



Federated Hermes, Inc.
1001 Liberty Avenue
Pittsburgh, PA 15222-3779

July 21, 2020

VIA E-MAIL RULE-COMMENTS@SEC.GOV

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

Re: Good Faith Determinations of Fair Value (File No. S7-07-20)

Dear Ms. Countryman:

Federated Hermes, Inc. (“Federated Hermes”) commends the Securities and Exchange Commission (the “Commission” or the “SEC”) for proposing a new rule that establishes a modern regulatory framework for fund valuation practices.¹ Proposed Rule 2a-5 under the Investment Company Act of 1940, as amended (the “Proposed Rule”) recognizes and addresses the increasing complexity of valuation in light of the greater variety of securities and other instruments in existence, the advances in technology and data that bear on fair value, and the desire of fund boards, in light of these complexities, to effectively fulfill their valuation obligations while seeking the assistance of fund investment advisers and other fund service providers with greater expertise.²

While Federated Hermes strongly supports the Commission’s efforts to modernize the existing framework for valuation of fund investments and clarify the roles of a fund’s investment adviser and its board of directors with respect to valuation, we have concerns with certain aspects of the Proposed Rule. As such, Federated Hermes fully endorses and supports the comments and positions of the Investment Company Institute (“ICI”) as set forth in its letter dated July 16, 2020.³ In particular, and without limiting the foregoing, Federated Hermes agrees with the ICI’s positions on (i) rescinding prior SEC and staff guidance and deferring to existing accounting standards; (ii) ensuring that differences in fair valuation practices, risks, and challenges across asset types are adequately reflected (*i.e.*, reaffirming that methodologies will differ across and within fund complexes and removing references to “consistency”); (iii) more accurately capturing the typical allocation of responsibilities between investment advisers and pricing services; and (iv) adjusting the frequency, timing, and content of the board reporting items to facilitate more focused and active

¹ Federated Hermes is a leading global investment management firm, managing \$428.4 billion in fund assets and \$605.8 billion in total assets as of March 31, 2020. Federated Hermes provides comprehensive investment management to more than 11,000 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers.

² See *Good Faith Determinations of Fair Value*, SEC Release No. IC-33845, File No. S7-07-20 (Apr. 21, 2020), <https://www.sec.gov/rules/proposed/2020/ic-33845.pdf>.

³ ICI Comment Letter of July 16, 2020 in response to SEC Release No. IC-33845, File No. S7-07-20 (Apr. 21, 2020), *Good Faith Determinations of Fair Value*.

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oversight (*i.e.*, requiring annual rather than quarterly reporting for most items, and quarterly rather than ‘prompt’ reporting for certain material changes). Federated Hermes strongly supports adoption of the Proposed Rule with these and the other targeted amendments recommended by the ICI.

Federated Hermes hopes that the Commission finds these comments helpful and constructive and is happy to provide additional information relating to our comments or discuss any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Germain". The signature is fluid and cursive, with a prominent initial "P" and a long, sweeping tail.

Peter J. Germain
Chief Legal Officer

cc: The Honorable Jay Clayton
The Honorable Hester M. Peirce
The Honorable Elad L. Roisman
The Honorable Allison Herren Lee
Ms. Dalia Blass, Director of the Division of Investment Management
Mr. Sagar Teotia, Chief Accountant, Office of the Chief Accountant