AllianceBernstein

Peter S. Kraus
Chairman and CEO

November 1, 2013

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: "Asset Management and Financial Stability"
Study by the Office of Financial Research

Dear Sirs/Madams:

AllianceBernstein L.P. ("AllianceBernstein") is a global asset management firm with approximately $436 billion in assets under management as of September 30, 2013. AllianceBernstein provides investment management services to both institutional and individual investors through a broad line of investment products. AllianceBernstein is a major mutual fund and institutional money manager and our clients include, among others, state and local government pension funds, universities, 401(k) plans, and similar types of retirement funds and private funds. The investors we serve include savers, pension beneficiaries, mutual fund investors and other "main street" stakeholders.

AllianceBernstein recognizes and supports the efforts of the and Securities and Exchange Commission ("SEC") to promote market reform and appreciates the opportunity to comment on the study entitled "Asset Management and Financial Stability" (the "Study") published by the Office of Financial Research of the Treasury Department ("OFR") and commissioned by the Financial Stability Oversight Council (the "FSOC"). We recognize the need for the FSOC and OFR to consider whether and to what extent threats to U.S. financial stability may arise from asset management and whether those threats can (and, if so, should appropriately) be addressed through prudential regulation, or some other regulatory scheme. As a registered investment adviser that would clearly be impacted by any regulation in the areas covered by the Study, we have an interest in the FSOC's and OFR's research in this regard.

AllianceBernstein is a member of the Asset Management Group (the "AMG") of the Securities Industry and Financial Markets Association ("SIFMA") and we participated in the working group that prepared the comment letter dated November 1, 2013 (the "SIFMA/IAA Letter"). AllianceBernstein fully endorses the SIFMA/IAA Letter and stands by the comments made therein. In addition, to supplement the points and analysis contained in the SIFMA/IAA letter, there are a number of additional points which we believe should be brought to the attention of the OFR and FSOC.

Market Liquidity And Its Impact On Fund Redemptions. We agree with the SIFMA/IAA letter that the conclusions reached in the study with respect to the risks associated with mutual fund redemptions are flawed. In this regard we would like to point out that it is important to consider the impact of market regulation on liquidity over all and to understand the potential for inappropriate or excessive regulation to constrain liquidity at crucial times, thereby increasing the risks associated with fund redemptions. In particular we believe that the proprietary trading restrictions contained in the Volcker rule could work, at times of market stress, to impact or to limit the ability of funds to meet their legal requirements with respect to client redemptions.

We would note in this regard that AllianceBernstein has previously commented on the Volcker rule and its potential impact on market liquidity (please see letter from Peter Kraus, Chairman and CEO of AllianceBernstein, dated November 16, 2011). This letter outlines not only the potential negative impact that inappropriate regulation can have on market-making activities but also outlines the impact of such regulation on the clients of investment managers and open end mutual funds in the areas of liquidity hedging activity and compliance burdens and costs.

In the context of the conclusions that appeared to have been reached in the Study, our point here is that the systemic risks that could spring from constrained liquidity and the corresponding pressure on funds in connection with redemptions is not a function of the regulatory environment for investment managers or mutual funds they sponsor and/or manage. In fact, we do not believe there are any major issues with current regulation at the investment manager or mutual fund level in this regard. Rather we believe that the imposition of restrictions which are poorly thought out and therefore inappropriate will have negative knock on effects for both investment managers and mutual funds.

Measurement And Regulation Of Leverage In US Mutual Funds. Another area of concern for AllianceBernstein, and we believe the US mutual fund industry in general, relates to the measurement and regulation of fund leverage and the incorporation of modern financial concepts such as the VaR into the regulatory and

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reporting scheme. This US Mutual Fund regulatory scheme stands in contrast to much of the rest of the world in that US regulation still relies primarily on measurement of actual borrowings as the sole metric for explicit leverage. This approach ignores the explicit leverage created by certain derivative instruments (which permits market participants significant leeway when computing the leverage created by these instruments) and mostly ignores the embedded leverage existing in many structured instruments.

In this regard we recognize that the SEC has previously issued a "Concept Release" that addresses these issues and in the process provides an appropriate vehicle for dealing with the realistic concerns facing the investment management industry with regard to appropriate measurement and regulation of leverage. We believe the focus of the regulators should be on completing the work started by the Concept Release and other similar initiatives.

Disclosure of Client Holdings. The study also appears to conclude that more detailed and granular reporting of individual client holdings is required from the standpoint of systemic stability. We disagree. From our perspective the study ignores the fact that individual accounts managed by most registered investment advisors are held at financial institutions which act as custodian for those assets and which are already subject to extensive reporting and "know your customer" requirements. In addition many of the client accounts managed by AllianceBernstein and our competitors are located in jurisdictions which impose not only their own reporting and know your customer/AML schemes but which have very strict and specific privacy rules. Accordingly the imposition of overreaching and unnecessary regulation and reporting requirements would not only be costly and wasteful but could have a very negative impact on the competitiveness of US invest in managers.

Conclusion. We appreciate the opportunity to comment afforded to us by the SEC, and stand ready to provide any additional information or assistance that the SEC or FSOC members might find useful. Should you have any questions, please do not hesitate to contact James P. Wallin, Senior Vice President, at 212-969-1348.

Very truly yours,

Peter S. Kraus