



DIVISION OF  
TRADING AND MARKETS

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

June 9, 2009

Mr. Mark D. Fitterman  
Morgan, Lewis & Bockius LLP  
1111 Pennsylvania Ave., NW  
Washington, DC 20004-2541

Re: **No-Action Request of Sanford C. Bernstein & Co., LLC**

Dear Mr. Fitterman:

We have received your letter of April 9, 2009 on behalf of Sanford C. Bernstein & Co., LLC (“Bernstein”) in which you request assurance that the Division of Trading & Markets (“Division”) will not recommend enforcement action against Bernstein with respect to certain possession and control requirements for uncertificated securities.

I understand the following facts to be pertinent to Bernstein’s request. The request pertains to certain uncertificated interests of Delaware Business Trusts (“DBTs”) and Cayman Islands domiciled corporate entities (“Hedge Funds”). These uncertificated interests consist of uncertificated “units” (the “Uncertificated Units”) of DBTs and uncertificated shares (the “Uncertificated Shares”) of Hedge Funds relating to the collective investment vehicles listed on Schedule A of your letter of April 9, 2009. Neither the Uncertificated Units nor the Uncertificated Shares are registered with the Securities and Exchange Commission (“Commission”) under the Securities Act of 1933 (“Securities Act”). Bernstein carries the Uncertificated Units and the Uncertificated Shares on its books and records for the relevant customer’s IRA account. In the case of the DBTs, Bernstein will notify The Northern Trust Company (“Northern Trust”), as custodial trustee, that it should register customer positions in the DBTs in Bernstein’s name for the benefit of the relevant customers. In the case of the Hedge Funds, Bernstein will notify HSBC Trustee (Cayman) Island Limited (“HSBC (Cayman) Trustee”) and State Street Cayman Trust Company Ltd (“State Street Cayman Trustee”), as applicable, that they should register customer positions in the Hedge Fund in Bernstein’s name for the benefit of the relevant customers.

Your letter pertains to the treatment of Northern Trust, HSBC (Cayman) Trustee or State Street Cayman Trustee, as the case may be, as good control locations for the funds listed on Schedule A to your letter of April 9, 2009 for purposes of paragraph (c)(7) of Rule 15c3-3 (17 CFR 240.15c3-3) (“Rule 15c3-3”) under the Securities Exchange Act

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of 1934 ("Exchange Act"). As you note in your letter, fully paid and excess margin securities carried by a broker-dealer for the account of a customer must be in the broker-dealer's "physical possession or control" pursuant to paragraph (b) of Rule 15c3-3.

It is the position of the Division that uncertificated securities will be deemed to be "under the control of a broker or dealer" pursuant to paragraph (c) of Rule 15c3-3, and the Division will not recommend enforcement action to the Commission, provided that the entity maintaining the list registering customer positions in such uncertificated securities meets any of the criteria of subparagraphs (1) through (6) of paragraph (c).<sup>1</sup>

It appears that Northern Trust may be a bank (as defined in Section 3(a)(6) of the Exchange Act), in which case the Uncertificated Units would be deemed to be under the control of a broker or dealer pursuant to paragraph (c)(5) of Rule 15c3-3. If Bernstein determines that Northern Trust is a bank, a consideration of whether Northern Trust is a good control location for purposes of paragraph (c)(7) of Rule 15c3-3 is unnecessary.

Based on the foregoing facts and representations, the Division will not recommend enforcement action to the Commission if Bernstein treats HSBC (Cayman) Trustee or State Street Cayman Trustee, as the case may be, as good control locations for the funds listed on Schedule A to your letter of April 9, 2009 for purposes of Rule 15c3-3(c)(7) under the Exchange Act, provided that:

- (a) Bernstein will carry the Uncertificated Shares "long" in customers' accounts;
- (b) Bernstein will reflect separately for the securities of each Hedge Fund all positions in its securities records or ledgers maintained pursuant to Rule 17a-3 under the Exchange Act (17 CFR 240.17a-3);
- (c) Bernstein does not become aware of any substantial problems of an operational nature which HSBC (Cayman) Trustee or State Street Cayman Trustee may be experiencing and which may endanger the interests of the customers;
- (d) Bernstein will obtain written assurances that the Uncertificated Shares are not subject to any right, charge, security interest, lien, or claim of any kind in favor of HSBC (Cayman) Trustee or State Street Cayman Trustee or any person claiming through HSBC (Cayman) Trustee or State Street Cayman Trustee;
- (e) The Uncertificated Shares are either registered with the Commission pursuant to the Securities Act, exempt from registration, or not required to be registered; and

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<sup>1</sup> Pursuant to paragraph (c)(4) of Rule 15c3-3, a broker-dealer wishing to use a "foreign depository, foreign clearing agency or foreign custodian bank" entity to maintain a list registering customer positions in uncertificated securities must apply to the Commission for approval as a foreign control location in order to meet the requirements of the rule. See Securities Exchange Act Release No. 10429 (October 12, 1973).

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(f) Bernstein will maintain in a separate file a current list of all collective investment vehicles of which interests will be carried on its books and records subject to the terms and conditions set forth above. The list will contain the name of the contact person, telephone number, and address for each collective investment vehicle.

You should understand that this is a staff position with respect to enforcement only, and does not purport to state any legal conclusions on this matter. The Division's position is confined to the facts as described herein. Any material change in circumstances may warrant a different conclusion and should be brought immediately to the Division's attention.

Sincerely,



Joseph I. Levinson  
Special Counsel

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**Mark D. Fitterman**  
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April 9, 2009

**VIA FACSIMILE AND MAIL**

Mr. Michael Macchiaroli  
Associate Director  
Division of Trading & Markets  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Re: Application for Control Location for Certain Uncertificated Securities Pursuant to  
Subparagraph (c)(7) of Rule 15c3-3

Dear Mr. Macchiaroli:

On behalf of our client Sanford C. Bernstein & Co., LLC ("Bernstein"), a registered broker-dealer, we request that the Division of Trading & Markets advise us that, on the basis of the facts stated herein, it will not recommend that the Securities and Exchange Commission ("Commission") take enforcement action against Bernstein if it carries on its books and records, for the account of customers, certain uncertificated interests of Delaware Business Trusts and Cayman Islands domiciled corporate entities (the "Uncertificated Securities") and treats the registrar and transfer agents of the Uncertificated Securities as good control locations for purposes of Rule 15c3-3(c)(7) under the Securities Exchange Act of 1934 ("Exchange Act").

The Uncertificated Securities consist of uncertificated "units" of Delaware Business Trusts (the "DBTs") and uncertificated shares of Cayman Islands exempted corporations (the "Hedge Funds") relating to the collective investment vehicles listed on Schedule A attached hereto. The Uncertificated Securities are not registered with the Commission under the Securities Act of 1933 ("Securities Act"). In each case, Bernstein carries the Uncertificated Securities on its books and records for the relevant customer's IRA account. In the case of the DBTs, Bernstein will notify The Northern Trust Company ("Northern Trust"), as custodial trustee, that it should register customer positions in the DBTs in Bernstein's name for the benefit of the relevant customers. In the case of the Hedge Funds, Bernstein will notify HSBC Trustee (Cayman) Island Limited ("HSBC Trustee") and State Street Cayman Trust Company Ltd ("State Street"),

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as applicable, that they should register customer positions in the Hedge Fund in Bernstein's name for the benefit of the relevant customers.<sup>1</sup>

Fully paid and excess margin securities carried by a broker-dealer for the account of a customer must be in the broker-dealer's possession or control pursuant to paragraph (b) of Rule 15c3-3 under the Exchange Act. As a general matter, Bernstein promptly obtains and maintains the physical possession or control of all fully paid securities and excess margin securities carried for the account of its customers. In the case of the Uncertificated Securities, however, as noted by the staff in previous no-action letters it may be difficult to comply with the physical possession or control requirement with respect to uncertificated securities.<sup>2</sup>

Since the DBTs and Hedge Funds do not issue certificates evidencing ownership of the Uncertificated Securities, upon the submission of an accepted subscription agreement, Bernstein will receive a confirmation and acknowledgment from Northern Trust, HSBC Cayman or State Street of the issuance of Uncertificated Securities.

Accordingly, with respect to the Uncertificated Securities, Bernstein requests that the Division not object to treating Northern Trust, HSBC Trustee or State Street, as the case may be, as good control locations for purposes of Rule 15c3-3(c)(7), provided that:

- (a) Bernstein will carry the Uncertificated Securities "long" in customers' accounts;
- (b) Bernstein will reflect separately for the securities of each DBT or Hedge Fund all positions in its securities records or ledgers maintained pursuant to Rule 17a-3 under the Exchange Act;
- (c) Bernstein does not become aware of any substantial problems of an operational nature which Northern Trust, HSBC Trustee or State Street may be experiencing and which may endanger the interests of the customers;

<sup>1</sup> All of the Hedge Funds are custodied by HSBC Trustee, except for the Bernstein Multi-Strategy Fixed Income Fund, which is custodied by State Street Bank.

<sup>2</sup> In previous Commission no-action letters relating to uncertificated limited partnership units, the Staff noted that such uncertificated units, if carried by a broker-dealer for the account of a customer, must be in the broker-dealer's possession or control pursuant to paragraph (b) of Rule 15c3-3. The Staff further noted that if no certificate is issued by the general partner, the broker-dealer could not have possession or control of the interests, but provided no-action relief for custody arrangements similar to those contemplated here, subject to certain conditions. We believe that the same analysis should apply to the treatment under Rule 15c3-3 of custodians for uncertificated "units" of Delaware Business Trusts and Cayman Island exempted corporations. See e.g., *Wayne Hummer & Co., SEC No-Action Letter, 1986 WL 65387* (S.E.C.) (public. avail. Apr. 8, 1986) and *Wilmer Cutler & Pickering, SEC No-Action Letter, 1997 SEC No-Act. LEXIS 791* (S.E.C.) (public. avail. Jul. 30, 1997).

**Morgan Lewis**

COUNSELORS AT LAW

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(d) Bernstein will obtain written assurances that the Uncertificated Securities are not subject to any right, charge, security interest, lien, or claim of any kind in favor of Northern Trust, HSBC Trustee, or State Street or any person claiming through Northern Trust, HSBC Trustee, or State Street;<sup>3</sup>

(e) The Uncertificated Securities are either registered with the Commission pursuant to the Securities Act, exempt from registration, or not required to be registered; and

(f) Bernstein will maintain in a separate file a current list of all collective investment vehicles of which interests will be carried on its books and records subject to the terms and conditions set forth above. The list will contain the name of the contact person, telephone number, and address for each collective investment vehicle.

Thank you for your assistance in this matter. If you have any questions or seek any additional information regarding this request, please feel free to call me at 202.739.5019.

Sincerely,



Mark D. Fitterman

cc: Thomas McGowan  
Joseph Levinson  
Cathleen Shine

<sup>3</sup> Bernstein has, in fact, obtained such a letter from HSBC Trustee. See attached Letter from HSBC Trustee (Cayman) Limited, dated December 20, 2007.

<u>SECURITY NAME</u>	<u>TYPE</u>	<u>REGISTRAR AND TRANSFER AGENT</u>
ALLIANCE INSTITUTIONAL FUNDS (VARIOUS)	DBT	NORTHERN TRUST
BERNSTEIN GLOBAL STRATEGIC VALUE-DBT	DBT	NORTHERN TRUST
EMERGING MARKETS VALUE-DBT	DBT	NORTHERN TRUST
AB INTL ALL COUNTRY STYLE BLEND-DBT	DBT	NORTHERN TRUST
BERNSTEIN INTL VALUE ALL COUNTRY-DBT	DBT	NORTHERN TRUST
BERNSTEIN TAX MGD GLOBAL STYLE BLEND SER-DBT	DBT	NORTHERN TRUST
BERNSTEIN GLOBAL STYLE BLEND SERIES-DBT	DBT	NORTHERN TRUST
BERNSTEIN TAX-MGD GLOBAL STYLE BLEND SER-DBT	DBT	NORTHERN TRUST
AB GLOBAL STRAT VALUE EXT SER	DBT	NORTHERN TRUST
EMERGING MARKET-DBT	DBT	NORTHERN TRUST
TAFT-HARTLEY INTL VALUE-DBT	DBT	NORTHERN TRUST
GLOBAL VALUE SECTOR-DBT	DBT	NORTHERN TRUST
TAX-MANAGED INTL BLEND-DBT	DBT	NORTHERN TRUST
TAX-MANAGED INTL VALUE-DBT	DBT	NORTHERN TRUST
INTL VALUE EAFE GDP 1/2 HEDGED-DBT	DBT	NORTHERN TRUST
INTL VALUE EAFE CAP UNHEDED-DBT	DBT	NORTHERN TRUST
BERNSTEIN INTL VALUE-DBT	DBT	NORTHERN TRUST
AB TAFT-HARTLEY INTL GROWTH SERIES-DBT	DBT	NORTHERN TRUST
AB TAFT-HARTLEY INTL VALUE SERIES-DBT	DBT	NORTHERN TRUST
AB-GLOBAL FUNDS	DBT	NORTHERN TRUST
AB INTL RESEARCH GR SER-DBT	DBT	NORTHERN TRUST
AB TAX MANAGED GSV EXT SER	DBT	NORTHERN TRUST
ADVANCED VALUE OFFSHORE FD LTD	HF	HSBC BANK
BERNSTEIN GLOBAL OPPORTS/DIVSFD FD LTD	HF	HSBC BANK
BERNSTEIN MULTI-STRATEGY FIXED INCOME FDS	HF	STATE ST
AB GLOBAL OPPORTUNITIES HEDGE FUND LTD	HF	HSBC BANK
BERNSTEIN INSTITUTIONAL GLOBAL DIVERSIFIED HEDGE FUND LTD	HF	HSBC BANK
AB GLOBAL DIVERSIFIED STRATEGIES LTD HEDGE FUND A	HF	HSBC BANK
AB GLOBAL DIVERSIFIED STRATEGIES LTD HEDGE FUND B	HF	HSBC BANK
AB GLOBAL DIVERSIFIED STRATEGIES LTD HEDGE FUND C	HF	HSBC BANK