Nuveen Funds Board of Directors/Trustees
333 W. Wacker Drive
Chicago, IL 60606

February 14, 2023

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549–1090

Via Electronic Delivery

RE: Comments on Mandatory Swing Pricing and Hard Close-- Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N–PORT Reporting, (File Number S7–26–22)

Dear Ms. Countryman:

This comment letter is submitted by the Board of Directors/Trustees of the Nuveen Funds (the "Board") which is comprised entirely of disinterested directors/trustees. The Board oversees the open-end funds, closed-end funds and exchange-traded funds advised by Nuveen Fund Advisors LLC. As of December 31, 2022, the Board oversaw 142 funds with approximately $140 billion in assets under management. Our shareholders are both retail and institutional investors who invest in our funds to achieve their particular financial goals—whether to fund retirement, college educations, home purchases or other savings objectives. Our comments are directed to the swing pricing provisions of the proposed amendments to various current rules for open-end investment companies regarding liquidity risk management programs and swing pricing, Investment Company Act Rel. No. 34746 (November 2, 2022) (the "Proposing Release").

It is rare that the Board comments on Securities and Exchange Commission (the "Commission") rule proposals; however, the Board believes the potential significant impact of the wide-reaching swing pricing proposal on mutual fund shareholders and our industry warrants this letter.

The Commission has proposed changes to liquidity management programs (and related reporting), as well as mandatory swing pricing for all open-end registered investment companies excluding money market funds and exchange-traded funds (collectively, "OEFs") with a concomitant "hard close". We appreciate the Commission's focus on liquidity and need for mutual funds to be resilient and note funds have taken great steps in this regard, both in response to Commission rules and changing market (investor) expectations. However, we believe the Commission has failed to establish a compelling case for mandatory swing pricing.

To implement the swing pricing mandate, the Commission will require, among other things, a "hard close" for OEFs (i.e., a purchase or sale order for shares of an OEF will be eligible for a given day's price only if the OEF, its transfer agent or a registered clearing agency receives the order before the time when the OEF calculates its net asset value ("NAV"), typically 4:00 p.m. eastern time). The "hard close" will require re-tooling much of the mutual fund order handling ecosystem, at high cost, with an uncertain benefit to OEF shareholders (who will ultimately bear the costs of implementing and maintaining the swing pricing and hard close framework). We believe the Commission has not fully considered the impact of these changes on mutual fund shareholders, especially those shareholders who hold OEFs through employer provided defined contribution retirement plans.[1] Further, the Commission has proposed a "one size fits all" solution, without sufficient consideration of the differences in fund size, strategies, distribution channels and asset class utilization.

The Commission recognizes in the Proposing Release the benefits of OEFs and the significant role they have played in allowing millions of fund investors achieve their respective financial goals. The Commission acknowledges the role that OEFs play in retirement plans, but underplays the impact on OEF shareholders in such plans.[2] The Commission is also somewhat dismissive of the value shareholders place on the ability to purchase and redeem shares at the current day's NAV (even as long-term investors).[3] The benefits of a pooled investment vehicle include professional management, diversification, liquidity, fiduciary oversight by a disinterested board and low cost. It has long been recognized, however, that dilution risk is part of the risk in investing in pooled vehicles but that there are steps that can be and have been taken by fund investment advisers to mitigate that risk. More importantly, any dilution risk is greatly outweighed by the benefits of investing in pooled vehicles.

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[1] In 2021, 81% of mutual fund-owning households held funds inside employer-sponsored retirement plans. *See* Inv. Co. Inst., 2022 Investment Company Fact Book 123 (2022), https://www.icifactbook.org/.

[2] In the Proposing Release, the Commission recognized that retirement plans and accounts are major holders of mutual funds with a significant amount of assets held in smaller plans. See Proposing Release, 87 Fed. Reg. at 77248. Nevertheless, the Commission acknowledged the significant switching costs required to implement a hard close mandate including, in particular, for retirement plan recordkeepers and any affiliated brokers and trust companies which would have to modify substantially their processes and systems. The Commission further recognized that a large number of small plans may be disproportionally affected by these implementation costs and may have to cease to exist or offer alternative investment vehicles. In addition, the hard close may require earlier cut-off times for orders placing retirement plan investors at a disadvantage to other investors who place their orders directly with the fund or other intermediaries with later cut-off times and able to enjoy receiving that particular day's NAV. See Proposing Release, 87 Fed. Reg. 77260 – 77261.

[3] Open-End Fund Liquidity Risk Management Programs and Swing Pricing, 87 Fed. Reg. at 77213. (See, e.g., Section III(C)(3) of the Proposing Release in which the Commission assumes that most fund shareholders are long-term investors and therefore "most fund orders are not time sensitive." However, the Commission acknowledges that it seems likely that many investors would experience a significant change in when they must submit their orders to intermediaries, that investors may be exposed to an additional day of market risk, may be at a disadvantage in submitting orders compared to direct shareholders and may be precluded from transacting that day in response to current market events. See Proposing Release, 87 Fed. Reg. at 77212-77213 and 77260 -77261.

The Commission poses an extensive number of questions on the proposal as well as some potential alternatives to address potential dilution and liquidity risk in the Proposing Release. We also note that the Commission has acknowledged in its economic analysis, that it is unable to quantify many of the costs associated with proposed swing pricing or the hard close requirements.[4] We expect that numerous commentators will provide views and analysis regarding the questions and the alternatives. These responses should enable the Commission to develop a better understanding of the operational burdens, related costs and other negative repercussions of a hard close and mandatory swing pricing on OEFs, shareholders and their intermediaries. Given the adverse impact of the proposed swing pricing and hard close mandates to OEFs and their shareholders, we believe the Commission should withdraw its swing pricing proposal until it can provide a stronger rationale and a more complete analysis of the costs and other negative implications compared to the potential benefits to OEFs and shareholders. Any re-proposal should address fund differences (size, asset class, distribution channels and strategies) as well as the costs of implementation across the mutual fund ecosystem, as such costs will ultimately be borne by fund shareholders. If the Commission proceeds with this proposal, we believe the Commission should extend its comment period to allow for thoughtful and fulsome responses from market participants which should provide for a more complete understanding of the impact of the proposal on OEFs and shareholders and avoid unintended consequences.

We appreciate the opportunity to comment on these proposed rules. If you have further questions, we would be pleased to respond. Please contact Amy Lancellota or Joanne Medero at [redacted].

Sincerely,

Terence J. Toth
Chairman of the Board, Nuveen Funds

[4] See Proposing Release, 87 Fed. Reg. at 77256, 77261. In its economic analysis, the Commission recognizes that the costs may include, but are not limited to, initial and ongoing operational costs to implement swing pricing, potential reductions in economies of scale if significant outflows occur, operational costs to intermediaries to upgrade or modify their systems, and significant switching costs to implement hard closes on funds, their intermediaries, and service providers which will ultimately be passed on to investors. Such hard costs are in addition to the other disadvantages the proposal imposes on OEFs and shareholders including, but not limited to, earlier cut-off times to submit orders for that day's NAV (including through retirement plans), potential loss of funds offered through retirement plans, decreased ability to invest in funds through certain intermediaries, and potential loss of strategies unavailable in other product wrappers. See, e.g., Section III(C)(2) and (3) of Proposing Release entitled "Benefits and Costs of the Proposed Amendments" – Swing Pricing; Hard Close Requirement.