New York Life Investment Management LLC

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Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Study of Stable Value Contracts (Release No. 34-65153; File No. S7-32-11)

Dear Mr. Stawick and Ms. Murphy:

On behalf of New York Life Investment Management Company, a wholly-owned subsidiary of New York Life Insurance Company ("New York Life"), I appreciate the opportunity to provide information to assist the Commodity Futures Trading Commission ("CFTC") and the Securities and Exchange Commission ("SEC") fulfill the mandate to study whether stable value contracts ("SVCs") are swaps as defined under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank).

New York Life has over 30 years of experience in the stable value marketplace and currently provides services to over 450 retirement plans, managing a total $15 billion. Stable value investments offer millions of participants in retirement plans a conservative investment option that provides a positive return even when the financial markets experience volatility, such as the financial crisis of 2008. New York Life endorses the comments filed by our trade association partners, including the Stable Value Investment Association (SVIA) and the American Council of Life Insurers (ACLI), which provide additional information about SVCs and why these instruments do not fall within the definition of a swap.

In establishing a new derivatives regulatory framework, Congress was concerned about the potential harm that could occur from taking excessive risk and lack of transparency in this market. Title VII of the Dodd-Frank Act creates a formal regulatory structure for the entities and financial instruments that are not already subject to significant regulation and oversight. Life insurance companies are already comprehensively regulated. Stable value contracts offered by insurance companies are governed by stringent regulation under state insurance laws, which require insurance companies to establish reserves to support the guaranteed benefits provided. Further, regulatory requirements restrict the manner in which participant contributions are invested and limit hedging in derivatives transactions, adding additional protection against a risk of loss. Federal regulators also play a role in overseeing stable value investments, including the U.S. Department of Labor.

Stable value contracts also differ from swaps since they are supported by an underlying broadly diversified portfolio of high quality, conservative, fixed-income investments with an average duration of three years. There is no ability to trade SVCs. Stable value contracts are not marked to market, they are valued at the contract value. Each SVC is unique and tailored to meet the needs of a specific retirement plan based on individual needs of that plan.

If the CFTC and SEC were to determine that SVCs were swaps or should not be exempt from regulation, it is likely that state-regulated insurance companies would be unable to offer them to customers. Such a result would only harm participants in retirement plans who should have access to a conservative investment that provides positive returns. Historically, stable value funds have provided returns that exceed the returns of money market funds by 100 to 200 basis points. In 2009 through 2011, stable value funds returned over 3 percent, which is a significant premium over prevailing money market funds. The investment returns are not correlated to stocks, providing greater diversification to retirement plan participants and enhancing their retirement security.

New York Life appreciates the efforts of the CFTC and SEC in this important study. Please do not hesitate to contact me if you have additional questions.

Sincerely,

Alison H. Micucci

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Senior Managing Director
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cc: Drew Lawton
Ken Quann
Aruna Hobbs
Liz Varley