February 14, 2023

VIA ELECTRONIC SUBMISSION

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

Re: File Number S7-26-22; Release IC-34746; Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting

Dear Ms. Countryman:

We are writing on behalf of the non-interested Trustees ("Independent Trustees") of the Boards of Trustees (the "Boards") of investment companies registered under the Investment Company Act of 1940 (the "1940 Act") known as the "Advisors' Inner Circle" Funds trusts (the "Series Trusts").[1] Each of us is a lead Independent Trustee for multiple Series Trusts and each of us has been authorized to submit this letter on behalf of the other Independent Trustees with whom we serve. The Series Trusts operate on the Advisors' Inner Circle platform sponsored by SEI Investments Company ("SEI").

Founded in 1991 by SEI, the Series Trusts provide a platform through which an investment adviser can manage investment companies registered under the 1940 Act in a cost-effective way, without having to build its own operating structure (a "Turnkey Series Trust"). Investment advisers have access through the platform to the services essential to the operation of a registered investment company, including fund administration, accounting, investor servicing and distribution services. The Series Trusts for which we serve as Independent Trustees include 128 separate funds (the "Funds") that are managed by 73 different investment advisers and sub-investment advisers and that have aggregate assets under management of over $70 billion as of December 31, 2022.

We appreciate the opportunity to provide you with the Independent Trustees' views regarding "Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting" (the "Proposed Rule"), a rule proposal under the 1940 Act and Securities Act of 1933 presented for public comment by the Securities and Exchange Commission ("SEC") on November 2, 2022.[2]

As trustees of open-end 1940 Act-registered investment companies, we certainly recognize the need for these companies to have sufficient liquidity to redeem shares they have issued. From our vantage point as trustees, we nonetheless have serious concerns with the Proposed Rule and believe that the implementation of it would, among other things, seriously complicate, and increase costs for, purchase and sale transactions by investors and disrupt long-established fund share distribution

[1] The Series Trusts include, among others, The Advisors' Inner Circle Fund, The Advisors' Inner Circle Fund II, and The Advisors' Inner Circle Fund III.
[2] Investment Company Act Release No. 34746 (Nov. 2, 2022) (the "Release").

practices in the industry, to the significant detriment of investors. We hope that the SEC substantially changes the components of the Proposed Rule or abandons the Proposed Rule entirely. In this regard, we express our agreement with the comment letter submitted to the SEC by the Independent Directors Council ("IDC"). Should the SEC decide to proceed with the Proposed Rule, we believe that, minimally, the SEC should amend the Proposed Rule to enable a mutual fund's administrator or other service provider to serve as the swing pricing administrator.

I. We Concur with the Comment Letter Submitted by IDC

We concur with and support the analyses, commentary, and recommendations in the IDC's comment letter dated February 14, 2023. We believe that the IDC letter reflects the general views of the Independent Trustees because we are in agreement that the Proposed Rule is overly prescriptive, blunt, and would ultimately harm many shareholders. We respectfully request that the SEC take into consideration the IDC's recommendations when adopting its final rules.

II. The Scope of the Proposed Rule Should Be Broadened to Include an Investment Company's Administrator Approved by the Board

The Proposed Rule would require all mutual funds to apply swing pricing by adjusting a mutual fund's current NAV per share at which transactions in fund shares are priced when certain conditions are met. A mutual fund would be required to adopt swing pricing policies and procedures reasonably designed to adjust the fund's current NAV per share by a swing factor either if the fund has net redemptions or if it has net purchases that exceed an identified threshold.[3] A fund's board of directors, including a majority of directors who are not interested persons of the fund, would be required to, among other requirements, approve the fund's swing pricing policies and procedures and designate the fund's "swing pricing administrator."[4] This swing pricing administrator is defined to be "the fund's ***investment adviser, officer, or officers*** responsible for administering the fund's swing pricing policies and procedures."[5]

The Proposed Rule by its terms does not contemplate all or some of a mutual fund's swing pricing activities involved in its swing pricing policies and procedures being assigned to the mutual fund's administrator or any other third-party service provider, which many funds commonly use.[6] As such, the scope of the Proposed Rule's swing pricing administrator provision appears not sufficiently broad to cover the Funds' existing NAV calculation process, a process that we believe reflects the principles regarding NAV calculation that the SEC and its staff have articulated over time, that has in our collective experience worked well and that has operated to protect the interests of the Funds' shareholders.

Under the Funds' existing NAV calculation process, SEI Investments Global Fund Services ("SEIGFS"), the Funds' administrator, plays a central role. SEIGFS, which is an affiliate of SEI,

[3] *See* Proposed Rule 22c-1(b)(1) and definition of "Inflow swing threshold" in Proposed Rule 22c1(d).
[4] *See* Proposed Rule 22c-1(b)(3).
[5] *See* Proposed Rule 22c-1(d) (emphasis added).
[6] *C.f.* Proposed Rule 22c-1(d) (limiting the swing pricing administrator to a fund's investment adviser, officer, or officers).

is currently unaffiliated with all but one of the investment advisers and sub-investment advisers currently serving the Funds.

SEIGFS is responsible for administering the Fund's NAV calculation process by, among other things, obtaining pricing data from the Funds' independent third-party pricing services and calculating NAV per share. In our experience, the role SEIGFS plays in the Funds' NAV calculation process clearly furthers the interests of the Funds' shareholders. By virtue of generally not being affiliated with the Funds' investment advisers and sub-investment advisers, SEIGFS brings a significant level of objectivity to, and helps to ensure integrity of, the process. Further, to the extent other mutual funds have an unaffiliated administrator or third party service provider involved in the NAV calculation process, those funds' shareholders would also benefit from the objectivity that an unaffiliated party serving as swing pricing administrator would bring to the NAV calculation process.

As noted above, the Proposed Rule appears not to contemplate activities involved in a mutual fund's swing pricing process being able to be assigned to the mutual fund's administrator or to any other of the mutual fund's service providers.[7] We view this aspect of the Proposed Rule as a significant deficiency, particularly as applied to Turnkey Series Trusts such as the Series Trusts. We read the Proposed Rule as indicating that SEIGFS could not be assigned to administer the Funds' swing pricing policies and procedures and, therefore, could not be assigned the roles it now plays in the Funds' NAV calculation processes. The Proposed Rule instead indicates that the administration of the Funds' swing pricing process and, ultimately, SEIGFS's NAV calculation roles would need to be undertaken by the Funds' various investment advisers. The result would seem to be that the Funds would need to transition from a tailored and effective NAV calculation process administered by SEIGFS to a more complex process requiring the Funds' coordination amongst more than 70 investment advisers and sub-investment advisers.

Turnkey Series Trusts such as the Series Trusts provide a platform for investment advisers to manage 1940 Act-registered funds, including mutual funds, in a cost-effective way without having to build their own infrastructure, relying instead on experienced firms such as SEI and others for various operations such as the NAV calculation process. These types of platforms can help to enable investment advisers to offer a robust array of investment products at competitive prices that they might not be able to provide otherwise. The Proposed Rule limits the role of an administrator to Turnkey Series Trusts, which would create additional costs and barriers to entry in the mutual fund industry that could ultimately harm shareholders in the form of fewer investment choices.

We can conceive of no policy reason supporting that result and respectfully request that the SEC clarify in Rule 22c-1 under the 1940 Act, if adopted, that a registered mutual fund's swing pricing administrator can be the mutual fund's administrator or other service providers as approved by the mutual fund's board in its business judgment.

The SEC recently adopted new Rule 2a-5 under the 1940 Act, which requires the performance of certain enumerated activities to determine in good faith the fair value of portfolio investments of registered open-end and closed-end investment companies.[8] Either a fund's board of directors or

[7] *Id*.

[8] Good Faith Determinations of Fair Value, Investment Company Act Release No. 34128 (Dec. 3, 2020), 86 Fed. Reg. 748 (Jan. 6, 2021) available here.

a "valuation designee" designated by the fund's board may carry out the valuation activities required under Rule 2a-5.[9] In adopting Rule 2a-5 under the 1940 Act, the SEC declined to expand the definition of "valuation designee" such that all or some of a registered investment company's valuation activities could be assigned to the fund's administrator or to any other of the fund's service providers explaining that "[w]e generally decline to expand permissible designees beyond the adviser in the [Final Rule] because we believe that it is critical for the entity actually performing the fair value determination to owe a fiduciary duty to the fund and be subject to board oversight whenever possible."[10] The swing pricing process does not raise the same fiduciary concerns as the valuation process since swing pricing resembles an administrative function based more substantially on various objective data inputs (*e.g.*, net redemption figures, spread costs, brokerage fees)[11] as compared to certain fair value determinations that rely on subjective inputs of a portfolio security's likely price in the absence of objective inputs (*i.e.*, active market prices). In this regard, the Release indicates that the Proposed Rule (as compared to the current swing pricing framework) is an objective determination:

> In determining the swing factor, the proposed rule would require a fund's swing pricing administrator to make good faith estimates, supported by data, of the costs the fund would incur if it purchased or sold a pro rata amount of each investment in its portfolio to satisfy the amount of net purchases or net redemptions (*i.e.*, a vertical slice).
>
> . . . .
>
> [U]sing a vertical slice is more objective than the current [swing pricing framework], because the swing factor administrator does not need to anticipate what actions the fund will take to pay redemptions or invest proceeds from investor purchases, which may vary from day to day.[12]

Further, the Release notes that to "address the concern that subjective estimates of market impact costs could grant excessive discretion in the determination of a swing factor, we are providing additional parameters for estimating market impact to make the calculation more objective. These prescriptive requirements should help to limit subjectivity, and recordkeeping requirements would require funds to document their market impact factors, facilitating our staff's review and oversight of mutual fund swing pricing"[13] Taken together, the above statements indicate that the proposed rule is designed to ensure that the calculation of the swing factor is based on objective, rather than subjective inputs. Because the swing pricing process appears to rely on objective data to a greater extent than the fair valuation process, subjective judgements that could raise conflicts of interest appear to be minimized in the swing pricing process as compared to the fair valuation process. In this context, we believe it is unnecessary to require the existence of a fiduciary relationship between the swing pricing administrator and the fund, and a fund's administrator or other service provider should be permitted to serve as the swing pricing administrator.

* * *

[9] *See* Rule 2a-5(b).
[10] *See* Investment Company Act Release No. 34128 at 44.
[11] Release at 113.
[12] Release at 113-14.
[13] Release at 119.

We appreciate this opportunity to comment on the Proposed Rule.

Very truly yours,

/s/ Joseph T. Grause, Jr.
Joseph T. Grause, Jr.[14]

Trustee and Lead Independent Trustee of:
The Advisors' Inner Circle Fund,
The Advisors' Inner Circle Fund II,
and other trusts

/s/ Jon Hunt
Jon Hunt[15]

Trustee and Lead Independent Trustee of:
The Advisors' Inner Circle Fund III
and other trusts

cc: The Honorable Gary Gensler, Chair, SEC
The Honorable Caroline A. Crenshaw, Commissioner, SEC
The Honorable Jaime Lizárraga, Commissioner, SEC
The Honorable Hester M. Peirce, Commissioner, SEC
The Honorable Mark T. Uyeda, Commissioner, SEC
William A. Birdthistle, Director, Division of Investment Management, SEC

[14] Mr. Grause serves as the lead Independent Trustee of multiple trusts, including The Advisors' Inner Circle Fund and The Advisors' Inner Circle Fund II.
[15] Mr. Hunt serves as the lead Independent Trustee of multiple trusts, including The Advisors' Inner Circle Fund III.