



STATE STREET
For Everything You Invest In™

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March 13, 2006

Robert E. Feldman
Executive Secretary
ATTN: Comments/Legal ESS
Federal Insurance Deposit Corporation
550 17th Street, NW
Washington, DC 20429
comments@FDIC.gov

Dear Sir:

State Street Corporation appreciates the opportunity to comment on the Advanced Notice of Proposed Rulemaking (ANPR) issued by the Federal Deposit Insurance Corporation (FDIC) on December 13, 2005, related to changes in the large bank deposit insurance determination process.

Headquartered in Boston, Massachusetts, State Street specializes in providing institutional investors with investment servicing, investment management and investment research and trading. With \$10.1 trillion in assets under custody and \$1.4 trillion in assets under management, State Street operates in 25 countries and 100 markets worldwide. Since the focus of State Street's business model is the servicing of institutional investors, we have very few direct relationships with individuals or other traditional retail banking customers.

While our role within the global custody industry is substantial, State Street's core client base results in the operation of far fewer insured deposit accounts than the 250,000 account threshold for covered banks under the FDIC's proposal. State Street does however exceed the \$20 billion total asset threshold posed by the FDIC as a possible secondary trigger for coverage under the proposed new system, and, therefore falls into the category of a "potentially" covered institution. We expect this is also true with respect to some of our competitors within the global custody industry who are not involved in the provision of retail banking services.

Notwithstanding our status as a large and internationally active bank, from an insurance determination process, State Street's profile is no more complex than that of a small to

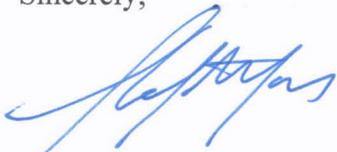
medium sized bank. In addition to the small number of insured deposit accounts which we maintain, we would note that the ratio of our estimated deposit insurance assessment base to our estimated FDIC deposit insurance coverage is substantially lower than nearly all other US banks. As such, the potential exposure which State Street poses to the FDIC is modest and should create few, if any, of the complicated insurance determination challenges the FDIC's ANPR is attempting to address. Therefore, State Street urges that the definition of a covered institution as currently found within the ANPR not be extended to banks with fewer than 250,000 deposit accounts.

State Street has reviewed the three options presented in the ANPR for implementing a new large bank insurance determination process. As noted above, we believe none of these options are necessary or appropriate for a bank meeting State Street's particular profile. Among the options presented however, it appears that Option #2 would be the least burdensome. Nevertheless, we would anticipate substantial compliance costs, particularly when the cost is compared with the small number of accounts involved and the minimal benefit to the FDIC's insurance determination ability. The additional requirement found within Option #1 to incorporate within our systems a unique client identification code for transmittal to the FDIC is of even greater concern, especially since there is no consensus that such a code would greatly facilitate the deposit insurance determination process beyond what is assured via existing criteria such as a client's tax identification number.

In summary, State Street strongly believes that the scope of any new insurance determination system should not extend beyond the core definition proposed in the FDIC's ANPR. Extending the coverage beyond institutions with 250,000 or more accounts will result in unnecessary and burdensome compliance costs with little or no corresponding benefit to the FDIC. Should the FDIC nonetheless decide to cover institutions with State Street's profile, we urge the adoption of a system that is most cost effective and consistent with the data that insured institutions currently maintain. Of the options presented in the ANPR, Option #2 comes closest to meeting these criteria.

Thanks you once again for the opportunity to comment on this important ANPR. State Street is happy to discuss the details of its response with the FDIC as it may deem helpful.

Sincerely,



Stefan Gavell
Executive Vice President
Regulatory & Industry Affairs