March 4, 2022

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: ***File No. S7-07-15***

I am writing on behalf of AllianceBernstein L.P. ("AB" or "we") to request that the Securities and Exchange Commission ("Commission") consider our comments and suggestions on the Pay Versus Performance Proposal ("Proposed Rule"). These comments reflect the input of AB's Proxy Voting and Governance Committee as well as its investment leadership. They are based on our experience as a provider of investment research, diversified investment management and related services to a broad range of institutional, retail, and individual clients globally. As of January 31, 2022, our firm manages $751B in assets for institutional, retail, and private wealth management clients. Our high-quality, in-depth research is the foundation of our business. We believe that our global team of research professionals, whose disciplines include economic, fundamental equity, fixed income, and quantitative research, gives us a competitive advantage in achieving investment success for our clients.

As an investment adviser, we are shareholder advocates and have a fiduciary duty to make investment decisions that are in our clients' best interests. Evaluating portfolio companies' management accountability is one of the assessments we make as a responsible steward of our clients' investments, where executive compensation is deemed one of the core considerations next to other governance related measures. We appreciate the SEC's efforts to make the compensation disclosures more comprehensible and for the opportunity to comment on the Proposed Rule.

With these considerations and interests in mind, we respectfully propose that the Commission consider the following comments with respect to the Proposed Rule.

A. Metrics

While the net income metrics on both pre- and after-tax basis could give more context on the company's performance in addition to TSR, it would be an overstatement to conclude that a company's performance can be measured using a specific set of metrics across all industry sectors and market cap. For instance, some industry sectors require heavier capital expenditure. Some face greater threats from ongoing innovations in their sectors.[1] There are other company specific contexts, such as management transitions stemming from business transactions. AB would also raise a point that any metrics can be engineered, even the net incomes, as those can incorporate non-organic growth such as the merger driven increases. From the materiality perspective, the life-cycle stage of the company's business in addition to its operations tend to impact which metrics are more relevant for measuring performance. While it appears that the

1. https://hbr.org/2020/10/is-your-executive-compensation-plan-undermining-your-mission
2. https://source.wustl.edu/2016/03/research-reveals-dark-side-ceo-incentive-based-pay/

Proposed Rule attempts to capture this variability by incorporating a Company-Selected Measure, there are several challenges that could come with such flexibility provided for the issuers.

1. Much like the widespread criticisms towards qualitative metrics used for determining executive pay, subjectivity involved in selection of the metric without any guideline can lower the comparability across different compensation plans. Given that the selection of the metric is critical to strengthen the link between pay and performance for a metric-based compensation plan, metric selection plays an essential role.
2. However, we also acknowledge that company specific contexts require flexibility for issuers to select the relevant metrics in determining the executive pay.
3. As such, we would propose that the SEC provides guidelines for companies to consider in selecting metrics, which could include, but not limited to:

    - Balanced representation of income statement, cashflow statement and balance sheet ("the three financial statements") to indicate the company's financial health in terms of profitability, liquidity, and sustainability.
    - Companies should explain the link to its performance for selecting metrics that aren't reported as part of the three financial statements and/or qualitative in nature. They should clearly describe what actions each intend to encourage from the executives.
    - For incorporating environmental, social and governance ("ESG") related metrics, companies should describe how they are linked to their long-term strategy as a business and relationship to other financial metrics chosen as part of the compensation program. This is to avoid a check-the-box approach to ESG metrics that are being used as easy-to-achieve pay guarantee element of the variable incentive plans.

B. Disclosure

We appreciate the Proposed Rule's approach to a tabular format of the disclosure. If there are any differences between the time-period to which pay is attributed and the time-period in which the associated performance is reported, companies should discuss such gap underneath the table where TSR and other metrics are disclosed. Small Reporting Companies ("SRC"s) should be subject to the same set of requirements for disclosing their executive compensation programs, but with a grace period of one year.

C. Additional Elements to Consider

AB views executive compensation as one systematic way of establishing executive level accountability. One of the widely discussed topics of late has been integrating material ESG related metrics as part of executive compensation plans, which ideally would incentivize the company management to consider relevant ESG topics more seriously. However, conditioning a portion of executives' pay to an ESG metric does not guarantee a strategic integration of ESG factors into a company's business. As discussed above in section "A", metrics are not free from manipulation[2], both for quantitative and qualitative ones alike. Additionally, defining a set of

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metrics that universally captures a company's performance or value generation is not feasible with varying company specific contexts. Consequently, we think a stronger tie between a company's performance and its executive's pay should consider additional elements such as below, rather than narrowing the focus to metrics used:

1. A comprehensive clawback provision that recoups all elements of an executive's pay, including base salary, cash, and equity incentives. The clawback should be triggered, not only when a financial restatement occurs, but also when the company suffers a material failure of risk management as an entity under the executive's leadership
2. Limited windfall opportunities, such as repeated use of one-off awards or un-prorated separation pay arrangements. Front-loaded awards in cash in absence of any performance conditions are also scrutinized.

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AB appreciates the opportunity to respond to the reopened comment period of the Proposed Rule and appreciates the Commission's consideration of these suggestions.

Sincerely,

Michelle Dunstan
SVP, Chief Responsibility Officer

Diana Lee

Diana Lee
VP, Director of Corporate Governance

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