August 2023

MIFIDPRU 8 Disclosure

1. Overview

1.1 Background

The Investment Firms Prudential Regime ("IFPR") is the Financial Conduct Authority's ("FCA") prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. IFPR came into force on 1 January 2022 and its provisions apply to AllianceBernstein Limited ("ABL" or "the Firm") as an FCA-authorised and regulated firm.

1.2 ABL Structure

ABL is an indirect, wholly-owned subsidiary of AllianceBernstein L.P. ("ABLP" or the "Parent"). The Parent is a publicly-reporting United States Securities and Exchange Commission-registered investment adviser.

ABL is regulated by the FCA (FRN 147956) and has two wholly-owned subsidiaries – AllianceBernstein Services Limited in the UK and AllianceBernstein (DIFC) Limited in the DIFC, Dubai, UAE from March 2023, which is regulated by the DIFC.

1.3 Application of Disclosure Requirements

IFPR has been implemented by the FCA through rules contained in the MIFIDPRU Sourcebook. Chapter 8 of MIFIDPRU sets out the disclosure requirements and this document has been prepared in accordance with these rules.

1.4 Frequency of Disclosures

These disclosures will be published at least once a year following approval of the Firm's Internal Capital Adequacy and Risk Assessment ("ICARA"), and alongside publication of the Firm's annual accounts. The disclosure may be updated more frequently in the event of a material business change.

1.5 Verification, Media and Location

These disclosures have been prepared solely for the purpose of fulfilling the Firm's MIFIDPRU 8 disclosure requirements and are not used by management for any other purpose. They have not been audited nor do they constitute any form of audited financial statement.

The Firm's Board of Directors (the "Board") is ultimately responsible for the Firm's systems and controls and for reviewing the effectiveness of those arrangements. However, such arrangements are designed to mitigate, not eliminate, risk and therefore can provide reasonable, but not absolute, assurance against material losses or financial misstatements.

These disclosures have been approved by the Firm's Board of Directors.

These disclosures will be published on the website of the Firm's Parent (www.alliancebernstein.com).

2. Governance of ABL

2.1 Board of Directors

ABL is governed by its Board of Directors. The Board is responsible for managing the affairs and activities of the Company in accordance with its Memorandum and Articles of Association and any laws, rules and regulations to which the Company is subject. Its roles include:

- Directing and controlling the policies, activities and business strategies of the Company;
- Overseeing the business and operations of the Company, including the review and implementation of business plans;
- Managing the financial, personnel and other resources of the Company;
- Ensuring that the Company can operate as a going concern including meeting its regulatory and other capital requirements;
- Identifying and monitoring key risks within the business and operations of the Company and ensuring that appropriate controls operate effectively to manage those risks;
- Reviewing reports and management information from the management team of the Company and setting and monitoring the completion of assignments by individual Directors or by staff members; and
- Ensuring that applicable legal and regulatory requirements are met.

ABL's governance arrangements are supported by Terms of Reference and job descriptions which set out managers' individual responsibilities, accountabilities, reporting lines and authority levels. The Senior Managers and Certification Regime ("SMCR") further formalises individual accountability and responsibility.

2.2 Audit, Risk & Compliance Committee

The Audit, Risk & Compliance Committee ("ARCC") is chaired by ABL's Chief Risk Officer and co-chaired by ABL's Heads of Compliance and Internal Audit. It is comprised of members of senior management. The EMEA Chief Operating Officer and SMF1 ("COO") is a member of the ARCC. The role of the Committee is one of oversight and guidance related to risk management including internal audit and regulatory compliance, and to advise the Board on the establishment, implementation, and maintenance of adequate policies and procedures relating thereto. It shall be the duty of the Committee to review and to escalate to the Board such issues as, in its reasonable opinion, warrant Board discussion and/or direction with appropriate recommendations or guidance.

The Committee shall advise the Board on:

- Incidents or errors with a net financial impact of £20,000 or more;
- Material regulatory breaches or enforcements;
- Internal Audit reports rated Needs Improvement or Ineffective; and
- External reviews with High Priority Findings or Recommendations.

2.3 Health & Safety Committee

The Health & Safety Committee is chaired by local Head of Facilities Management and is attended by the UK and European Chief Financial Officer ("CFO"). This Committee is responsible for the general oversight of safety arrangements at ABL's premises, for advising all managers and employees of their respective health and safety obligations and responsibilities, and for proposing ABL policies on health and safety related matters.

2.4 The Remuneration Committee

The Remuneration Committee is chaired by the CFO and its role is to support the COO in managing the remuneration affairs of ABL in accordance with the powers and discretions vested in him by the Board of Directors and the requirements of the FCA and other applicable regulatory bodies. Further detail on ABL's approach to Remuneration can be found in Section 5.

2.5 The Crisis Management Committee

The Crisis Management Committee is chaired by the COO and meets as required to focus on the Firm's preparedness for many different types of crisis event including material business-disruption events such as terrorism, cyber-attack or extreme weather events. The Committee is also the group of UK senior managers convened as a Crisis Response Team in the event of a crisis event.

2.6 Directorships

No ABL Board Directors hold executive or non-executive directorships outside of the AB Group.

2.7 Approach to Diversity

ABL aims to have a Board made up of individuals that have a variety of qualities, competencies and characteristics that provide new and challenging perspectives. ABL promotes diversity to strengthen the Board's ability to effectively govern the Firm and provide meaningful and important insights that will ultimately benefit the Firm, its people and the way it conducts its business. ABL has a policy on Promoting Diversity of the Board of Directors which commits the Board of Directors to self-evaluation and consideration of diversity as part of its selection process for new members of the Board.

3. Risk Management Objectives and Policies

3.1 Risk Framework and Appetite

ABL has adopted a Three Lines Model approach to risk management. The first line is comprised of Senior Managers of the Firm's business units and departments who are primarily responsible for identifying and managing risks in their area and for developing and communicating the policies, guidance and procedures necessary to manage those risks. The second line is comprised of the independent Risk and Compliance functions. The third line is the independent Internal Audit function.

ABL's approach to setting risk appetite first considers the risks inherent in each of its business activities and strategic objectives and then evaluates these risks. ABL's Board determines its appetite for each category of risk, and then monitors the risk level using a set of metrics designed to highlight changes which can potentially challenge currently stated risk appetite.

ABL's main areas of risk exposure are: Operational Risk, Business and Strategic Risk; Market Risk, Foreign Currency Risk, Counterparty Risk, Concentration Risk and Liquidity Risk. The most significant category is Operational Risk, which includes cyber, legal and regulatory risk, as well as technology and operations risk. ABL has clear risk management policies and practices and a robust governance framework in place to manage each category of risk.

Severe but plausible scenarios and stress tests are used to assess tail risks, including both financial and non-financial harm, as part of the ICARA process.

3.2 Categories of Risk

Business and Strategic Risk

Business and Strategic Risk is the risk that the Firm will not deliver its strategic business plan; will engage in activities that harm the success of the firm's plan or that market factors outside the business's control cause it to fail to deliver its plan. Business risk is a natural part of operating a business and is best assessed via stress testing the five-year financial forecast to show impact on both capital and liquidity resulting from material changes to the firm's financial forecast. Idiosyncratic and combined stress tests are used to identify material harms.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. ABL has a dedicated Risk Management function which facilitates the on-going identification, assessment, monitoring, controlling and mitigation of risks. The Audit, Risk & Compliance Committee escalates risks to the Board for consideration and potential management action.

Market Risk

Market risk arises in relation to the value of assets under management that underpin revenue streams. The Firm's balance sheet is not directly impacted by market risk as it does not hold any material proprietary positions. The management of market risk is considered within business risk as it refers to the investment performance of our client products.

Foreign Exchange Risk

Foreign Exchange Risk is the exposure of a firm's financial positions to adverse movements in exchange rates. The Firm is primarily exposed to Foreign Currency Risk from its non-sterling revenue streams and from its non-sterling assets and liabilities such as cash and net counterparty trade receivables and creditors. The Firm actively manages its cash balances and converts surplus foreign currency balances to sterling on a fortnightly basis~~.~~

Counterparty Risk

ABL's counterparty risk arises from its cash deposits with banks and financial institutions, as well as credit exposures to debtors in respect of outstanding receivables. Cash deposits are held with high quality institutions which are regularly monitored. There are also regular credit control monitoring processes whereby aged receivables are reviewed and where appropriate, an amount set aside as provision for debts that are not expected to be collected in full.

Liquidity Risk

Liquidity risk is the risk that current assets are not readily convertible to cash, that funds are either not available to service day-to-day funding requirements or are only available at a high cost or need to be arranged at a time when market conditions are unfavourable and consequently the terms are onerous.

The liquidity requirements for ABL arise from day-to-day routine financial activities including the settlement of non-trading book creditors, accounts payable and payroll, offset by the receipt of non-trading book receivables, particularly non-trading accounts receivable.

Whilst a certain amount of cash volatility is an inevitable consequence of general business activities, ABL maintains controls to reduce this volatility through regular cash forecasting. ABL retains a mixture of substantial cash balances and is confident of being able to settle transactions and continue operations even in the most difficult foreseeable circumstances. Cash requirements are monitored and forecasted on a regular basis.

The Firm is not exposed to any significant liquidity risk as it funds its business from its internal resources, does not have client money and does not have trading book positions and therefore no settlement risk.

Concentration Risk

ABL's concentration risk arises from two material sources: 1. concentration of counterparties which hold cash in deposit on ABL's balance sheet; and 2. concentration of revenue from clients or products.

The Firm monitors cash concentration at its counterparties as part of its monthly financial reviews; and concentration of products and clients is consistently under review in the first line, as the Firm's business model includes significant strategic diversifications for product and client base.

4. Own Funds

4.1 Composition of Regulatory Own Funds

The Firm's own funds are CET1 and T2 capital. At 31 December 2022 and during the year, the Firm complied with all externally imposed capital requirements in accordance with the rules set out in IFPR (from 1st January 2022). Tier 1 capital consisted of fully issued ordinary shares, satisfying all the criteria for a Tier 1 instrument as outlined in the IFPR, and audited reserves. Tier 2 capital consists of fully issued preference shares.

Table OF1 - Composition of regulatory own funds

	Item	Amount (£ '000)	Source based on reference numbers / letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**135,747**	
2	**TIER 1 CAPITAL**	**126,095**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**126,095**	
4	Fully paid-up capital instruments	9,635	Note 21
5	Share premium		
6	Retained earnings	120,582	Note 23
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-4,122	Note 18
19	CET1: Other capital elements, deductions and adjustments	-0	Note 15
20	**ADDITIONAL TIER 1 CAPITAL**	**0**	
21	**Fully paid up, directly issued capital instruments**		
22	**Share premium**		
23	**(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1**		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	**TIER 2 CAPITAL**	**9,652**	
26	Fully paid up, directly issued capital instruments	9,652	Note 21
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

4.2 Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

The table below shows a reconciliation with own funds in the balance sheet where assets and liabilities have been broken down by asset and liabilities classes respectively. The information in the table below reflects the balance sheet in the audited financial statements.

Table OF2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Amount (£ '000)		a Balance sheet as in published / audited financial statements As at period end	b Under regulatory scope of consolidation As at period end	c Cross-reference to template OF1
Assets				
1	Property, plant and equipment	25,320		
2	Other receivables	3,021		Item 11
3	Shares in group undertakings	0		Item 19
4	Trade and other receivables	59,499		Item 11
5	Cash at bank and in hand	101,492		
6	**Total Assets**	**189,332**		Item 11, 19
Liabilities				
1	Creditors: amounts falling due within one year	40,685		
2	Creditors: amounts falling due after more than one year	6,875		
3	**Total Liabilities**	**47,560**		

Capital and reserves				
1	Called up share capital	19,287		
2	Profit for the financial year	40,324		
3	Retained earnings	80,257		
4	Merger reserve	1,904		
5	**Total Shareholders' funds**	**141,772**		

5. Own Funds Requirements

5.1 Own Funds Requirements Summary

ABL's Own Funds Requirement ("OFR") is equal to its Fixed Overheads Requirement (FOR) as this is greater than its K-Factor Requirement ("KFR") and Permanent Minimum Capital Requirement ("PMR").

Own Funds Requirement Summary	£'000
The highest of:	
(a) Permanent Minimum Requirement	75
(b) K-Factor Requirement	11,542
(i) K-AUM	*11,442*
(ii) K-COH	*100*
(c) Fixed Overhead Requirement	18,319
Own Funds Requirement - highest of a, b, c	**18,319**

5.2 Internal Capital and Risk Assessment ("ICARA") Process

ABL is required to assess its own funds and liquidity requirements and ensure sufficient own funds and liquid assets are held to meet the Overall Financial Adequacy Rule ("OFAR"). The Firm undertakes its ICARA process at least once annually (or as material changes in conditions warrant). The Firm's most recent ICARA document was approved by the Board on 5 July 2023.

As part of the ICARA process, ABL has established its Own Funds Threshold Requirement ("OFTR"), its Liquid Assets Threshold Requirement ("LATR") and its Total Capital Requirement. This assessment involves addressing any potential harm from ongoing activities as well as an Orderly Wind-down scenario. The ICARA is undertaken on a proportionate basis, considering the Firm's size, and the nature and complexity of its activities.

5.3 Liquidity Requirements

ABL must hold an amount of core liquid assets equal to the sum of one third of its FOR and 1.6% of the total amount of any guarantees provided to clients, as well as conducting further assessments to establish the LATR.

The Firm regularly reviews key elements of the liquid assets assessment, determining that these remain appropriate to cover the liquidity related risks of the Firm. Liquidity stress testing is also conducted as part of the ICARA process. The Firm has a Liquidity Risk Management Framework and Contingency Funding Plan in place.

5.4 MIPRU Requirements

The Firm is also required to hold Professional Indemnity Insurance (PII), in connection with certain aspects of its Defined Contribution (DC) business. There is sufficient cover at AllianceBernstein Group level to satisfy the insurance limits and £134,000 has been set aside to satisfy the Firm's additional capital requirements relating to its insurance mediation activity. While the Firm maintains various insurance arrangements which could potentially mitigate certain risks, the Firm's capital calculations do not take such potential benefits into consideration.

5.5 Total Capital Requirement

The Firm has a simple capital structure and does not use any exotic capital instruments. A summary of the Firm's capital requirements and resources appear in the tables below:

Total Capital Requirement	£'000
The sum of:	
- Own Funds Threshold Requirement	56,400
- MIPRU requirement (highest value as set out by MIPRU 3.2.14)	134
Total Capital Requirement	**56,534**

Capital Summary as at December 31st 2022	**£'000**
Current total capital	141,772
Additional capital required for insurance mediation activity	134
Own Funds Threshold Requirement	56,400
Surplus capital	85,238

6. Remuneration

In accordance with the requirements of the Remuneration Code, and on a proportionate basis, the Firm has adopted a Remuneration Policy which has been approved by the Firm's Board. The determination of the policy was based on guidance provided by the FCA and subject to input and review by the Firm's Control Functions and People department.

The policy clearly outlines control and governance requirements, links between pay and performance and the role and responsibilities of relevant stakeholders. To oversee the implementation of this policy the ABL Board established the Remuneration Committee as described at section 2.4 above.

ABLP also has a Compensation Committee with general oversight and policy making powers over compensation matters for all employees of ABLP and its subsidiaries. The Compensation Committee is responsible for ensuring that remuneration and incentives within ABLP and its subsidiaries are aligned with organisational strategy, do not reward undue risk-taking or failure and is awarded fairly based on individual, business unit and firm-wide performance.

The Compensation Committee and ABL Remuneration Committee seek to ensure that the remuneration policies and practices of the firm are aligned with its duty to manage conflicts fairly, so not to create incentives that may lead Relevant Persons to favour their own or the firms' interests to the potential detriment of clients. The remuneration committee expects all staff to act in the best interests of their clients.

Material Risk Takers ("MRTs")

ABL has defined its MRTs based on the requirements and guidance laid out in SYSC 19G.5.3 and 19G.5.5. As at 31 December 2022, the Firm has identified 24 employees as MRTs. This includes MRTs employed by other AB Group companies. Of the 24 MRTs, 22 are also Senior Managers. The Firm has also identified 6 further Senior Managers, who are not defined as MRTs. In accordance with MIFIDPRU 8.6.8R (7) quantitative disclosures at section 6.1 are aggregated for Senior Managers and Other MRT's to prevent identification of an individual MRT.

6.1 Quantitative Disclosures

	Senior Managers & Other Material Risk Takers (£'000)	Other Staff (£'000)
Total Fixed Remuneration	7,316	24,793
Total Variable Remuneration	30,938	24,600

There are no items to disclose in relation to MIFIDPRU 8.6.8R (5) for the 2022 performance year.

Aggregate remuneration disclosed includes:

- Annual base salaries as at 31 December 2022;
- Cash bonus awards for the 2022 performance year; and
- Deferred awards for 2022.