both preparers and users of financial statements would benefit from clarity on how swing pricing should be accounted for and disclosed by a fund, including the appropriate accounting for the historical impact of swing pricing and for the effect of the use of swing pricing at the reporting date. Such accounting matters could also impact reporting entities who invest in funds and value their positions using the net asset value (NAV) reported in a fund's audited financial statements.

We also note that the revised total return computation proposed in the amendment to Item 13 of Form N-1A is implicitly based on the purchase and redemption price used in shareholder transactions on the last day of each reporting period. It is not clear how, or even whether, the computation would be modified if the NAV per share reported in the financial statements differs from the "last-day" transaction price due to adjustments made to conform the price determination to generally accepted accounting principles (notably, so-called "trade date" adjustments) or to correct accounting errors detected after year-end that do not require repricing of fund shares. If the computation would not be modified, this suggests a change from long-standing informal Division of Investment Management staff positions that the NAV presented for financial reporting purposes, after such adjustments, should be the basis for the total return presented in financial highlights. We recommend that the Commission provide clear guidance on the treatment of these situations in the adopting release.

Definition of illiquid assets

Under the Proposed Rule, the defined term "Illiquid Asset" would be replaced with the term "15% Standard Asset." A fund would be required to report whether each portfolio asset is a 15% Standard Asset. Although the Commission has not solicited specific comment on this provision, we would like to reiterate a position we expressed in our letter dated August 7, 2015 regarding the proposed rule, *Investment Company Reporting Modernization* (File S7-08-15). As proposed, the definition of a 15% Standard Asset highlights the forward-looking and thus inherently judgmental nature of the determination, which could lead to diversity in practice, misinterpretation by users, and auditing complexity. We believe a preferred alternative would be to require the disclosure of management's process for determining and managing 15% standard positions. Additional detail on our position is included in our previous letter.

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We appreciate the opportunity to express our views and would be pleased to discuss our comments and answer any questions that the SEC staff or the Commission may have. Please contact Peter Finnerty (617-530-4566) regarding our submission.

Sincerely,

PricewaterhouseCoopers LLP

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