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January 26, 2016

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

Re: Release Nos. 33-9922; IC-31835; File Nos. S7-16-15; S7-08-15
Open-End Fund Liquidity Risk Management Programs; Swing Pricing; Re-Opening of Comment Period for Investment Company Reporting Modernization Release

Dear Mr. Fields:

We appreciate the opportunity to respond to the Securities and Exchange Commission's ("SEC" or "Commission") request for comments about its proposed rule, Open-End Fund Liquidity Risk Management Programs; Swing Pricing; Re-Opening of Comment Period for Investment Company Reporting Modernization Release (the "proposal" or the "proposed rule"). We have limited our comments to certain aspects of the proposal related to swing pricing that impact financial reporting for registered investment companies and related auditing considerations.

Statement of Assets and Liabilities

The proposal would amend Rule 6-04.19 of Regulation S-X to require funds to only disclose on the statement of assets and liabilities the NAV per share ("NAV") as adjusted pursuant to its swing pricing policies and procedures ("swung NAV"), if applicable. The NAV per share under US GAAP ("US GAAP NAV") is required to be disclosed by FASB Accounting Standards Codification (ASC) Topic 946 and is defined as "the amount of net assets attributable to each share of capital stock (other than senior equity securities, that is, preferred stock) outstanding at the close of the period." As a result, if the NAV was adjusted on the financial reporting date for swing pricing, there would be a difference between the NAV disclosed in accordance with Rule 6-04.19 and the NAV disclosed in accordance with US GAAP.

It is unclear whether disclosure of the swung NAV or the US GAAP NAV on the statement of assets and liabilities will be more beneficial and useful to all investors because the swung NAV reflects the NAV paid or received by investors that transacted on the financial reporting date, while the US GAAP NAV is more representative of the proportionate share of net assets attributable to the shares held by investors that did not transact on the financial reporting date and is not necessarily equal to the unadjusted NAV. For example, if a fund had an unadjusted NAV of $10.00 on the last day of a financial reporting period and the adjusted/swung NAV pursuant to the fund's swing pricing policies and procedures was $9.90 (as a result of large redemptions), shareholders would redeem at $9.90. Assume the effect of processing redemptions at $9.90 results in the fund's

NAV increasing to $10.01. In this example, the fund's US GAAP NAV is $10.01, which is not equal to the fund's unadjusted NAV.

For shareholders not transacting on the last day of the period, the US GAAP NAV is the "starting point" for the future NAV (it is that NAV adjusted for income, expense, gain, and loss that forms the subsequent day's unadjusted NAV). We also note that if swing pricing was employed on the last day of the financial reporting period and the swung NAV was the only NAV disclosed, a user of the financial statements would not be able to divide the net assets of the fund (or class) by the shares outstanding to arrive at the swung NAV disclosed and the proposal does not require a reconciliation of these amounts.

Financial Highlights

The proposal would amend Item 13 of Form N-1A to specifically require the per share impact of amounts related to swing pricing to be disclosed below the total distributions line in a fund's financial highlights and clarify that "Net Asset Value, Beginning of Period" and "Net Asset Value, End of Period" are each the NAV as adjusted pursuant to the fund's swing pricing policies and procedures, if applicable. There is a positive/additive impact on NAV from the utilization of swing pricing because redemptions are processed at a swung NAV that is lower than the unadjusted NAV and subscriptions are processed at a swung NAV that is greater than the unadjusted NAV. This additional/retained capital on a per share basis could be calculated and disclosed in the reconciliation of the NAV for the period ("NAV rollforward") which we believe is addressed by the proposed revisions. There is also an impact/adjustment to NAV when swing pricing is employed on the last day of the reporting period or the last day of the prior reporting period (the $0.10 per share in the example above). It is unclear from the proposal how this impact should be presented in the NAV rollforward. We are also uncertain whether the NAV at the beginning and end of the period used in the NAV rollforward should be the swung NAV or the US GAAP NAV since both NAVs may be useful to certain users of the financial statements. We agree that the per share impact of amounts related to swing pricing should be disclosed below the total distributions line in a fund's financial highlights (the $0.01 per share in the example above), but that it is not clear whether the per share adjustment that may be made on the last day of a reporting period (the $0.10 per share in the example above), if applicable, should be included in the rollforward.

For the total return, the proposal would amend Instructions 3(a) and 3(d) to Item 13 of Form N-1A to explicitly require funds to assume the NAV calculated on the last business day before the first day of each period and the price calculated on the last business day of each period shown should each be adjusted for the impact of swing pricing ("swung total return"), if applicable. Similar to the discussion above, it is unclear which total return (the swung total return or the US GAAP total return) will be more beneficial and useful to all investors because the swung total return reflects the performance of the investors that transacted on the financial reporting date, while the US GAAP total return reflects the performance of the investors that did not transact on the financial reporting date.

Auditing Considerations

Auditors generally do not have the expertise to assess the reasonableness of the “swing threshold” or the estimated market impact costs and trading costs that are the basis for the “swing factor”, absent the involvement of a specialist. On the other hand, auditors would be able to determine whether the adjustment made to the unadjusted NAV was within the parameters established by the fund’s board of directors (i.e., complied with the fund’s policy). It would be helpful if the Commission could clarify in the adopting release whether it is the Commission’s intent that auditors, including the use of a specialist, be responsible for determining the reasonableness of a fund’s swing pricing policies and procedures.

If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Brent Oswald at [redacted] or Timothy Jinks at [redacted].

Sincerely,

KPMG LLP

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