UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

December 1, 2016

Robert B. Kaplan
Debevoise & Plimpton LLP
801 Pennsylvania Avenue N.W.
Washington, D.C. 20004

Re: In the Matter of Pacific Investment Management Company LLC
Waiver of Disqualification under Rule 506(d)(2)(ii) of Regulation D
Investment Advisers Act Release No. IA-4577, December 1, 2016
Administrative Proceeding File No. 3-17701

Dear Mr. Kaplan:

This letter responds to your letter dated November 1, 2016 ("Waiver Letter"), written on behalf of Pacific Investment Management Company LLC ("PIMCO"), and constituting an application for a waiver of disqualification under Rule 506(d)(2)(ii) of Regulation D under the Securities Act of 1933. In the Waiver Letter, you requested relief from any disqualification that will arise as to PIMCO under Rule 506 of Regulation D under the Securities Act by virtue of the Commission's order entered December 1, 2016 in the Matter of Pacific Investment Management Company LLC, pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Release No. IA-4577 (the "Order").

Based on the facts and representations in the Waiver Letter and assuming PIMCO complies with the Order, the Division of Corporation Finance, acting for the Commission pursuant to delegated authority, has determined that PIMCO has made a showing of good cause under Rule 506(d)(2)(ii) of Regulation D that it is not necessary under the circumstances to deny reliance on Rule 506 of Regulation D by reason of the entry of the Order. Accordingly, the relief requested in the Waiver Letter regarding any disqualification that may arise as to PIMCO under Rule 506 of Regulation D by reason of the entry of the Order is granted on the condition that PIMCO fully complies with the terms of the Order. Any different facts from those represented or failure to comply with the terms of the Order would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

Very truly yours,

Sebastian Gomez Abero

Sebastian Gomez Abero
Chief, Office of Small Business Policy
Division of Corporation Finance

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November 1, 2016

BY EMAIL

Sebastian Gomez Abero, Chief
Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
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In the Matter of Pacific Investment Management Company LLC; File No. LA-4242

Dear Mr. Gomez Abero:

We submit this letter on behalf of our client, Pacific Investment Management Company LLC ("PIMCO" or the "Firm"), an SEC registered investment adviser, in connection with the settlement of the above-referenced administrative proceeding by the U.S. Securities and Exchange Commission ("SEC" or "Commission") against the Firm.

The Firm hereby requests, pursuant to 506(d)(2)(ii) of Regulation D promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from relying on the exemption under Rule 506 of Regulation D that will arise with respect to the Firm or associated persons or entities as discussed below as a result of the entry of the Commission's final order against the Firm, which is described below (the "Order"). The Firm has not previously requested a waiver of the Regulation D exemption disqualification.

BACKGROUND

PIMCO has engaged in settlement discussions with the staff of the Division of Enforcement (the "Staff") in connection with the above-referenced administrative proceeding. As a result of those discussions, PIMCO has submitted an offer of settlement pursuant to which PIMCO has consented to the Order. Under the terms of the offer of settlement, the Firm neither admits nor denies any of the findings in the Order.

The Order charges non-scienter based violations of the Investment Advisers Act of 1940 (the "Advisers Act") and the Investment Company Act of 1940 (the "Investment Company Act") involving conduct that occurred during the period February 29, 2012 through June 30, 2012. Specifically, the Order finds that when PIMCO launched the PIMCO Total Return

Active Exchange-Traded Fund ("BOND") it used a strategy that involved purchasing odd lot positions (defined by the Order as retail-sized pieces under $1 million current face value) of non-Agency mortgage-backed securities ("non-Agency MBS") that traded at a discount to round lot positions of the same security (defined in the Order as institutional-sized pieces greater than $1 million current face value) and marked those odd lot positions at the evaluated price for institutional round lots provided by a third party pricing service (the "odd lot strategy"). The Order finds that, as part of this strategy, PIMCO purchased 156 non-Agency MBS positions for BOND during the relevant period. BOND received performance from the difference between the purchase price for the odd lot and the higher pricing vendor mark used to value the position. The Order finds that the odd lot strategy contributed significantly to BOND's strong performance in the first four months following its launch.

The Order finds that, from February 29, 2012 through June 30, 2012, PIMCO negligently made misleading disclosures regarding the reasons for BOND's performance in Monthly Fund Commentaries that appeared on the PIMCO website, the June 30, 2012 Annual Report for the PIMCO ETF Trust,[1] and in communications with the ETF Trust Board of Trustees (the "Board"). The Order finds that PIMCO's disclosures implied that BOND's performance resulted from price appreciation in the non-Agency sector but did not disclose the impact of the odd lot strategy and that the performance resulting from this activity was not sustainable as the fund grew in size. The Order also finds that PIMCO's policies and procedures were not reasonably designed to prevent such disclosures, because they did not require employees making disclosures to the Board to consider whether significant and unusual sources of performance should be disclosed.

Additionally, the Order finds that PIMCO did not accurately value 43 of the odd lot non-Agency MBS positions it purchased for BOND, because PIMCO used the pricing vendor marks to value these 43 positions without having a reasonable basis to believe that the pricing vendor mark accurately reflected the exit price that BOND would receive for those positions at the time. As a result, the Order finds that the 43 positions were inaccurately valued, which caused BOND to overstate its net asset value ("NAV"). The Order also finds that PIMCO's valuation policies and procedures were not reasonably designed to prevent this violation, because they vested portfolio managers with responsibility for reporting prices that did not reasonably reflect fair value without sufficient objective checks or guidance for elevating pricing issues to the PIMCO Pricing Committee or the Board's Valuation Committee.

The Order finds that the Firm violated Sections 206(2) and 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder; and Section 34(b) and Rule 22c-1 of the Investment Company Act. Under the terms of the Order, pursuant to Sections 203(e) and 203(k) of the Advisers Act and Sections 9(b) and 9(f) of the Investment Company Act, the Firm is (1) ordered to cease and desist from committing or causing any violation and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rules 206(4)-7 and

[1] BOND is a series of PIMCO ETF Trust ("ETF Trust").

206(4)-8 thereunder, and Section 34(b) and Rule 22c-1 of the Investment Company Act; (2) censured; (3) ordered to pay disgorgement of $1,331,628.74, prejudgment interest of $198,179.04, and a civil money penalty of $18,300,000; and (4) ordered to comply with undertakings to retain an independent compliance consultant ("Consultant") not unacceptable to the Staff. The Consultant will be required to conduct a comprehensive review of PIMCO's written compliance policies and procedures regarding (1) the pricing and valuation of odd lots noted in certain portions of the Order, including (but not limited to) what constitutes an odd lot, how to value those odd lots, and the frequency with which odd lot pricing should be evaluated, and (2) procedures related to the escalation of certain issues to the Firm's Pricing Committee, as noted in portions of the Order. The Consultant is required to submit a report to PIMCO and the Staff (the "Report"), and the Firm will be required to adopt and implement all recommendations of the Consultant in the Report unless PIMCO considers a recommendation unnecessary, unduly burdensome, impractical or inappropriate, in which case, the Consultant and PIMCO will have the opportunity to agree on an alternate proposal. PIMCO will be required to adopt all of the Consultant's recommendations contained in the Report within 90 days of receipt and will be required subsequently to certify to the Staff as to such adoption and implementation.

DISCUSSION

The Firm understands that the entry of the Order will disqualify the Firm and certain issuers associated with the Firm in one of the capacities listed below from relying on the exemption under Rule 506 of Regulation D. Should the Firm be deemed to be the issuer, a predecessor of the issuer, an affiliated issuer, a general partner or managing member of the issuer, a beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, a promoter connected with the issuer in any capacity at the time of the filing, offer or sale, an investment manager of the issuer, a person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of securities of the issuer (a "solicitor"), a general partner or managing member of an investment manager or solicitor of the issuer, or deemed to act in any other capacity described in Securities Act Rule 506 for the purposes of Securities Act Rule 506(d), the Firm as well as the other issuers with which the Firm is associated in one of those listed capacities and which rely upon or may rely upon these offering exemptions when issuing securities would be prohibited from doing so. The Commission has the authority to waive the Regulation D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. § 230.506(d)(2)(ii). The Firm has not previously requested a waiver of the Regulation D exemption disqualification.

The Firm requests that the Commission waive any disqualifying effects that entry of the Order against the Firm will have under Rule 506 of Regulation D on the following grounds:

1. The Violation Does Not Involve the Offer or Sale of Securities

The Order does not find that PIMCO engaged in a violation involving the offer or sale of securities. As noted above, the Order finds that during a four month period in 2012, PIMCO negligently made misleading disclosures regarding the reasons for and sustainability of BOND's performance in monthly commentaries, BOND's annual report, and in communications with the Board. The Order, however, does not find that the returns published by PIMCO for BOND were overstated. Nor does the Order find that (1) the inaccurate statements were contained in the fund's offering materials, (2) that the materials at issue were used by PIMCO at the point of sale, or (3) that investors were improperly induced to buy (or sell) BOND shares.

Nor can the pricing violation (under Rule 22c-1 of the Investment Company Act) be fairly viewed as involving misconduct in the offer or sale of securities. The Order finds that PIMCO erred by using undiscounted third-party pricing to value 43 bonds *within* the BOND portfolio. The Order does not allege that the pricing error resulted in a material misstatement of BOND's NAV.

The remaining violations described in the Order relate to policies and procedures regarding the aforementioned disclosure and pricing issues, and are not related to the offer or sale of securities. As described above, these violations relate to the escalation of potential pricing issues and the consideration of relevant factors for purposes of the periodic performance attribution disclosures and disclosures to the Board of Trustees.

2. The Violations are Neither Criminal in Nature Nor Scienter-Based

The matter addressed by the Order pertains solely to alleged civil violations and does not involve any criminal offenses. Moreover, the Order does not involve any allegations that the Firm committed scienter-based violations of the Securities Act, the Exchange Act, the Advisers Act, the Investment Company Act or any other federal securities laws with respect to the Conduct.

3. Responsibility for the Violations

The Order principally describes the failure at PIMCO to coordinate and integrate information maintained by disparate groups and individuals at the Firm. No individuals are named in the Order. As described in the Order, the Product Management group and others negligently prepared or signed fund disclosures that included misleading statements regarding BOND's performance and failed to adequately disclose the impact of the odd lot strategy as a specific contributing factor, despite having some knowledge of the impact of the odd lot strategy on BOND's performance. The Order notes in particular that no specific individual had responsibility for reviewing and confirming the substance of the reported sources of performance, and that the relevant internal groups were not required by PIMCO's policies and procedures to consider whether to disclose the odd lot strategy as a source of

performance. Those policies and procedures have since been revised, as described below, to clarify responsibilities for identifying sources of performance, drafting portfolio commentary, and reviewing attribution commentary for accuracy and completeness; and to require that the group responsible for disclosures holds an in-person meeting with the fund's portfolio manager prior to the end of a fund's fiscal year. Similarly the Order discusses how several groups at PIMCO, including portfolio managers, pricing, and compliance, had some knowledge of the positive impact of the odd lot strategy on BOND's performance, but failed to escalate the pricing practice to the Pricing Committee for further review. The Order notes that the policies and procedures in place at the time failed to provide guidance regarding when to raise or elevate significant pricing issues. As described below, PIMCO has since revised its policies and procedures to ensure rigorous review of PIMCO's practices in pricing odd lots and to more specifically allocate responsibilities for elevation of pricing issues in order to prevent a recurrence of this result. In addition, BOND's Portfolio Manager was primarily responsible for investment decisions in the fund, including – as described in the Order – the implementation of the odd lot strategy that was ultimately implicated in the disclosure and pricing violations. That individual is no longer with the Firm.

Importantly, the Order does not describe scienter-based conduct by PIMCO or by any individual associated with PIMCO.

4. The Conduct was Limited in Duration

The conduct addressed in the Order relates to violations involving BOND's performance disclosures in the four months following the fund's launch and the valuation of 43 positions with a total market value of approximately $9 million (in a fund with net assets of $1.7 billion as of June 30, 2012) during the same period. The conduct was limited in both time and scope, as it occurred during a four-month period from February 29, 2012 through June 30, 2012 and affected a single fund. The valuation issues described in the Order did not have a material impact on BOND's NAV during the four-month period discussed in the Order or at any other time.

5. The Firm Has Taken and Will Take Remedial Steps to Address the Alleged Misconduct.

Independent Compliance Consultant

As described above, the Firm has undertaken to retain, within thirty days of the issuance of the Order, a Consultant to conduct a comprehensive review of PIMCO's written compliance policies and procedures to address (1) the pricing and valuation of odd lots noted in certain portions of the Order, including (but not limited to) what constitutes an odd lot, how to value those odd lots, and the frequency with which PIMCO should evaluate odd lot pricing, and (2) the procedures related to the escalation of certain issues to the Firm's Pricing Committee, as noted in portions of the Order. PIMCO has undertaken to require the Consultant to include, as part of his or her review, the pricing and valuation of such odd lots across all

asset classes of securities. PIMCO also has undertaken to cooperate fully with the Consultant and to provide the Consultant with access to such files, books, records and personnel as are reasonably requested by the Consultant for review.

The Firm has undertaken to adopt and implement all recommendations of the Consultant in the Report within ninety days of receipt, unless PIMCO considers a recommendation unnecessary, unduly burdensome, impractical or inappropriate, in which case the Consultant and PIMCO will have the opportunity to agree on an alternate proposal. PIMCO has undertaken to certify to the Staff that it has adopted and implemented the recommendations in the Report within thirty days of such adoption and implementation.

Among other matters that may arise in the course of the Consultant's review, PIMCO anticipates working with the Consultant to enhance PIMCO's revised pricing policies and new methodology for fair valuing certain odd lot positions, as described below.

Remedial Measures Regarding Disclosures

In addition to the undertakings described in the Order, PIMCO has taken other remedial steps to ensure that the conduct does not reoccur. Specifically, PIMCO has enhanced its disclosure policies and procedures by adopting a new Attribution Disclosure Policy. The new policy governs the creation, review, and approval of performance commentary and attribution disclosures for certain PIMCO funds. It clarifies responsibilities for identifying sources of performance, drafting portfolio commentary, and reviewing attribution commentary for accuracy and completeness. PIMCO also has developed guidelines to assist employees tasked with drafting attribution disclosures which require these individuals to consider whether any significant or unusual sources of performance existed that materially affected returns over the reporting period and should be disclosed. The policy also encourages the employees responsible for disclosures to consult periodically with portfolio management and requires an in-person meeting with the fund's portfolio manager prior to the end of a fund's fiscal year.

An Attribution Working Group has also been created that is responsible for reviewing performance attribution disclosures if a fund is a performance outlier or if there are differences of opinion regarding factors that materially contributed to or detracted from performance during the reporting period.

Remedial Measures Regarding Pricing

PIMCO has taken a number of steps to generally enhance its valuation policies and procedures relating to the use of pricing vendors and fair valued securities. These steps have included establishing a new Valuation Oversight Committee of the Board of Trustees of the PIMCO Funds and ETF Trust. The Valuation Oversight Committee is responsible for overseeing the PIMCO Funds' valuation policies and practices and PIMCO's day-to-day pricing responsibilities, including approving the use of pricing services and the ratification of fair value determinations. To facilitate enhanced oversight of PIMCO's use of pricing vendors, PIMCO has undertaken to provide additional education and reporting to the

Valuation Oversight Committee relating to the monitoring of pricing services. PIMCO, the PIMCO Funds, and the PIMCO ETF Trust have made other general enhancements to its policies and procedures that include, among other things, clarifying that portfolio managers do not have complete discretion with respect to recommending fair valuations to the Pricing Committee and updating the factors that should be considered in making fair value determinations.

In addition, PIMCO takes very seriously the valuation concerns raised by the Staff's investigation and has taken a series of steps to evaluate the sufficiency of its policies and procedures specifically with respect to the valuation of odd lots. These steps have included (i) a review across industry participants to benchmark PIMCO's pricing practices and (ii) multiple analyses of PIMCO's historical exit prices for odd lot positions. PIMCO adopted revised pricing policies that created a new methodology for the Fair Valuation of Certain Odd Lot Positions (the "Odd Lot Methodology"). The Odd Lot Methodology provides for periodic studies of PIMCO odd lot sales compared to contemporaneous vendor-provided prices, and also contemplates a procedure for fair valuing odd lots (i.e., using other than the vendor price for the corresponding round lot) where, among other factors, the studies demonstrate sales are outside of pre-determined tolerance thresholds. PIMCO will continue to work on enhancements to this policy with the Consultant.

6. *Impact if the Waiver is Denied*

The disqualification from using (or participating in transactions using) the exemptions under Rule 506 of Regulation D would have an immediate and ongoing adverse impact on the Firm and the Firm's clients. In particular, PIMCO acts as investment manager to a range of alternative investment funds (the "alternatives business"), sales of interests of which are not registered under the Securities Act of 1933 in reliance on the "safe harbor" exemption from registration set forth in Rule 506(b) of Regulation D. During the period starting January 1, 2010 and ending September 30, 2016, more than 50 PIMCO-advised alternative investment funds offered in reliance on the Rule 506(b) registration exemption raised in excess of $30,000,000,000 in capital from investors.[2] PIMCO's alternatives business has grown significantly over the past decade, and PIMCO has added numerous alternatives-specific resources and personnel to support this expanding business division. The inability of PIMCO to continue to rely on Rule 506(b) would significantly impede the continued growth of this important business division, could result in the loss of key alternatives funds personnel, and also would put PIMCO at a competitive disadvantage by greatly restricting PIMCO's ability to offer a product that most other large asset managers offer.

[2] PIMCO has provided the Division of Corporation Finance with an estimate of the fees that PIMCO earned from hedge funds and private equity funds in 2014 and 2015 in a separate letter regarding entities who would be impacted by PIMCO's disqualification (the "Supplemental Letter").

51 PIMCO-advised private equity-style funds, hedge funds and hybrid funds are currently fundraising and/or expect to fundraise in the near future in reliance on the Rule 506(b) registration exemption, and PIMCO has undertaken significant preparatory steps in anticipation of these efforts.[3] Two private equity-style funds are currently fundraising and are expected to raise up to $6.5 billion. The 49 hedge funds and hybrid funds that are currently being marketed have no fundraising caps and are continuously offered; their current combined NAV is in excess of $20 billion.[4]

If PIMCO is disqualified from relying on Rule 506, it is likely that it will cease marketing some private funds or will market its funds to a smaller group of potential investors because other registration exemptions are not available or practical. Rule 506 provides a "safe harbor" in that an offering that meets the requirements of the rule will not be considered a public offering under Section 4(a)(2) of the 1933 Act. Relying on Rule 506 is generally considered preferable to taking the position that an offering does not involve a public offering under Section 4(a)(2) because of the greater legal certainty afforded by the Rule. PIMCO believes that many of its potential investors or distribution partners will expect the greater legal certainty associated with reliance on the Rule 506 safe harbor and may be unwilling to invest in or participate in an offering that does not rely on the Rule. In addition, because a significant number (if not most) potential investors are resident within the United States, reliance on Regulation S is not a viable alternative.

Some of these potential investors are currently PIMCO clients, while others are not clients of PIMCO but are interested in investing in PIMCO-sponsored private funds. Because many alternative strategies offered by PIMCO are available only through investments in private funds, disqualification would result in investors being precluded from accessing these strategies even if they think access would be beneficial for total return, portfolio diversification or other reasons. In addition, it is possible that funds that permit redemptions will not be able to replace the assets of redeeming investors which, depending on the circumstances, may increase investor costs and reduce trading efficiencies.

For these reasons, disqualification of PIMCO from the exemption under Rule 506 is likely to significantly restrict PIMCO's business and create an ongoing adverse impact on PIMCO's employees and current and prospective clients.

7. *The Firm Will Make Appropriate Disclosure if the Waiver is Granted.*

For the period of time during which PIMCO is subject to the Order's requirement to retain a compliance consultant to review certain of its policies and procedures, the Firm will furnish (or cause to be furnished) to each purchaser in a Rule 506 offering that would otherwise be

[3] The names of these funds and their associated entities have been provided to Division of Corporation Finance in the Supplemental Letter.

[4] As of September 30, 2016.

subject to disqualification under Rule 506(d) as a result of the Order, a description in writing of the Order, a reasonable time prior to sale.

REQUEST FOR WAIVER

In light of the grounds for relief discussed above, we believe that the Firm has shown good cause that relief should be granted. Accordingly, we respectfully request that the Commission waive the disqualification provisions in Rule 506 of Regulation D to the extent that it may be applicable to the Firm or any other person or entity as a result of the entry of the Order.[5]

Please do not hesitate to call the undersigned at (202) 383-8060 regarding this request.

Very truly yours,

Robert B. Kaplan

[5] The Commission has in other instances granted relief under Rule 506(d) for similar conduct. *See, e.g.*, *In the Matter of Guggenheim Partners Investment Management, LLC*, Securities Act Rel. No. 9884 (Aug. 10, 2015), *order available at* https://www.sec.gov/rules/other/2015/33-9884.pdf; *request letter available at* https://www.sec.gov/divisions/corpfin/cf-noaction/2015/guggenheim-investment-mgt-080515-506d.pdf (describing a settlement to disclosure violations under 206(2) of the Advisers Act, policies and procedures violations under Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, along with other violations).