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OFFICE OF THE SECRETARY

November 7, 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:

Russell Investments appreciates the opportunity to provide our support of the recent comment letter by the Asset Management Group of the Securities Industry and Financial Markets Association ("SIFMA AMG") and the Investment Adviser Association ("IAA") expressing concern with 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 appreciate the initiative taken by the Securities and Exchange Commission (the "SEC"), our industry's primary regulator, to provide an opportunity for us to comment on the Study.

Russell Investments is a member of SIFMA AMG and was involved in the development of the SIFMA AMG/IAA letter. As explained in greater detail in the letter, we believe that the Study does not establish an accurate or effective understanding of the role of asset managers, the relationship between asset managers and the investment products they offer, and the factors that link asset managers and investment products to potential financial market distress. We agree that the Study should not serve as the basis for informed discussions about the asset management industry or any regulatory action, with respect to the entities, activities and markets that comprise the industry.

In particular, we fully support and agree with the following themes identified in the SIFMA AMG/IAA letter:

- The Study does not provide an accurate or comprehensive description of the asset management industry.
- The Study contains a number of unsupported conclusions and overly broad assertions – including mischaracterization of the role of asset managers, exaggeration of the risks associated with asset manager failure and overstatement of the risk of widespread redemption – that lead to an inaccurate view of the industry and are not likely to promote sound policy.



- The Study does not sufficiently account for existing regulation, including rules implemented since the financial crisis, that regulate investment advisers, funds and other investment vehicles, and the securities, derivatives and other investment instruments in which they invest.
- OFR used only a limited subset of available data in its research and, consequently, additional analysis is necessary to provide the FSOC a comprehensive view of the industry and its relevance to the financial stability of the United States.
- The Study does not address the fundamental questions a regulator must consider to evaluate the asset management industry and design and implement any additional regulation to address possible sources of risk within the industry, and cannot serve as the foundation for informed policy discussions.

In light of our views, Russell Investments joins with SIFMA AMG and IAA in requesting that the SEC recommend to the other members of the FSOC and OFR that the Study be withdrawn. The OFR should evaluate all available data before making any recommendations or requesting any further data from industry participants. In particular, we believe that it is important that the FSOC collaborate with the SEC and industry participants to better understand the asset management industry.

If you have any questions about our comments or would like additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth W. Willman".

Kenneth W. Willman  
Chief Legal Officer  
Russell Investments