

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3

Form 425

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Subject Companies:

Nuveen California Dividend Advantage Municipal Fund 2

Commission File No. 811-10197

Nuveen California Dividend Advantage Municipal Fund 3

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### ***Investment Policy Revision***

Effective August 5, 2016, a number of Nuveen AMT-Free and non-AMT municipal closed-end funds have approved changes to their investment policies altering the limits on exposure to securities subject to the federal alternative minimum tax applicable to individuals (AMT).

#### **AMT FREE MUNICIPAL FUNDS**

The two AMT-Free funds listed below adopted a new investment policy to require the funds to invest 100% of its managed assets in securities the income from which is exempt from AMT at the time of purchase. While the funds were previously being managed as such, the new AMT policy will be in addition to the current policy which requires that only 80% of the funds' assets be invested in securities exempt from the AMT. The 80% policy was adopted to meet the Names Rule under the Investment Company Act of 1940 and is subject to change by the board upon 60 days notice to shareholders. The new 100% AMT policy is subject to change by the fund's board without shareholder notice. The new AMT policy is consistent with Nuveen's other AMT-Free funds. The new policy was adopted for the following funds:

#### **Ticker Nuveen Fund Name**

NRK Nuveen New York AMT-Free Municipal Income Fund

NKX Nuveen California AMT-Free Municipal Income Fund

#### **MUNICIPAL FUNDS THAT ARE NOT AMT-FREE**

All of the Nuveen municipal closed-end funds listed below have adopted an investment policy to limit the amount securities subject to AMT to no more than 20% of a fund's managed assets. As set forth below the vast majority of these funds previously did not have a limit on AMT securities while six funds had a 30% limit on AMT securities. The new AMT investment policy will replace each fund's old investment policy. Together with a number of other Nuveen funds, these changes will create a uniform 20% limit on AMT securities across Nuveen's municipal complex. The following is a list of the funds adopting the new 20% limit and each fund's previous investment policy

with respect to AMT securities.

| <b>Ticker</b> | <b>Nuveen Fund Name</b>                                  | <b>Prior AMT Exposure Limit</b> | <b>New AMT Policy Limit</b> |
|---------------|--|---------------------------------|-----------------------------|
| NAZ           | Nuveen Arizona Premium Income Municipal Fund             | 30%                             | 20%                         |
| NEV           | Nuveen Enhanced Municipal Value Fund                     | 30%                             | 20%                         |
| NHA           | Nuveen Municipal 2021 Target Term Fund                   | 30%                             | 20%                         |
| NID           | Nuveen Intermediate Duration Municipal Term Fund         | 30%                             | 20%                         |
| NIQ           | Nuveen Intermediate Duration Quality Municipal Term Fund | 30%                             | 20%                         |
| NMZ           | Nuveen Municipal High Income Opportunity Fund            | 30%                             | 20%                         |
| NAC           | Nuveen California Dividend Advantage Municipal Fund      | No Limit                        | 20%                         |
| NAD           | Nuveen Dividend Advantage Municipal Fund                 | No Limit                        | 20%                         |

|     |   |          |     |
|-----|---|----------|-----|
| NAN | Nuveen New York Dividend Advantage Municipal Fund     | No Limit | 20% |
| NCA | Nuveen California Municipal Value Fund, Inc.          | No Limit | 20% |
| NIM | Nuveen Select Maturities Municipal Fund               | No Limit | 20% |
| NKG | Nuveen Georgia Dividend Advantage Municipal Fund 2    | No Limit | 20% |
| NMI | Nuveen Municipal Income Fund, Inc.                    | No Limit | 20% |
| NMS | Nuveen Minnesota Municipal Income Fund                | No Limit | 20% |
| NMT | Nuveen Massachusetts Premium Income Municipal Fund    | No Limit | 20% |
| NMY | Nuveen Maryland Premium Income Municipal Fund         | No Limit | 20% |
| NNC | Nuveen North Carolina Premium Income Municipal Fund   | No Limit | 20% |
| NNY | Nuveen New York Municipal Value Fund, Inc.            | No Limit | 20% |
| NOM | Nuveen Missouri Premium Income Municipal Fund         | No Limit | 20% |
| NPV | Nuveen Virginia Premium Income Municipal Fund         | No Limit | 20% |
| NQP | Nuveen Pennsylvania Investment Quality Municipal Fund | No Limit | 20% |
| NTC | Nuveen Connecticut Premium Income Municipal Fund      | No Limit | 20% |
| NTX | Nuveen Texas Quality Income Municipal Fund            | No Limit | 20% |
| NUM | Nuveen Michigan Quality Income Municipal Fund         | No Limit | 20% |
| NUO | Nuveen Ohio Quality Income Municipal Fund             | No Limit | 20% |
| NUV | Nuveen Municipal Value Fund, Inc.                     | No Limit | 20% |
| NVX | Nuveen California Dividend Advantage Municipal Fund 2 | No Limit | 20% |
| NXJ | Nuveen New Jersey Dividend Advantage Municipal Fund   | No Limit | 20% |
| NZF | Nuveen Enhanced Municipal Credit Opportunities Fund   | No Limit | 20% |
| NZH | Nuveen California Dividend Advantage Municipal Fund 3 | No Limit | 20% |