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February 14, 2023

VIA E-MAIL [rule-comments@sec.gov]

Ms. Vanessa A. Countryman, Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File No. S7-26-22
Proposed Amendments to Current Rules for “Open-End Funds” Regarding Liquidity Risk
Management Programs and Swing Pricing Under the Investment Company
Act of 1940 (Release No. 33-11130; IC-34746)

Dear Ms. Countryman:

On behalf of Nationwide Financial Services, Inc. ("Nationwide")¹, we are grateful for the opportunity to provide comment with respect to the proposal by the Securities and Exchange Commission ("Commission") to amend its current rules for “open-end-funds” regarding liquidity risk management programs and swing pricing under the Investment Company Act of 1940.

As presented in its release, the proposed amendments are intended to improve liquidity risk management programs to better prepare funds for stressed conditions and improve transparency in liquidity classifications. The amendments are also intended to mitigate dilution of shareholders’ interests in a fund by requiring any open-end fund, other than a money market fund or exchange traded fund, to use swing pricing to adjust a fund’s net asset value per share to pass on costs stemming from shareholder purchase or redemption activity to the shareholder engaged in that activity. In addition, to support the proposed swing pricing requirement, the Commission is proposing a “hard close” requirement for these funds, meaning that purchase or redemption could receive the current day's price only if such orders are received by the mutual

¹ Nationwide Financial Services, Inc. (NFS) is the holding company for Nationwide Life Insurance Company and other companies that comprise the domestic life insurance and retirement savings operations of the Nationwide group of companies. NFS's main business segments are individual annuities (including variable annuities), individual life insurance (including variable life insurance), retirement savings plans (through Nationwide Retirement Solutions, LLC, a leading provider of recordkeeping and administration services in the public sector (e.g., 457, 403(b) plans) and private sector (401(k)), mutual funds, and exchanged traded funds. Nationwide's products are transacted through registered and unregistered separate accounts, Nationwide Trust Company, FSB, or Nationwide’s affiliated fund distributor (Nationwide Fund Distributor, LLC) and registered investment advisor (Nationwide Fund Advisors).

fund, its designated transfer agent, or a registered securities clearing agency by the time the fund calculates its net asset value.

While Nationwide understands the Commission's concerns regarding downstream impacts to shareholders resulting from trading activity during stressed conditions and unforeseen events, we believe that the proposed changes will cause significantly more disruption and long-term negative impact to retail investors than the issue the Commission is seeking to resolve. We recognize that the integrity of the forward pricing system for mutual funds is a cornerstone of the financial services industry, and we are thoroughly committed to just and equitable mutual fund trading policies. Nationwide appreciates the Commission's long-standing commitment to the health, equity, and accessibility of markets and for its long history of being duly attentive to the costs as well as the benefits of proposed regulatory actions. However, we believe that in this circumstance, core components of the Commission's proposal present profoundly adverse implications for Nationwide's diverse customer base that far outweigh the intended benefits. For these reasons, Nationwide is urging the SEC to withdraw and permanently abandon this proposal.

NATIONWIDE

At our core, Nationwide is a protection company, with a clear mission "To Protect People, Businesses and Futures with Extraordinary Care." Our goal is to be the best protection company because what we value most is our customers.

Through its main financial services business segments and subsidiaries, Nationwide services over 3.6 million retail investors through variable annuities, variable life insurance, mutual funds, and retirement plan accounts. At least 2.7 million Nationwide customers are retirement plan participants, many of whom are public servants in our state, county, city, and local governments, as well as employees of small businesses. Nationwide customers interact with their investment accounts in a myriad of different ways such as monthly contributions, payroll deferrals, account withdrawals and distributions, loans, and investment allocation and reallocation of their account balances. Nationwide processes several million fund transactions on a monthly basis and has operated in this capacity – as mutual fund intermediaries and omnibus mutual fund traders – for over 50 years.

IMPACT ON NATIONWIDE CUSTOMERS

In our view, the Commission's proposed amendments are inconsistent with one of the core policy underpinnings of federal securities law and the long-standing bias of the Commission – equal treatment of all investors. Nationwide believes that this proposal will ultimately be a detriment to all investors, with an even greater impact on investors residing in western states who are already disadvantaged by a trading market heavily influenced by an East Coast bias. A substantial proportion of our customers are people seeking to prepare for and live in retirement through a diverse set of solutions that do not deal directly with funds or their transfer agents. American investors choose Nationwide to support their retirement savings, either through retirement plans, variable annuities, variable life insurance, or mutual funds, each of which facilitate shareholder purchases, trades, and redemptions through a series of systems, intermediaries and processing requirements that differs from shareholders who deal directly with mutual fund companies or their transfer agents. The proposed amendments would

effectively impose a secondary status on the average retirement investor compared with shareholders who deal directly with the funds or their transfer agents. The proposed amendments will limit market access, create untold confusion and complexity, erode investor confidence, and translate into unhealthy shifts in the competitive landscape that will ultimately impact this new second-class-tier of retirement investor.

Nationwide is aware that its viewpoints are shared by many other entities across the industry that offer similar products and services to similarly situated customers. In submitting this letter, Nationwide formally voices its concerns on behalf of its customers, as well as its support of comment letters submitted by the following leading financial services industry trade partners, the collection of which most effectively and more specifically capture Nationwide's position and concerns with the Commission's proposed amendments.

The American Benefits Council
The American Council of Life Insurers and the Committee of Annuity Insurers
The Insured Retirement Institute
The Investment Company Institute
The SPARK Institute
The U.S. Chamber of Commerce's Center for Capital Markets Competitiveness

We thank the Commission for its consideration of our views. Please contact Annie Webb in our Government Relations Department at [REDACTED] or via email at [REDACTED] for any follow up questions you may have.

Sincerely,

John L. Carter
President and Chief Operating Officer
Nationwide Financial Services, Inc.