February 14, 2023

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

Re: Comments on Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting [Release Nos. 33–11130; IC–34746; File No. S7-26-22]

Dear Ms. Countryman:

We are the Independent Trustees of the Neuberger Berman funds, a fund complex consisting of 39 mutual funds, 7 closed-end funds, and 4 ETFs. Our funds' assets in mutual funds and ETFs total approximately $50 billion as of January 31, 2023. We are writing to provide our views on the proposal by the Securities and Exchange Commission (the "SEC") that would amend the current rules for open-end funds regarding their liquidity risk management programs, require the use of swing pricing by open-end funds except for money market funds and ETFs ("mutual funds"), and implement a "hard close" for mutual funds.

As Independent Trustees, we have a fiduciary duty to monitor and oversee that the interests of our fund shareholders are protected. It is not often that we find it necessary to comment on a proposal from the SEC. We only do so when we are concerned that the best interests of our shareholders are at risk. With this proposal from the Commission, we are compelled to comment because we believe the proposal has the potential to have serious negative consequences for our shareholders.

Support for the Letters from the Independent Directors Council and Mutual Fund Directors Forum

Before we address our specific concerns with the proposal, we wanted to express our support for the letters submitted by the Independent Directors Council and the Mutual Fund Directors Forum on the proposal. We agree with the Independent Directors Council and the Mutual Fund Directors Forum that the SEC should not move forward with the proposal due to the concerns raised in both letters regarding the potential harm to shareholders. We urge the SEC to take these concerns into consideration to ensure that shareholders are not adversely affected.

Concerns Regarding Liquidity Risk Management Program Changes

The SEC's proposal would make substantial changes to Rule 22e-4 under the Investment Company Act of 1940, which is the rule requiring the adoption of the liquidity risk management program. Rule 22e-4 was adopted by the SEC in 2016 and fully implemented by our open-end funds in 2018.

We are concerned that the changes proposed by the SEC in a number of areas, such as how the SEC proposes to change "reasonably anticipated trading size" to a "stressed trading size" of a fixed amount, may adversely impact our shareholders. The stressed trading size under the proposal would require a fund to assume the sale of 10% of the fund's net assets by reducing each portfolio investment by 10%. This approach would differ markedly from the rule's current approach of assuming the sale of a reasonably anticipated trading size, which gives flexibility to fund managers to determine the amount of the trading size depending on the fund's investment type, flow history, and shareholder base.

As proposed, we understand these inflexible new requirements would have an adverse impact on certain of our funds without any corresponding benefit to their shareholders. We do not see any basis for changing from a flexible approach, which entrusts management of the funds to those in the best position to do so and has served our shareholders well because it allows for appropriate adjustments based on a fund's actual liquidity profile, to an inflexible standard that is not based at all on how a fund's liquidity is managed or historical flows. For example, it is highly unlikely any fund would sell 10% of each portfolio investment in order to satisfy redemptions and daily historical fund flows have never been as high as 10%, which is even acknowledged by the SEC in the proposing release. We believe the impact of this requirement will be harmful to our shareholders because they are inconsistent with the shareholders' longstanding expectations of how these funds have been managed for many years. This is particularly concerning to us because our funds have been managed without any issues meeting investor redemptions, many for multiple decades. Given the long history of our funds, we are concerned that these changes will mean that shareholders will no longer have access to the same investment strategies they understood they were purchasing at the time of investment.

We also understand these changes may make some of our open-end funds no longer viable, such as our bank loan fund, or create challenges in their management, such as funds with substantial holdings in certain markets outside the U.S., with the proposed removal of the "less liquid" category under Rule 22e-4. Currently, the less liquid category includes investments that can be sold in seven calendar days but that do not settle within seven calendar days. With the proposed removal, all investments in the less liquid category would be re-categorized as illiquid. Because bank loans may not settle within seven calendar days, our bank loan fund, like nearly all funds that invest primarily in bank loans, likely would exceed 15% of illiquid investments with the proposed change. Again, we are concerned about the negative impact on our shareholders and how it will affect their expectations regarding the type of fund they understood they had purchased. We do not believe these substantial changes are warranted.

In addition, we are concerned with the timing of these proposed changes to Rule 22e-4 by the SEC. The SEC is proposing these substantial changes even though it has only been a few years since the SEC adopted the rule after substantial study and industry comment. During that time, we have experienced no material liquidity issues with any of our open-end funds. We believe that the current rule is working effectively and allowing us to effectively monitor liquidity risks. We are concerned that the proposal would reduce the flexibility of our open-end funds to manage their liquidity risks. From what we have observed, the liquidity risk management program

implemented for our funds has operated effectively and as intended. We are very concerned to learn that, in conferring with our funds' adviser, the reduced flexibility would impact how our funds are managed and could impede the ability to pursue attractive, risk-adjusted returns for our shareholders. Moreover, there will also be additional costs to fund shareholders to implement the rule changes in the form of legal fees and related expenses.

As Independent Trustees, we understand the SEC's charge for investor protection, but we question whether the changes proposed by the SEC are based on evidence of liquidity issues in open-end funds, especially in light of the negative impacts. We keep apprised of issues impacting both our funds and the fund industry in general and we are not aware of any liquidity issues in open-end funds since Rule 22e-4 was adopted. In the proposal, the SEC also does not identify any specific liquidity issues in open-end funds that would justify these significant changes. We urge the SEC to consider the negative impact on shareholders related to these changes under the proposal. While we share the SEC's concerns regarding prudent management of liquidity in open-end funds, we do not believe the proposed changes are needed at this time especially with the lack of any liquidity issues identified by the SEC. Instead, we encourage the SEC to consider allowing open-end funds to continue to monitor and where necessary, enhance, their liquidity risk management programs within the current rule framework.

Concerns Regarding Swing Pricing and Hard Close

We are concerned that the proposal mandating swing pricing and a hard close for all mutual funds also would cause harm to our shareholders. As we understand, the proposal would result in significant changes to the current process for buying and selling fund shares.

Under the swing pricing proposal, all mutual funds would be required to use swing pricing at all times. If there are net redemptions of any amount or net purchases in excess of 2%, a swing factor (or fee) would be applied to the share price of the mutual funds. To operationalize swing pricing, the SEC states that a hard close is needed. The hard close will require a mutual fund, its transfer agent, or a registered clearing agency to receive an order to buy or sell shares by the time the mutual fund sets its net asset value ("NAV").

Our mutual funds are sold mainly through third-party intermediaries, including retirement plans, although some retail shareholders are able to buy our mutual funds directly. We are concerned about the negative impact these changes will have on our shareholders and the confusion it will create. In particular, the proposal would divide our shareholders into different classes -- ones that have access to same-day pricing (i.e., the NAV on the day of purchase or sale) and ones that do not (who will receive the next day's NAV). We also understand that shareholders purchasing through intermediaries would be segmented even further because different intermediaries will have different cut-off times by which shareholder orders must be placed. We are concerned this new approach would create substantial confusion in that it will be a change to the longstanding understanding among our shareholders that they will receive same-day pricing if orders are received by 4:00 pm Eastern Time (the time the funds calculate their NAVs). We believe our shareholders who purchase through intermediaries will be harmed because they will no longer be

able to transact at the same time as others in the market. This negative impact could occur, for example, where there is news or events that occur late in the day that they want to act upon and buy or sell fund shares. Other market participants would be able to act on that news and effect their transactions, while shareholders who purchase through intermediaries may not be able to do so. We are also concerned that it will be difficult to make clear in fund disclosure documents in a way that investors can understand whether they will receive that day's NAV or the next day's NAV on a purchase or sale of fund shares.

The potential for confusion that the swing pricing proposal will create is substantial. Currently, when an investor buys or sells shares of a mutual fund, the investor understands and expects that they will transact at the NAV per share calculated on the day the order is placed and accepted. It is a concept that is easy for our shareholders to understand and one that they have been familiar with their entire investing lives. The swing pricing proposal would change that in a significant way. What was once a simple, straightforward transaction, will now become a complicated, technical pricing process that cannot be easily explained in fund disclosure documents. In addition, shareholders would not know if an additional fee will be applied when they decide to buy or sell fund shares. We find this aspect particularly troubling because a shareholder will have no way of assessing whether they will have to pay this extra fee because it will be dependent on the direction and amount of flows on the day that they redeemed, which is information they will not know. For instance, shareholders who happen to sell on a day with heavy outflows will be penalized with this additional fee.

We are also concerned that the SEC has not provided clear evidence as to why swing pricing should be mandated. The SEC states that it is proposing to mandate swing pricing to mitigate dilution in mutual funds. The SEC did not provide any evidence of dilution in mutual funds generally and stated in several places in the proposing release that it had no evidence.[1] The current rules provide us with the option to implement swing pricing, and we have found no need to pursue this option for the benefit of our shareholders, based on input from the funds' adviser who utilizes swing pricing outside the U.S. for other products. As Independent Trustees, we believe we are best situated to make this determination for our funds with appropriate input from the funds' adviser.

General Concerns Regarding Process and Mission of the SEC

We want to express to the SEC our general concerns regarding the process for the proposal. In particular, we are concerned that the SEC has not been able to sufficiently address how the proposal would benefit shareholders in relation to the potential costs of the proposal.[2] The SEC

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[1] See footnote 40 and 478 of the proposing release ("[w]e do not have specific data about the dilution fund shareholders experienced in Mar. 2020" and "[t]o our knowledge, such data on fund dilution are not available for the U.S.").

[2] In particular, we note the following statement by the SEC in the proposing release: "Many of the benefits and costs discussed below are difficult to quantify. For example, we lack data that would help us predict how funds may adjust the liquidity of their portfolios in response to the proposed liquidity rule amendments; the extent to which investors may reduce their holdings in open-end funds as a result of the proposed swing pricing requirement and other amendments; the extent to which investors may move capital from mutual funds to other investment vehicles,

asks the industry for assistance in conducting this analysis, but it is unclear why the SEC would make this type of proposal, with such a large impact on the industry, without having done this analysis prior to issuing the proposal. As Independent Trustees, we are accustomed to making difficult decisions and weighing various interests. If we were faced with a decision of this magnitude, we would want to make sure we understood all the potential benefits and costs so that we could appropriately weigh the competing interests. We encourage the SEC to assess the costs in relation to any benefits and reconsider the proposal.

As Independent Trustees, our central role is to oversee that shareholder interests are protected. The SEC also has a mission, which in some ways is not considerably different from ours. We understand this mission is to protect investors, promote capital formation and maintain fair, orderly and efficient markets. Given how this proposal would negatively impact our shareholders, we ask that the SEC carefully consider how this proposal promotes its mission. The rule changes, as proposed, appear to negatively impact our shareholders and serves to upset their longstanding expectations of how their funds are managed and operated.

Conclusion

We urge the SEC to reconsider the proposal. We encourage the SEC to engage with the industry to better understand how all the various aspects of the proposal will impact open-end funds and the other service providers in the industry. It appears to us that more work is needed to understand the specific harms the proposal is trying to address and the costs that will be incurred

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such as closed-end funds, ETFs, or CITs; and the reduction in dilution costs to investors in open-end funds as a result of the proposed amendments (which would depend on investor subscription and redemption activity and the liquidity risk of underlying fund investments). Form N–PORT data is not sufficiently granular to allow such quantification, and many of these effects will depend on how affected funds and investors would react to the proposed amendments. While we have attempted to quantify economic effects where possible, much of the discussion of economic effects is qualitative in nature. We seek comment on all aspects of the economic analysis, especially any data or information that would enable a quantification of the proposal's economic effects."

as a result of any new regulation. We are concerned that the harm to our fund shareholders will be much greater than the benefits of these rule changes, if adopted by the SEC as proposed.

Sincerely,

/s/ Tom D. Seip
Tom D. Seip, Chair, Neuberger Berman Funds

On behalf of:

Michael J. Cosgrove
Marc Gary
Martha C. Goss
Michael M. Knetter
Deborah C. Mclean
George W. Morriss
James G. Stavridis