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February 9, 2023

Ms. Vanessa A. Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street N.E.  
Washington, DC 20549

**Re: File Reference No. S7-26-22; Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting** (SEC Release Nos. 33-11130; IC-34746)

Dear Ms. Countryman:

Deloitte & Touche LLP is pleased to respond to the request for public comment from the Securities and Exchange Commission (the “Commission”) on the proposed rule, *Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting* (the “proposal”). We appreciate the Commission’s efforts to improve market transparency and resilience, and therefore we are sharing our observations on potential opportunities to clarify the audit, accounting, and reporting implications of the proposal if it is adopted.

The proposal requires open-end funds, other than money market funds and exchange-traded funds, to use swing pricing under certain circumstances. Should the proposal be adopted, we believe that it would be helpful for the adopting release to clarify the expected impact of the use of swing pricing on the financial statements, notes to such financial statements, and financial highlights, similar to the discussion on pages 81-82 of the proposing release for *Money Market Fund Reforms*.<sup>1</sup> Such clarification would help ensure that the impact of swing pricing is more clearly and consistently understood.

We also suggest that the Commission clarify whether, when designing their audit procedures, independent registered public accounting firms would be expected to consider whether the investment company has complied with swing pricing requirements as they audit the completeness and accuracy of swing-pricing related amounts (e.g., per share impact of swing pricing on the net asset value per share) accounted for or disclosed in the financial statements, notes to such financial statements, and financial highlights. If the Commission expects auditors to design auditing procedures specifically related to compliance with swing pricing requirements, the Commission may want to consider the additional effort that would be required to implement this incremental audit testing.

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<sup>1</sup> Available at <https://www.sec.gov/rules/proposed/2021/ic-34441.pdf>. Deloitte commented on this proposal, including on certain aspects of financial reporting. See, <https://www.sec.gov/comments/s7-22-21/s72221-20123255-279523.pdf>.

The proposal also contains a hard close requirement. As noted in the release, under this requirement, “an order to purchase or redeem a fund’s shares would be executed at the current day’s price only if the fund, its designated transfer agent, or a registered securities clearing agency receives the order before the pricing time as of which the fund calculates its NAV.” Orders received after the established pricing time would receive the next day’s price. We recommend that the Commission clarify aspects of the applicable financial reporting associated with such a requirement. Specifically, it may be beneficial for financial statement preparers to understand whether there are any circumstances under which eligible orders that are received on the closing date of the financial statements (e.g. October 31 for an investment company with an October 31 year-end), but after the established pricing time, would need to be recorded or disclosed for financial reporting purposes under the Financial Accounting Standards Board’s Accounting Standards Codification Topic 855 - *Subsequent Events*, or another accounting standard. If these types of transactions need to be recorded or disclosed, we would suggest that the Commission provide instructions on how to address any potential impact on the assets, liabilities, and paid-in capital reported in the financial statements and notes to the financial statements.

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We appreciate the opportunity to provide our perspectives on the current proposal. If you have any questions or would like to discuss our views further, please contact Rajan Chari at [REDACTED].

Sincerely,

*Deloitte & Touche LLP*

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