

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
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1. Name and Address of Reporting Person* <u>HEFFERNAN EDWARD J</u> (Last) (First) (Middle) 7500 DALLAS PARKWAY, SUITE 700 (Street) PLANO TX 75024 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ALLIANCE DATA SYSTEMS CORP [ADS]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>President and CEO</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>02/15/2018</u>	
		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/15/2018		A ⁽¹⁾		5,912	A	(1)	246,114	D	
Common Stock	02/15/2018		A ⁽²⁾		11,824	A	(2)	257,938	D	
Common Stock	02/15/2018		A ⁽³⁾		11,824	A	(3)	269,762	D	
Common Stock	02/15/2018		A ⁽⁴⁾		2,982	A	(4)	272,744	D	
Common Stock	02/15/2018		F ⁽⁵⁾		2,881	D	\$243.99	266,484 ⁽⁶⁾⁽⁷⁾	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

Explanation of Responses:

- The new grant is for 5,912 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,950 units on 2/15/19, on 1,951 units on 2/18/20 and on 2,011 units on 2/16/21, subject to continued employment by the Reporting Person on the vesting dates.
- The new grant is for 11,824 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the performance restriction lapses. The restriction may lapse with respect to 33% of such shares on each of 2/15/19 and 2/18/20 and with respect to 34% of such shares on 2/16/21 contingent on meeting an EBT metric for 2018 and subject to continued employment by the Reporting Person on the vesting dates.
- The new grant is for 11,824 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the performance restriction lapses. The restriction may lapse with respect to 100% of such shares on 2/18/20 contingent on meeting a relative total shareholder return metric for 2018 and 2019 and subject to continued employment by the Reporting Person on the vesting dates.
- Based on the Company's EBT performance in 2017, 150% of the original award of 5,964 performance-based restricted stock units granted 2/15/17 were earned, resulting in an additional 2,982 units, for a total of 8,946 units. The restrictions will lapse with respect to 4,473 units on 2/15/19, subject to continued employment by the Reporting Person on the remaining vesting dates.
- Shares withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock units.
- The total number of securities beneficially owned includes: (a) 196,502 unrestricted shares; (b) 1,297 unvested units from an award of 3,814 time-based restricted stock units granted 2/17/15; (c) 5,188 unvested units from an award of 15,257 performance-based restricted stock units granted 2/17/15; (d) 3,367 unvested units from an award of 5,026 time-based restricted stock units granted 2/16/16; (e) 5,994 unvested units from an award of 8,947 performance-based restricted stock units granted 2/16/16; (f) 3,738 unvested units from an award of 5,578 time-based restricted stock units granted 2/15/17; (g) 5,210 unvested units from an award of 7,776 performance-based restricted stock units granted 2/15/17; (h) 11,155 unvested performance-based restricted stock units granted 2/15/17; (i) 4,473 unvested units from an award of 8,946 performance-based restricted stock units granted 2/15/17; (j) the new grant for 5,912 time-based restricted stock units;
- Based on the Company's EBT performance in 2017, 69.7% of the original award of 11,155 performance-based restricted stock units granted 2/15/17, or 7,776 units, were earned. The restrictions will lapse with respect to 2,566 units on 2/15/19 and with respect to 2,644 units on 2/18/20, subject to continued employment by the Reporting Person on the remaining vesting dates.

Remarks:

(6) Continued from above: (k) the new grant for 11,824 performance-based restricted stock units; and (l) the new grant for 11,824 performance-based restricted stock units.

Cynthia L. Hageman, Attorney 02/20/2018
in Fact

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.