

NUVEEN SELECT TAX FREE INCOME PORTFOLIO 3
Form N-Q
February 29, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

Investment Company Act file number 811-6693

Nuveen Select Tax-Free Income Portfolio 3
(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive, Chicago, Illinois 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Vice President and Secretary
333 West Wacker Drive, Chicago, Illinois 60606
(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 3/31

Date of reporting period: 12/31/11

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)
 Nuveen Select Tax-Free Income Portfolio 3 (NXR)
 December 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Alabama – 0.3%			
\$ 500	Marshall County Healthcare Authority, Alabama, Revenue Bonds, Series 2002A, 6.250%, 1/01/22	1/13 at 100.00	A–	\$ 505,975
	Alaska – 1.1%			
2,675	Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/32	6/14 at 100.00	B2	2,035,087
	California – 18.2%			
12,500	Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C, 0.000%, 9/01/35 – AGM Insured	No Opt. Call	AA–	2,660,375
2,105	Azusa Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2002, 5.375%, 7/01/21 (Pre-refunded 7/01/12) – AGM Insured	7/12 at 100.00	AA– (4)	2,159,772
1,000	California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Los Angeles County Securitization Corporation, Series 2006A, 5.600%, 6/01/36	12/18 at 100.00	B1	733,600
1,025	California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 5.000%, 6/01/26	6/15 at 100.00	BBB	851,693
3,350	California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 6.000%, 5/01/14 (Pre-refunded 5/01/12)	5/12 at 101.00	AA– (4)	3,447,720
2,595	California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37	4/16 at 100.00	A+	2,605,146
1,000	California Statewide Community Development Authority, Revenue Bonds, Methodist Hospital Project, Series 2009, 6.750%, 2/01/38	8/19 at 100.00	Aa2	1,151,180
345	California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Pooled Tobacco Securitization Program, Series 2002A, 5.625%, 5/01/29	No Opt. Call	B2	325,997
2,635	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement	No Opt. Call	A2	1,040,641

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	Asset-Backed Revenue Bonds, Series 2005A, 0.000%, 6/01/28 – AMBAC Insured			
3,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.750%, 6/01/39 (Pre-refunded 6/01/13) Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1:	6/13 at 100.00	Aaa	3,268,830
770	4.500%, 6/01/27	6/17 at 100.00	BBB–	636,166
1,985	5.000%, 6/01/33	6/17 at 100.00	BB+	1,390,890
4,055	Kern Community College District, California, General Obligation Bonds, Series 2003A, 0.000%, 3/01/28 – FGIC Insured	No Opt. Call	Aa2	1,604,969
11,985	Norwalk La Mirada Unified School District, Los Angeles County, California, General Obligation Bonds, Election of 2002, Series 2007C, 0.000%, 8/01/32 – AGM Insured	No Opt. Call	AA–	3,517,238
8,040	Placentia-Yorba Linda Unified School District, Orange County, California, Certificates of Participation, Series 2006, 0.000%, 10/01/34 – FGIC Insured	No Opt. Call	A+	1,959,509
1,500	Placer Union High School District, Placer County, California, General Obligation Bonds, Series 2004C, 0.000%, 8/01/32 – AGM Insured	No Opt. Call	AA	452,685
8,000	Poway Unified School District, San Diego County, California, School Facilities Improvement District 2007-1 General Obligation Bonds, Series 2009A, 0.000%, 8/01/32	No Opt. Call	Aa2	2,414,320
3,940	Rancho Mirage Redevelopment Agency, California, Tax Allocation Bonds, Combined Whitewater and 1984 Project Areas, Series 2003A, 0.000%, 4/01/35 – NPMFG Insured	No Opt. Call	A+	910,573
1,005	Riverside Public Financing Authority, California, University Corridor Tax Allocation Bonds, Series 2007C, 5.000%, 8/01/37 – NPMFG Insured	8/17 at 100.00	BBB	867,315
1,250	San Jose, California, Airport Revenue Bonds, Series 2004D, 5.000%, 3/01/28 – NPMFG Insured	3/14 at 100.00	A2	1,264,900
72,085	Total California Colorado – 8.0%			33,263,519
1,540	Arkansas River Power Authority, Colorado, Power Revenue Bonds, Series 2006, 5.250%, 10/01/40 – SYNCORA GTY Insured	10/16 at 100.00	BBB–	1,417,000
400	Colorado Department of Transportation, Certificates of Participation, Series 2004, 5.000%, 6/15/34 – NPMFG Insured	6/14 at 100.00	AA–	408,472
1,000	Colorado Health Facilities Authority, Colorado, Revenue Bonds, Valley View Hospital Association, Series 2007, 5.250%, 5/15/42	5/17 at 100.00	BBB+	938,730
2,000	Colorado Health Facilities Authority, Health Facilities Revenue Bonds, Sisters of Charity of	No Opt. Call	AA	2,037,640

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Leavenworth Health Services Corporation, Series 2010A, 5.000%,
1/01/40
Colorado Health Facilities Authority, Revenue Bonds, Catholic
Health Initiatives, Series 2002A:

		3/12 at		
2,265	5.500%, 3/01/22 (Pre-refunded 3/02/12)	100.00	AA (4)	2,285,453
		3/12 at		
1,735	5.500%, 3/01/22 (Pre-refunded 3/01/12)	100.00	Aa2 (4)	1,750,667
	Denver City and County, Colorado, Airport System Revenue Bonds,	No Opt.		
920	Series 1991D, 7.750%, 11/15/13	Call	A+	987,914
	(Alternative Minimum Tax)			
	Denver Convention Center Hotel Authority, Colorado, Revenue	12/13 at		
3,000	Bonds, Convention Center Hotel,	100.00	N/R (4)	3,254,670
	Senior Lien Series 2003A, 5.000%, 12/01/24 (Pre-refunded			
	12/01/13) – SYNCORA GTY Insured			
	E-470 Public Highway Authority, Colorado, Toll Revenue Bonds,	9/20 at		
4,360	Series 2004B, 0.000%, 9/01/28 –	63.99	BBB	1,480,656
	NPFG Insured			
17,220	Total Colorado			14,561,202
	Connecticut – 0.1%			
	Connecticut Health and Educational Facilities Authority, Revenue	7/12 at		
250	Bonds, Bridgeport Hospital	100.00	BBB	251,978
	Issue, Series 1992A, 6.625%, 7/01/18 – NPFG Insured			
	District of Columbia – 0.2%			
	District of Columbia Tobacco Settlement Corporation, Tobacco	5/12 at		
430	Settlement Asset-Backed Bonds,	100.00	A1	432,068
	Series 2001, 6.250%, 5/15/24			
	District of Columbia, General Obligation Bonds, Series 1993E,	6/12 at		
15	6.000%, 6/01/13 –	100.00	N/R (4)	15,071
	NPFG Insured (ETM)			
445	Total District of Columbia			447,139
	Florida – 0.5%			
	Hillsborough County Industrial Development Authority, Florida,	10/16 at		
1,000	Hospital Revenue Bonds, Tampa	100.00	A3	990,250
	General Hospital, Series 2006, 5.250%, 10/01/41			
	Illinois – 17.8%			
	Chicago Metropolitan Housing Development Corporation, Illinois,	7/12 at		
45	FHA-Insured Section 8 Assisted	100.00	AA	45,105
	Housing Development Revenue Refunding Bonds, Series 1992,			
	6.850%, 7/01/22			
	Illinois Finance Authority, Revenue Bonds, Loyola University of	No Opt.		
1,050	Chicago, Tender Option Bond	Call	Aa1	1,132,089
	Trust 1137, 9.274%, 7/01/15 (IF)			
	Illinois Finance Authority, Revenue Bonds, YMCA of Southwest	9/15 at		
2,185	Illinois, Series 2005, 5.000%,	100.00	Aa3	1,789,275
	9/01/31 – RAAI Insured			
	Illinois Finance Authority, Student Housing Revenue Bonds,	No Opt.		
750	Educational Advancement Fund Inc.,	Call	Baa3	742,755
	University Center Project, Series 2006B, 5.000%, 5/01/25			
	Illinois Health Facilities Authority, Remarketed Revenue Bonds,	2/12 at		
4,425	University of Chicago Project,	103.00	Aa1	4,567,087

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	Series 1985A, 5.500%, 8/01/20			
1,500	Illinois Health Facilities Authority, Revenue Bonds, Evangelical Hospitals Corporation, Series 1992C, 6.250%, 4/15/22 (ETM)	No Opt. Call	N/R (4)	1,939,935
360	Illinois Health Facilities Authority, Revenue Bonds, Holy Family Medical Center, Series 1997, 5.125%, 8/15/17 – NPMFG Insured	2/12 at 100.00	BBB	360,104
2,255	Illinois Health Facilities Authority, Revenue Refunding Bonds, Elmhurst Memorial Healthcare, Series 2002, 6.250%, 1/01/17	1/13 at 100.00	Baa1	2,319,065
880	Illinois Health Facilities Authority, Revenue Refunding Bonds, Rockford Health System, Series 1997, 5.000%, 8/15/21 – AMBAC Insured	2/12 at 100.00	N/R	845,495
2,215	Illinois Housing Development Authority, Homeowner Mortgage Revenue Bonds, Series 2006C2, 5.050%, 8/01/27 (Alternative Minimum Tax)	2/16 at 100.00	AA	2,252,079
5,700	Illinois, Sales Tax Revenue Bonds, First Series 2002, 5.000%, 6/15/22	6/13 at 100.00	AAA	5,985,741
1,000	Kankakee & Will Counties Community Unit School District 5, Illinois, General Obligation Bonds, Series 2006, 0.000%, 5/01/23 – AGM Insured	No Opt. Call	Aa3	603,960
	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 2002A:			
2,500	0.000%, 12/15/30 – NPMFG Insured	No Opt. Call	AAA	911,225
5,000	0.000%, 12/15/36 – NPMFG Insured	No Opt. Call	AAA	1,178,500
2,000	0.000%, 6/15/37 – NPMFG Insured	No Opt. Call	AAA	453,440
6,000	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 2002B, 5.000%, 6/15/21 – NPMFG Insured	6/12 at 101.00	AAA	6,114,298
1,300	Schaumburg, Illinois, General Obligation Bonds, Series 2004B, 5.250%, 12/01/34 – FGIC Insured	12/14 at 100.00	Aaa	1,405,859
39,165	Total Illinois Indiana – 6.1%			32,646,012
1,000	Franklin Community Multi-School Building Corporation, Marion County, Indiana, First Mortgage Revenue Bonds, Series 2004, 5.000%, 7/15/22 (Pre-refunded 7/15/14) – FGIC Insured	7/14 at 100.00	A+ (4)	1,113,780
3,500	Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Methodist Hospitals Inc., Series 2001, 5.375%, 9/15/22	3/12 at 100.00	BBB	3,383,590
1,570	Indiana Health Facility Financing Authority, Hospital Revenue Refunding Bonds, Columbus Regional Hospital, Series 1993, 7.000%, 8/15/15 – AGM Insured	No Opt. Call	AA–	1,724,488
2,000	Indianapolis Local Public Improvement Bond Bank, Indiana, Waterworks Project, Series 2002A, 5.250%, 7/01/33 (Pre-refunded 7/01/12) – NPMFG Insured	7/12 at 100.00	AA+ (4)	2,050,160
2,295			AA+	2,382,554

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	Shelbyville Central Renovation School Building Corporation, Indiana, First Mortgage Bonds, Series 2005, 4.375%, 7/15/25 – NPMG Insured	7/15 at 100.00		
1,000	Zionsville Community Schools Building Corporation, Indiana, First Mortgage Bonds, Series 2005Z, 0.000%, 7/15/28 – AGM Insured	No Opt. Call	AA–	467,870
11,365	Total Indiana			11,122,442
	Iowa – 1.7%			
2,745	Iowa Finance Authority, Health Facility Revenue Bonds, Care Initiatives Project, Series 2006A, 5.000%, 7/01/20	7/16 at 100.00	BB+	2,461,826
750	Iowa Tobacco Settlement Authority, Tobacco Asset-Backed Revenue Bonds, Series 2005B, 5.600%, 6/01/34	6/17 at 100.00	BBB	658,455
3,495	Total Iowa			3,120,281
	Kansas – 1.2%			
	Lawrence, Kansas, Hospital Revenue Bonds, Lawrence Memorial Hospital, Refunding Series 2006:			
1,425	5.125%, 7/01/26	7/16 at 100.00	A2	1,472,367
700	4.875%, 7/01/36	7/16 at 100.00	A2	702,527
2,125	Total Kansas			2,174,894
	Maine – 0.1%			
90	Maine Health and Higher Educational Facilities Authority, Revenue Bonds, Series 1999B, 6.000%, 7/01/19 – NPMG Insured	1/12 at 100.00	Aaa	90,352
	Massachusetts – 0.6%			
1,000	Massachusetts Development Finance Agency, Resource Recovery Revenue Bonds, Ogden Haverhill Associates, Series 1998B, 5.200%, 12/01/13 (Alternative Minimum Tax)	6/12 at 100.00	A–	1,001,040
15	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Partners HealthCare System Inc., Series 2001C, 6.000%, 7/01/17	7/12 at 100.00	AA	15,205
1,015	Total Massachusetts			1,016,245
	Michigan – 2.5%			
1,500	Detroit, Michigan, Sewer Disposal System Revenue Bonds, Second Lien, Series 2006B, 4.625%, 7/01/34 – FGIC Insured	7/16 at 100.00	A	1,412,925
2,655	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Trinity Health Credit Group, Series 2002C, 5.375%, 12/01/30	12/12 at 100.00	AA	2,677,382
245	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Trinity Health Credit Group, Series 2002C, 5.375%, 12/01/30 (Pre-refunded 12/01/12)	12/12 at 100.00	N/R (4)	256,527
250	Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Refunding Series 2009V, 8.250%, 9/01/39	9/18 at 100.00	A1	300,205
4,650	Total Michigan			4,647,039

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	Mississippi – 0.4%			
725	Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004B-1, 5.000%, 9/01/24	9/14 at 100.00	AA	755,363
	Nebraska – 1.9%			
3,500	Nebraska Public Power District, General Revenue Bonds, Series 2002B, 5.000%, 1/01/33 – AMBAC Insured	1/13 at 100.00	A1	3,535,945
	Nevada – 3.1%			
1,000	Clark County, Nevada, Passenger Facility Charge Revenue Bonds, Las Vegas-McCarran International Airport, Series 2010A, 5.250%, 7/01/42	1/20 at 100.00	Aa3	1,046,860
1,680	Reno, Nevada, Capital Improvement Revenue Bonds, Series 2002, 5.500%, 6/01/22 – FGIC Insured	6/12 at 100.00	A3	1,692,600
2,830	Reno, Nevada, Capital Improvement Revenue Bonds, Series 2002, 5.500%, 6/01/22 (Pre-refunded 6/01/12) – FGIC Insured	6/12 at 100.00	A3 (4)	2,892,939
5,510	Total Nevada			5,632,399
	New Hampshire – 0.2%			
415	New Hampshire Housing Finance Authority, Single Family Mortgage Acquisition Bonds, Series 2001A, 5.600%, 7/01/21 (Alternative Minimum Tax)	5/12 at 100.00	Aa3	433,173
	New Jersey – 2.4%			
4,570	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/28 – AMBAC Insured	No Opt. Call	A+	1,843,721
	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003:			
1,000	6.750%, 6/01/39 (Pre-refunded 6/01/13)	6/13 at 100.00	Aaa	1,092,270
1,355	6.250%, 6/01/43 (Pre-refunded 6/01/13)	6/13 at 100.00	Aaa	1,470,419
6,925	Total New Jersey			4,406,410
	New Mexico – 2.8%			
1,000	New Mexico Mortgage Finance Authority, Multifamily Housing Revenue Bonds, St Anthony, Series 2007A, 5.250%, 9/01/42 (Alternative Minimum Tax)	9/17 at 100.00	N/R	981,680
4,000	University of New Mexico, FHA-Insured Mortgage Hospital Revenue Bonds, Series 2004, 4.625%, 1/01/25 – AGM Insured	7/14 at 100.00	AA–	4,124,840
5,000	Total New Mexico			5,106,520
	New York – 0.7%			
1,000	Dormitory Authority of the State of New York, FHA Insured Mortgage Hospital Revenue Bonds, Kaleida Health, Series 2006, 4.700%, 2/15/35	8/16 at 100.00	AAA	1,010,840
35	New York City, New York, General Obligation Bonds, Series 1991B, 7.000%, 2/01/18	2/12 at 100.00	AA	35,189
265	Port Authority of New York and New Jersey, Special Project Bonds, JFK International Air Terminal LLC Project, Eighth Series 2010, 6.000%, 12/01/42	12/20 at 100.00	BBB–	279,538

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1,300	Total New York				1,325,567
	North Carolina – 2.9%				
	North Carolina Municipal Power Agency 1, Catawba Electric	1/13 at			
5,000	Revenue Bonds, Series 2003A, 5.250%,	100.00	A		5,231,850
	1/01/18 – NPMFG Insured				
	Ohio – 2.3%				
	Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco				
	Settlement Asset-Backed Revenue				
	Bonds, Senior Lien, Series 2007A-2:				
		6/17 at			
1,345	5.375%, 6/01/24	100.00	BB–		1,051,884
		6/17 at			
1,465	6.000%, 6/01/42	100.00	BB–		1,074,988
		6/17 at			
435	5.875%, 6/01/47	100.00	BB–		312,956
	Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco	6/22 at			
2,380	Settlement Asset-Backed Revenue	100.00	B+		1,711,339
	Bonds, Senior Lien, Series 2007A-3, 0.000%, 6/01/37				
5,625	Total Ohio				4,151,167
	Oklahoma – 1.7%				
	Oklahoma Development Finance Authority, Revenue Bonds, St.	2/14 at			
3,000	John Health System, Series 2004,	100.00	A		3,077,580
	5.000%, 2/15/24				
	Pennsylvania – 2.3%				
	Dauphin County Industrial Development Authority, Pennsylvania,	No Opt.			
2,435	Water Development Revenue	Call	A–		2,901,546
	Refunding Bonds, Dauphin Consolidated Water Supply Company,				
	Series 1992B, 6.700%, 6/01/17				
	Pennsylvania Higher Educational Facilities Authority, Revenue	7/13 at			
500	Bonds, Widener University,	100.00	BBB+		511,235
	Series 2003, 5.250%, 7/15/24				
	Pennsylvania Turnpike Commission, Motor License Fund-Enhanced	12/20 at			
1,000	Subordinate Special Revenue	100.00	AA		856,740
	Bonds, Series 2010B, 0.000%, 12/01/30				
3,935	Total Pennsylvania				4,269,521
	Puerto Rico – 2.2%				
	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue	8/19 at			
1,000	Bonds, First Subordinate Series	100.00	A+		1,097,140
	2009A, 6.000%, 8/01/42				
	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue				
	Bonds, Series 2007A:				
		No Opt.			
1,170	0.000%, 8/01/40 – NPMFG Insured	Call	Aa2		208,775
		No Opt.			
12,000	0.000%, 8/01/41 – NPMFG Insured	Call	Aa2		2,007,840
		No Opt.			
9,015	0.000%, 8/01/54 – AMBAC Insured	Call	Aa2		632,583
23,185	Total Puerto Rico				3,946,338
	South Carolina – 3.2%				
	Lexington County Health Service District, South Carolina, Hospital	11/13 at			
1,500	Revenue Refunding and	100.00	AA– (4)		1,654,620

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	Improvement Bonds, Series 2003, 6.000%, 11/01/18 (Pre-refunded 11/01/13)			
	Medical University Hospital Authority, South Carolina,	8/14 at		
1,500	FHA-Insured Mortgage Revenue Bonds, Series 2004A, 5.250%, 8/15/20 – NPFG Insured	100.00	BBB	1,597,350
	South Carolina JOBS Economic Development Authority, Economic Development Revenue Bonds, Bon	11/12 at		
520	Secours Health System Inc., Series 2002A, 5.625%, 11/15/30 (Pre-refunded 11/15/12)	100.00	A3 (4)	544,482
	South Carolina JOBS Economic Development Authority, Economic Development Revenue Bonds, Bon	11/12 at		
1,980	Secours Health System Inc., Series 2002B, 5.625%, 11/15/30	100.00	A–	1,985,544
5,500	Total South Carolina			5,781,996
	South Dakota – 1.1%			
	South Dakota Health and Educational Facilities Authority, Revenue Bonds, Avera Health, Series	7/12 at		
1,010	2002, 5.125%, 7/01/27 – AMBAC Insured	101.00	A+	1,024,160
	South Dakota Health and Educational Facilities Authority, Revenue Bonds, Sioux Valley	11/14 at		
1,000	Hospitals, Series 2004A, 5.250%, 11/01/34	100.00	AA–	1,014,780
2,010	Total South Dakota			2,038,940
	Tennessee – 1.1%			
	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue	4/12 at		
2,000	Bonds, Baptist Health System of East Tennessee Inc., Series 2002, 6.375%, 4/15/22 (Pre-refunded 4/15/12)	101.00	A1 (4)	2,055,900
	Texas – 9.2%			
	Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds, Series 2011,	1/21 at		
250	6.000%, 1/01/41	100.00	BBB–	254,608
	Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue	1/15 at		
1,500	Bonds, Series 2005, 5.000%, 1/01/45 – FGIC Insured	100.00	BBB	1,327,440
	Harris County Health Facilities Development Corporation, Texas, Thermal Utility Revenue Bonds,	11/13 at		
2,500	TECO Project, Series 2003, 5.000%, 11/15/30 – NPFG Insured	100.00	AA	2,560,750
	Harris County-Houston Sports Authority, Texas, Revenue Bonds, Junior Lien Series 2001H,	11/31 at		
1,525	0.000%, 11/15/36 – NPFG Insured	73.51	BBB	249,002
	Harris County-Houston Sports Authority, Texas, Revenue Bonds, Third Lien Series 2004-A3,	11/24 at		
510	0.000%, 11/15/32 – NPFG Insured	62.71	BBB	112,572
	Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Refunding Bonds, Series	11/30 at		
4,045	2001A, 0.000%, 11/15/38 – NPFG Insured	61.17	BBB	676,324
	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 2002B, 5.500%, 7/01/18	7/12 at		
3,000	(Pre-refunded 7/01/12) – AGM Insured	100.00	AA– (4)	3,079,770
	Katy Independent School District, Harris, Fort Bend and Waller Counties, Texas, General	2/12 at		
1,625		100.00	AAA	1,634,815

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	Obligation Bonds, Series 2002A, 5.000%, 2/15/32 (Pre-refunded 2/15/12)			
	North Texas Tollway Authority, First Tier System Revenue	1/25 at		
290	Refunding Bonds, Capital Appreciation	100.00	AA-	277,165
	Series 2008I, 0.000%, 1/01/42 – AGC Insured			
4,750	Sam Rayburn Municipal Power Agency, Texas, Power Supply	10/12 at		
	System Revenue Refunding Bonds, Series	100.00	BBB	4,854,975
	2002A, 5.500%, 10/01/17 – RAAI Insured			
1,750	Texas, General Obligation Bonds, Water Financial Assistance	8/13 at		
	Program, Series 2003A, 5.125%,	100.00	Aaa	1,766,888
	8/01/42 (Alternative Minimum Tax)			
21,745	Total Texas			16,794,309
	Utah – 0.8%			
5,465	Utah Transit Authority, Sales Tax Revenue Bonds, Series 2007A,	6/17 at		
	0.000%, 6/15/36 – NPFG Insured	38.77	A1	1,532,386
	Virginia – 0.5%			
1,000	Henrico County Economic Development Authority, Virginia,	No Opt.		
	Residential Care Facility Revenue	Call	BBB	966,860
	Bonds, Westminster Canterbury of Richmond, Series 2006, 5.000%,			
	10/01/35			
	Washington – 0.8%			
510	Port of Seattle, Washington, Revenue Bonds, Series 2001A, 5.000%,	4/12 at		
	4/01/31 – FGIC Insured	100.00	Aa2	510,479
990	Washington State Health Care Facilities Authority, Revenue Bonds,	1/21 at		
	Fred Hutchinson Cancer	100.00	A	1,021,739
	Research Center, Series 2011A, 5.625%, 1/01/35			
1,500	Total Washington			1,532,218
	Wisconsin – 1.2%			
2,145	Wisconsin, General Obligation Refunding Bonds, Series 2003-3,	11/13 at		
	5.000%, 11/01/26	100.00	AA	2,227,046
	\$			
261,565	Total Investments (cost \$175,553,882) – 99.2%			181,673,903
	Other Assets Less Liabilities – 0.8%			1,396,129
				\$
	Net Assets – 100%			183,070,032

Fair Value Measurements

Fair value is defined as the price that the Fund would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of December 31, 2011:

	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$—	\$181,673,903	\$—	\$181,673,903

During the period ended December 31, 2011, the Fund recognized no significant transfers to or from Level 1, Level 2 or Level 3.

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At December 31, 2011, the cost of investments was \$175,218,857.

Gross unrealized appreciation and gross unrealized depreciation of investments at December 31, 2011, were as follows:

Gross unrealized:	
Appreciation	\$ 8,564,707

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Depreciation	(2,109,661)
Net unrealized appreciation (depreciation) of investments	\$ 6,455,046

- (1) All percentages shown in the Portfolio of Investments are based on net assets.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Select Tax-Free Income Portfolio 3

By (Signature and Title) /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date February 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer (principal executive officer)

Date February 29, 2012

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date February 29, 2012