



# **Resolution Plan for State Street Corporation**

## **Section 1: Public Section**

**July 1, 2015**

**Where you can find more information:**

State Street Corporation ("SSC") files annual, quarterly and current reports, proxy statements and other information with the SEC. SSC's SEC filings are available to the public over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of certain information filed by SSC with the SEC are also available on SSC's website at [www.statestreet.com](http://www.statestreet.com). SSC's website is not a part of this document. You may also read and copy any document SSC files at the SEC's public reference room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

You may request a copy of these filings, at no cost, by writing or telephoning SSC at the following address:

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One Lincoln Street  
Boston, Massachusetts 02111  
Telephone: (617) 786-3000  
Attn: Corporate Secretary

Except as specifically incorporated by reference into this document, information contained in these filings is not part of this document. Certain information in this document has been extracted from SSC's Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K") and the Quarterly Report for the period ended March 31, 2015 (the "First Quarter Form 10-Q") filed with the SEC. Information contained in reports and other filings SSC makes or had made with the SEC subsequent to the date of the 2014 Form 10-K and First Quarter Form 10-Q may modify or update and supersede the information contained in the 2014 Form 10-K, the First Quarter Form 10-Q and provided in this document. It should be assumed that the information appearing in this document that was extracted from the 2014 Form 10-K is accurate only as of the date of the 2014 Form 10-K and that the information appearing in this document that was extracted from the First Quarter Form 10-Q is accurate only as of the date of the First Quarter Form 10-Q. SSC's business, financial position and results of operations may have changed since those dates.

**Forward Looking Statements:**

This document and any documents incorporated by reference herein contain statements that are considered "forward-looking statements" within the meaning of U.S. securities laws. Terminology such as "plan," "expect," "intend," "objective," "forecast," "outlook," "believe," "anticipate," "estimate," "seek," "may," "will," "trend," "target," "strategy" and "goal," or similar statements or variations of such terms, are intended to identify forward-looking statements, although not all forward-looking statements contain such terms.

Forward-looking statements are subject to various risks and uncertainties, which change over time, are based on management's expectations and assumptions at the time the statements are made, and are not guarantees of future results. Management's expectations and assumptions, and the continued validity of the forward-looking statements, are subject to change due to a broad range of factors affecting the national and global economies, regulatory environment and the equity, debt, currency and other financial markets, as well as factors specific to SSC and its subsidiaries, including State Street Bank and Trust Company. Factors that could cause changes in the expectations or assumptions on which forward-looking statements are based cannot be foreseen with certainty and include, but are not limited to those described in the 2014 Form 10-K and the First Quarter Form 10-Q, as well as in subsequent filings made with the SEC.

Actual outcomes and results may differ materially from what is expressed in SSC's forward-looking statements and from SSC's historical financial results due to, among others, the factors disclosed in SSC's SEC filings, including the risk factors discussed in the 2014 Form 10-K. Forward-looking statements included in this document should not be relied on as representing SSC's expectations or beliefs as of any date subsequent to the time this document is submitted to the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation. SSC undertakes no obligation to revise its forward-looking statements after the time they are made. The factors discussed above are not intended to be a complete statement of all risks and uncertainties that may affect SSC's businesses. SSC cannot anticipate all developments that may adversely affect its business or operations or its consolidated results of operations or financial condition.

SSC's resolution plan, which is summarized in this document, is not binding on a bankruptcy court or other resolution authority and the proposed failure scenario and associated assumptions are hypothetical and do not necessarily reflect an event or events to which SSC is or may become subject.



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## I. Introduction

State Street Corporation (“SSC” and, together with its subsidiaries on a consolidated basis, “State Street”) is required to prepare a resolution plan pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and rules issued by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (the “FDIC”). State Street supports regulatory changes made since 2008 that mitigate systemic risk and improve global financial stability and believes that resolution planning is a key element of those changes.

Section 165(d) of the Dodd-Frank Act and its implementing rule jointly issued by the Federal Reserve and the FDIC (the “165(d) Rule”) require bank holding companies with assets of \$50 billion or more, including SSC, to submit to the Federal Reserve, the FDIC and the Financial Stability Oversight Council (“FSOC”), and periodically update, a plan for rapid and orderly resolution in the event of material financial distress or failure (a “Resolution Plan”). State Street’s Resolution Plan must consider how a hypothetical reorganization or liquidation of SSC under the U.S. Bankruptcy Code could be accomplished within a reasonable period of time and in a manner that substantially mitigates the risk that the failure of SSC would have serious adverse effects on U.S. or global financial stability.

State Street considers resolvability as one part of its strategy and execution of its operating model. Significant resources, including executive management focus, are devoted to resolution planning, in order to establish a robust governance structure, to satisfy all regulatory guidance and requirements and to continue to refine State Street’s organization and operations, further enhancing resolvability. This Public Section provides an overview of State Street’s business and its systemic significance; its resolution priorities and strategy; and its significant and ongoing efforts to improve resolvability, including the actions State Street has taken to respond directly to the shortcomings identified by the Federal Reserve and the FDIC in their joint press release issued on August 5, 2014.<sup>1</sup> The remainder of this Public Section provides an overview of State Street’s Material Entities and Core Business Lines as well as other information required by the 165(d) Rule.

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<sup>1</sup> Press Release, Federal Reserve and FDIC, Agencies Provide Feedback on Second Round Resolution plans of “First-Wave” Filers (Aug. 5, 2014), available at <http://www.federalreserve.gov/newsevents/press/bcreg/20140805a.htm>.

## A. State Street's Business

SSC is a bank holding company organized in 1969 under the laws of the Commonwealth of Massachusetts that has elected financial holding company status under the Bank Holding Company Act of 1956 (the "BHC Act"). State Street is one of the world's largest custody banks; through its Global Custody Core Business Line ("Global Custody"), State Street provides a range of integrated traditional custody services, such as transaction processing and settlement, safekeeping and reporting, asset servicing and cash services. Global Custody also provides services that are related to custody, such as fund accounting and administration, middle-office outsourcing and transfer agency and other non-custodial services, such as securities lending and foreign exchange ("FX") services. State Street's second Core Business Line, the Investment Management Core Business Line ("Investment Management") operates under the brand names State Street Global Advisors and SSGA. Investment Management is the investment advisory business of State Street, offering a range of services and products supporting the needs of State Street's global client base. It is a market leader in the management of passive investment products and the sponsorship of exchange-traded funds ("ETFs"). State Street's clients are institutional investors, including mutual funds, collective investment funds and investment pools, corporate and public retirement plans, insurance companies, foundations, endowments and investment managers. With its 29,970 employees and 29 offices located around the world, State Street's financial services and products allow these large institutional investors to execute financial transactions on a daily basis in over 100 geographic markets.

State Street's wholly-owned banking subsidiary, State Street Bank and Trust Company ("SSBT"), a Massachusetts-chartered trust company and member bank of the Federal Reserve, is the principal operating entity for these two Core Business Lines and for State Street as a whole. As a consolidated entity including its branches and subsidiaries, SSBT accounted for approximately 98% of State Street's total consolidated assets as of December 31, 2014. SSBT is also the primary participating and contracting entity with the network of financial market utilities ("FMUs"), sub-custodians and correspondent banks through which Global Custody delivers its custodial services. The value and systemic significance of SSBT derive from both the range of custody and related services that State Street offers to its clients and the interconnected and synergistic nature of those services.

SSBT's operations, and consequently its balance sheet and off-balance sheet exposures, differ significantly from that of a global universal bank. SSBT's balance sheet is driven by client deposits that

consist primarily of balances arising from clients' transactions in and holding of securities and other financial instruments; deposits are thus a product of SSBT's custody activities. Assets that it holds as a custodian on behalf of its clients are substantially greater than its proprietary assets and deposit liabilities. Relative to State Street's balance sheet assets (\$274.12 billion as of December 31, 2014), State Street has many more assets under custody and administration ("AUCA") for Global Custody clients (\$28.19 trillion as of December 31, 2014) and assets under management ("AUM") for Investment Management clients (\$2.45 trillion as of December 31, 2014). Consistent with U.S. generally accepted accounting principles ("GAAP"), State Street does not record customer assets reflected in AUCA and AUM on its balance sheet. Less than 1% of SSBT's deposits as of December 31, 2014, were insured by the FDIC. SSBT's assets consist primarily of a liquid securities portfolio held for investment purposes and to facilitate access to FMUs to enable the processing of client securities transactions and payments. As of December 31, 2014, approximately 7% of SSBT's total assets were represented by loans and leases.

## **B. State Street's Systemic Significance**

For the purposes of its Resolution Plan, State Street has identified two Core Business Lines, which align with the two lines of business as reported in its Annual Report on Form 10-K ("Form 10-K"): its Global Custody business and its Investment Management business.

State Street's Global Custody business provides institutional investors with custody, clearing, payment and settlement services, allowing institutional investor clients to execute financial transactions on a daily basis in markets across the world. In particular, State Street's Global Custody business serves its clients by providing the technology, operational processes and global trust and custody services necessary for those clients to conduct their business. In this capacity, State Street provides key services that facilitate and support the investment activities of its clients. The provision of State Street's Global Custody services takes place across the world, in order to provide direct services to clients in many jurisdictions. The majority of the Global Custody operations, however, are conducted out of SSBT, including its branches, particularly its London and Toronto branches.

State Street's Investment Management business, operating through State Street's Global Advisors business, provides a broad array of investment management, investment research and investment advisory services to corporations, public funds and other large institutional investors.

Although State Street has been designated as a systemically important financial institution (“SIFI”), owing to its identity as a global custody bank, its business model and operations and the likely effects of an idiosyncratic event necessitating resolution differ in important ways from those of other SIFIs, which are generally global universal banks. In particular, State Street’s business model is structurally less complex than that of most of its peer firms. State Street does not maintain a significant derivatives book, and it does not typically rely on inter-affiliate guarantees or guaranteed debt issuances that would create additional financial demands, logistical complications or other complexities in a resolution scenario. Furthermore, although State Street’s balance sheet assets would decrease over the course of a resolution event, as there would be reductions in deposits, it is not expected that State Street’s global custody clients would transfer their business to other custodians to the same extent that customers of global universal banks would migrate to other providers, due to complex operational relationships.

## **II. State Street’s Resolution Priorities and Strategy**

State Street’s overall resolution strategy is to maintain its role as a key infrastructure provider within the financial system, while seeking to minimize risk to the financial system and to maximize value for the benefit of its stakeholders at all times. State Street has focused resources and activities in order to be ready to try to fulfill those objectives, in an actual resolution event. In particular, State Street’s preferred resolution strategy is designed to provide for the continuity of the Critical Operations operated out of each of its Core Business Lines, as further described in Section II.B below.

### **A. Approach to Risk Management**

State Street has a disciplined approach to risk through a comprehensive and well-integrated risk management function that involves all levels of management. State Street recognizes that the identification, measurement, monitoring and mitigation of risk are essential to the financial performance and successful management of its businesses, and these same principles serve to inform State Street’s approach to both recovery and resolution planning. State Street views risk management as a conceptually unified spectrum, from business-as-usual (“BAU”) risk management to recovery planning to resolution planning, and State Street’s recovery planning efforts serve as a foundation upon which its Resolution Plan is built.



SSC's Board of Directors (the "Board"), through its Risk Committee (the "RC"), provides extensive review and oversight of overall risk management programs, including the approval of key risk management policies and the periodic review of State Street's "Risk Appetite Statement," which is an integral part of its overall Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Appetite Statement outlines the quantitative limits and qualitative goals that define State Street's risk appetite and responsibilities for measuring and monitoring risks against limits, which are reported regularly to the Board.

In addition, State Street utilizes a variety of key risk indicators to monitor risk on a more granular level. Enterprise Risk Management ("ERM"), a corporate risk oversight group, provides oversight, support, and coordination across business units in a group that is independent of the business units' activities and is responsible for the formulation and maintenance of enterprise-wide risk management policies and guidelines. ERM also establishes and reviews approved limits and monitors key risks in collaboration with business unit management. The Chief Risk Officer meets regularly with the Board and the RC and has authority to escalate issues as necessary.

The Examination and Audit ("E&A") Committee provides oversight of State Street's compliance activities, including an overall monitoring of key regulations that affect State Street. E&A Committee oversight, along with State Street's Compliance Organization, is an integral part of State Street's internal controls.

In addition, State Street centralizes key regulatory activities through its Office of Regulatory Initiatives ("ORI"), led by senior executives, to bring together key regulatory activities, including resolution planning, with business initiatives in order to fully operationalize critical plan requirements.

State Street also considers recovery actions that it would undertake to continue to maintain operations and avoid failure in case an adverse event were to occur, as determined by its capital and liquidity contingency planning activities. State Street is committed to working with the regulatory authorities to provide information and analyses regarding its governance in the event of a crisis and enhancing its recovery alternatives to carry on and maintain its operations. However, in the event that State Street is unable to successfully execute its recovery actions, the Resolution Plan is designed to enable the orderly resolution of State Street's business in a way that substantially mitigates the risk that State Street's failure would have serious adverse effects on U.S. and global financial stability, by minimizing the impact on its clients.

## B. Overview of State Street's Resolution Strategy

As required by the 165(d) Rule, the Resolution Plan presents a preferred strategy for a hypothetical resolution of SSC under the U.S. Bankruptcy Code in baseline, adverse and severely adverse economic conditions in a manner that would substantially mitigate the risk that State Street's failure would have serious adverse effects on U.S. and global financial stability. State Street has assumed that its failure is precipitated by the occurrence of a hypothetical idiosyncratic stress event. This proposed failure scenario and the associated assumptions are hypothetical, and they do not necessarily reflect an event or events to which State Street is or may become subject. This Resolution Plan in general, and State Street's preferred strategy in particular, are not binding on a bankruptcy court or any other resolution authority. Further, although the resolution preparedness efforts that State Street has undertaken and continues to undertake are intended to improve its operational readiness and inform and facilitate a potential resolution, in an actual resolution scenario, this Resolution Plan would not be binding on State Street's key decision makers. Rather, those individuals and committees would make decisions based on the facts and circumstances prevailing at that time.

State Street's preferred resolution strategy, referred to as the Single Point of Entry Strategy (or "SPOE Strategy"), is designed to:

- Provide for the continuation of key components of the Global Custody and Investment Management Core Business Lines' operations during the period following the failure of SSC, minimizing disruption of clients' access to their securities, funds and other property and permitting the ongoing processing of client and counterparty transactions, along with enabling clients to access their accounts;
- Provide a means for the continuation of State Street's Global Custody Critical Operations and Investment Management Critical Operations without interruption despite the failure of SSC and any loss of liquidity or funding; and
- To the extent consistent with that goal, maximize the value and minimize the losses for the benefit of State Street's creditors and other stakeholders, including, if possible, preserving and realizing the going-concern value of State Street for the benefit of its creditors and other stakeholders.

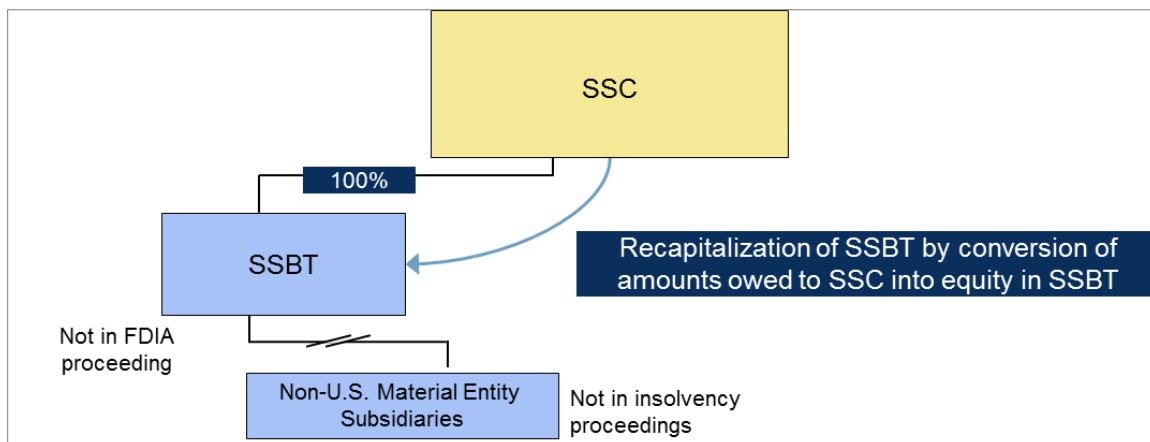
**Public Section Exhibit 1. SPOE Strategy Highlights**

SPOE Strategy Highlights
Material operating and service entities can continue to operate
Material operating and service entities will not be subject to resolution proceedings
Concentration of value allows for economies of scale
Minimal disruption to client and counterparty transactions

**B.1. Execution of the SPOE Strategy**

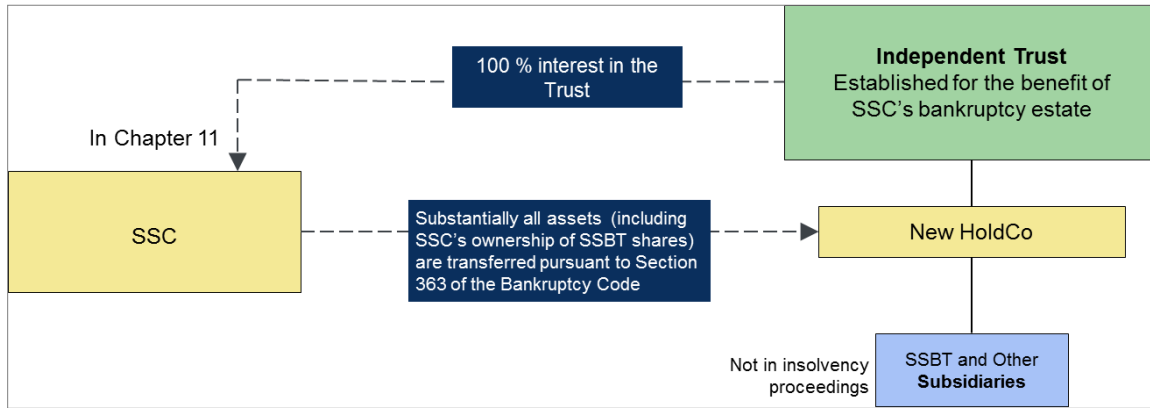
In order to achieve the goals described above, in the SPOE Strategy SSC will recapitalize SSBT prior to SSC’s entry into Chapter 11 proceedings. The recapitalization will enable SSBT and State Street’s other Material Entities to continue operating. Under the SPOE Strategy, State Street’s Material Entities other than SSC would not themselves be subject to resolution proceedings; most of them would instead be transferred to a newly organized holding company held by a reorganization trust for the benefit of SSC’s claimants. A high-level graphic description of State Street’s SPOE Strategy is provided below:

**SPOE Strategy Step 1: Recapitalization of Operating Subsidiaries**



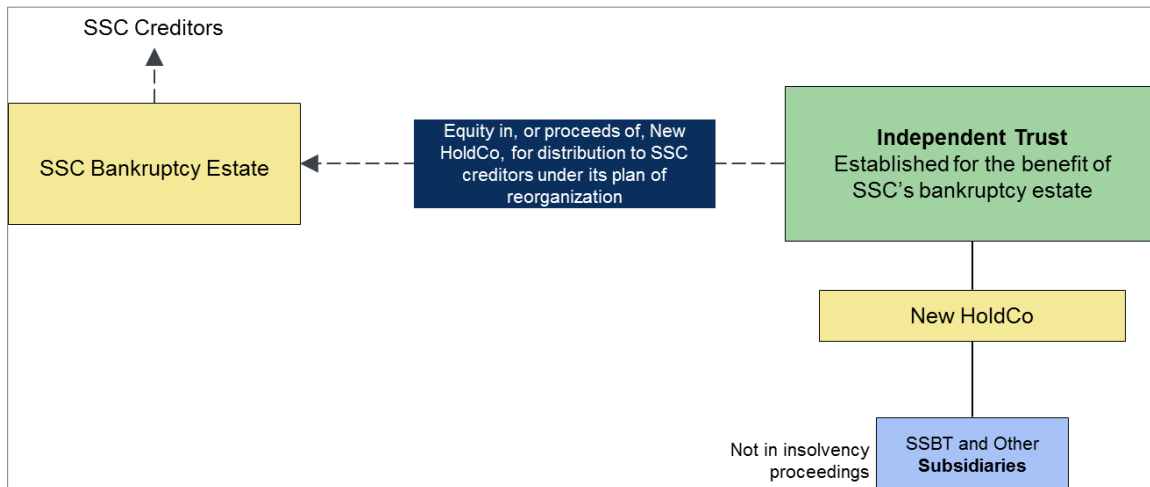
- While SSBT is still solvent but undercapitalized, SSC would use certain assets to create new equity at SSBT.
- Recapitalizing SSBT would prevent SSBT from being placed into receivership and allow it to continue operating.

**SPOE Strategy Step 2: Bankruptcy of SSC and Transfer of Assets to New HoldCo**



- After recapitalizing SSBT, SSC would commence a bankruptcy proceeding and seek expedited bankruptcy court approval of the transfer of substantially all of SSC's assets, including ownership interests in SSBT and other subsidiaries, to a newly created holding company ("New HoldCo").
- New HoldCo would be owned by a newly formed independent trust for the benefit of former creditors and other claimants against SSC.

**SPOE Strategy Step 3: Distribution of New HoldCo Value to SSC Creditors**



- If New HoldCo sells SSBT and the other operating subsidiaries, the Trust would distribute the proceeds of sale to SSC for distribution to SSC's creditors in its bankruptcy.
- If New HoldCo instead preserves the operating subsidiaries as going concerns, the Trust would distribute the equity of New HoldCo to SSC for distribution to its creditors.

Two of SSC's Material Entities, associated only with State Street's Investment Management business, would not be transferred to New HoldCo following SSBT's recapitalization. Rather, those entities would continue in operation as going concerns, either with the SSC bankruptcy estate as the debtor-in-possession, or under new ownership following a sale of the Investment Management business. In the event of a resolution scenario, State Street's plan for these entities would be based on the facts and circumstances at the time of resolution, as further described below.

### **B.2. Strengths of the SPOE Strategy**

State Street has chosen the SPOE Strategy because nearly all of State Street's value is concentrated in SSBT and its subsidiaries. This concentration of value provides opportunities for economies of scale and scope as well as operational efficiencies that would be lost if SSBT were not transferred as a whole but were instead divided and dispensed with piecemeal. Since the value of State Street resides in its global client base, its skilled workforce and its proprietary systems and processes, the value of SSBT as a going concern significantly exceeds the potential value of SSBT if broken up or liquidated. The SPOE Strategy would preserve the going-concern value of SSBT for the benefit of the creditors of SSC and would provide greater value to the bankruptcy estate than would be possible if SPOE were not State Street's primary resolution strategy or were not effectively implemented.

Each of State Street's Core Business Lines provides functions that, for the purposes of the 165(d) Rule are "Critical Operations," meaning that they are "operations. . . including associated services, functions and support, the failure or discontinuance of which . . . would pose a threat to the financial stability of the United States." State Street thus divides its Critical Operations into Global Custody Critical Operations and Investment Management Critical Operations. In a resolution scenario, State Street's paramount concern would be to provide for the continuity of these Critical Operations and other key components of its business after the failure of SSC, minimizing disruption of clients' access to their securities, funds and other property and permitting the ongoing processing of client and counterparty transactions, in order to minimize the risk of serious adverse effects on the U.S. and global financial systems. In particular, in a resolution scenario, State Street would be focused on maintaining operational capabilities for and minimizing disruption of the Global Custody business and the associated Critical Operations, in order to avoid affecting the stability of the global financial system more generally.

As a result, the optimal approach to resolving State Street, given the nature of its client base, in terms of both minimizing risk to the financial system and maximizing value for the benefit of creditors and other

stakeholders, would be to preserve Global Custody intact as a single, globally integrated business. The Investment Management business (and its associated Critical Operations) could be maintained as a going concern as part of the SSC bankruptcy estate or it could be sold, either before or following the recapitalization of SSBT. The decision as to how to address Investment Management in a resolution scenario will depend on the facts and circumstances at the time of resolution, including market conditions and the liquidity available to continue operating the recapitalized SSBT. In either case, the Investment Management Critical Operations would continue in operation, whether as part of the post-resolution State Street organization or under new ownership and management.

State Street's preferred SPOE Strategy has been evaluated and analyzed from a number of perspectives so that the strategy is both feasible and sound. State Street's resolution strategy is designed so that key components of State Street's businesses and their associated Critical Operations would be able to continue their operations after the failure of SSC, minimizing any disruption to clients' access to their securities, funds and other property, and permitting the ongoing processing of client and counterparty transactions. Although the proposed combination of structures and actions to effect the SPOE Strategy has no exact precedent, each of the individual actions and points of analysis is well-tested and designed to increase the potential for a smooth resolution process, with no systemic disruption to the U.S. financial system. Importantly, the SPOE Strategy is designed to replicate many of the benefits of the approach that the FDIC has proposed for resolution of a SIFI using Title II of the Dodd-Frank Act.<sup>2</sup> Further, based on State Street's assets available for recapitalization as of December 31, 2014, the SPOE Strategy could be used to recapitalize SSBT following a loss multiple times greater than its largest ever historical loss.

### **C. State Street's Post-Resolution Size and Operational Capabilities**

Because of its role in the securities settlement process, State Street's ability to provide uninterrupted services to its global custody clients is a particularly important feature of the SPOE Strategy. State Street's institutional investor custody clients have sophisticated and diverse financial services needs. In order to service those needs, State Street has established a significant structural relationship with those clients, and transitioning institutional investor clients to an alternate service provider that can offer a similar scope services and support will take significant time. Thus, even if State Street were to experience client attrition and a consequent decrease in AUCA and AUM as the result of its resolution,

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<sup>2</sup> Resolution of Systemically Important Financial Institutions: The Single Point of Entry Strategy, 78 Fed. Reg. 76614 (Dec. 18, 2013).

the speed with which the necessary transitions of securities held in custody could occur would necessarily be much slower than client transitions of demand deposits. Consequently, State Street's ongoing provision of its key services is a significant aspect of its orderly and successful resolution.

In the event of a resolution scenario, State Street would expect its balance sheet to decline due to deposit redemptions while its settlement and other infrastructure operations would in general remain intact, since service demands are likely to be constant. Associated AUCA and headcount are anticipated to experience some decline. Revenue and AUM are likely to decline, reflecting lower deposit levels and reduced capital markets, money markets or other trading activities, as some clients may seek alternative providers, while servicing fees are likely to be less affected. Assuming successful execution of the SPOE Strategy, at one year following the idiosyncratic stress event State Street, projects that the SSBT balance sheet would be significantly reduced, with the post-resolution SSBT's balance sheet at slightly less than half of its current size.

Although successful implementation of the SPOE Strategy would permit State Street to maintain its overall organizational structure and continue providing all Critical Operations, depending on the circumstances surrounding its resolution and the potential need to raise additional funds, State Street may need to entertain the possibility of a sale of Investment Management. A sale of one of State Street's two Core Business Lines would further shrink State Street's size and operational footprint, following its resolution.

### **III. State Street's Actions to Improve Resolvability**

The process of resolution planning is a State Street organizational priority. State Street is committed to reinforcing its resolvability in an orderly manner under the U.S. Bankruptcy Code. In particular, since the filing of its 2014 Resolution Plan, State Street has focused on several resolvability enhancements, which respond directly to the overall plan shortcomings identified by the Federal Reserve and the FDIC in their press release issued on August 5, 2014. State Street recognizes that resolution planning and these corresponding improvements to resolvability represent part of an iterative process, informed both by regulatory feedback and by State Street's BAU operations. State Street's completed and ongoing efforts to enhance resolvability, described below, have shaped and continue to shape State Street's decision-making and operations on a firm-wide basis, building these approaches into its BAU processes and going well beyond the strictly resolution-planning context.

## **A. Rational and Less Complex Legal Structure**

Over the years, State Street has striven to create and maintain an organizational structure that is simple and prudent in light of its regulatory obligations and its commercial objectives. As an organizational principle, State Street believes that a simple and transparent organizational structure is essential. As a global custody bank, State Street has been able to maintain its legal entity structure and overall organization in a way that is already much less complex than those of its peer institutions that are universal banks. This is manifested in a relatively low number of subsidiaries for an organization of State Street's size, the limited number of legal entities that are not wholly owned by their immediate parent company and minimal intergroup funding between entities. Nonetheless, State Street has periodically undertaken, and will continue to undertake, efforts to analyze and assess its legal entity structure across the organization, with a view to identifying opportunities to eliminate redundant or dormant entities and to further simplify that structure.

To that end, State Street is undertaking a firm-wide assessment of its legal entities, to assess each against certain key criteria, including business and operational considerations, capital and liquidity considerations, legal and regulatory considerations, human resources and employment considerations and tax and accounting considerations. State Street has made substantial progress on this assessment since the filing of its 2013 Resolution Plan. These simplification efforts are also a natural outgrowth of several previous and current streamlining initiatives. The lessons learned as part of those exercises have informed and will continue to inform the design and execution of State Street's ongoing firm-wide initiative.

## **B. Top-Tier Holding Company Structure That Supports Resolvability**

State Street continues to make substantial progress in further enhancing the resolvability of its top-tier holding company. In connection with this effort, State Street has evaluated the extent to which SSC's structure currently supports resolvability, including by reviewing State Street's policies regarding the issuance by SSC of debt with an original maturity of less than one year, exposure of SSC to derivatives counterparties and guarantees made by Material Entities on behalf of SSC. As a result of these assessments State Street:



- no longer issues any new debt with an original maturity of less than one year by SSC, with effect from July 1, 2015;
- limits its derivatives transactions to hedging with third parties; and
- has formalized, in a revised firm-wide policy, its historical and current practice that does not permit the guaranteeing of the obligations of SSC by any of its direct or indirect subsidiaries.

### C. Financial Contracts

State Street recognizes industry and regulatory concern about cross-default provisions and other early termination rights that could be triggered by insolvency proceedings, potentially presenting significant impediments to resolvability for entities with significant portfolios of qualified financial contracts (“QFCs”), as the automatic stay provisions of Chapter 11 of the federal Bankruptcy Code do not apply to QFCs. In the absence of an effective stay, counterparties are not barred from terminating QFCs and are often able to collect payment immediately by way of netting, termination, closeout and collateralization provisions, potentially to the detriment of the Chapter 11 estate. This industry-wide problem, however, does not present a significant impediment to State Street’s resolvability, because State Street’s QFCs typically do not contain cross-default triggers that are tied to the insolvency proceedings of its affiliates,

Early termination rights should not present a significant impediment to State Street’s orderly resolution because it is State Street’s standard practice, subject to certain exceptions, not to allow for the addition of any such cross-default provisions by its contracting counterparty. Based on this contractual approach, State Street believes that the substantial majority of its QFCs do not contain cross-default provisions that are tied to the insolvency proceedings of any of its affiliates, and therefore the insolvency of SSC generally would not satisfy an event of default definition in the contracts. Accordingly, because under State Street’s SPOE Strategy SSBT continues to operate as a solvent, sufficiently capitalized entity on a BAU basis, its QFCs generally would not be affected in any material way by the failure of SSC.

Because most of SSBT’s counterparties would not have early termination rights at the time of SSC’s insolvency, State Street has determined that significant efforts to amend or restructure its QFCs and the underlying documentation are not necessary to improve resolvability under its preferred resolution strategy—State Street’s current QFC arrangements pose no meaningful impediment to the successful

execution of its SPOE Strategy. Furthermore, SSBT is currently the counterparty to the majority of State Street's QFCs, so in the event that the SPOE Strategy could not be successfully executed and SSBT could not be successfully recapitalized, cross-default provisions would not be implicated, because the insolvency of SSBT would lead to receivership proceedings. The appointment of the FDIC as receiver of SSBT would be considered a direct default of contracts to which SSBT is the counterparty, and the exercise of such provisions would be subject to a 24-hour stay under the terms of the Federal Deposit Insurance Act.<sup>3</sup> Because cross-defaults are not expected to present a material impediment to State Street's execution of the SPOE Strategy, and because cross-defaults would be largely irrelevant outside of the SPOE Strategy, State Street has not found it necessary to adhere to the new International Swaps and Derivatives Association ("ISDA") 2014 Resolution Stay Protocol.

State Street continues to monitor industry developments with respect to QFCs very closely, including any new proposed QFC regulations or requirements. To the extent that any new regulations or requirements apply to State Street, it will take the necessary measures to comply.

#### **D. Continuity of Shared Services That Support Critical Operations and Core Business Lines**

State Street's business model is relatively simple, allowing State Street to continue to provide Critical Operations through its two Core Business Lines during a resolution event. As part of its global custodian operations, State Street relies on Centers of Excellence ("COEs") and Shared Services ("ShSs"), which are operated across the world, in order to provide comprehensive and consistent services to its clients. A COE is a group of personnel located throughout the world providing a single dedicated service across multiple client categories and utilizing centrally designed procedures and IT applications. COEs are utilities and ShSs representing like-activities across business lines, organized regionally and globally and containing client service components. ShSs also provide services across multiple client categories utilizing centrally designed procedures, but ShSs differ from COEs in that they focus more on regional and local needs. Each COE and ShS operates across multiple locations, including legal entities. This delivery model allows State Street to substantially reduce its geographic concentration risk by developing redundancies across regions, as well as to realize certain efficiencies by lowering service costs while achieving greater scale of operations and increasing the value of information technology investments due

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<sup>3</sup> 12 U.S.C. § 18218(e)(10)(B).

to process standardization. Moreover, many of State Street's shared internal services are provided through Centralized Corporate Service groups that are housed in SSBT.

The centrality of SSBT to State Street's operating model substantially mitigates the risk of loss of ShSs in a resolution scenario. Because most shared corporate services and many of State Street's business operations are conducted within and delivered by SSBT, such services and operations would continue to be provided under the SPOE Strategy, because SSBT will be recapitalized and State Street entities receiving services will be able to continue to pay for them. Additionally, the failure of SSC would not trigger local resolution proceedings for entities that provide services in support of Global Custody or the termination of such services. Key service contracts are also designed to maintain continuity of service.

To the extent there is a risk of disruption of services provided by a COE or ShS, State Street has the ability to redeploy resources and shift the provision of services from a disrupted location to a non-disrupted location. State Street employs standardized processes in each of its ShSs, facilitating the transfer of specific operations. The ShSs also share common systems and their associated databases, which are located in the United States and owned by SSBT.

Although State Street's COE and ShS model already supports the SPOE Strategy, State Street has undertaken a ShSs enhancement project, to confirm that all necessary ShSs contemplate resolution requirements, particularly with respect to applicable service level agreements ("SLAs") between State Street affiliates, in order to further enhance resolvability. Since the filing of the 2013 Resolution Plan, State Street has made substantial progress toward completing this effort.

## **E. Operational Capabilities for Resolution Preparedness**

In order to assess its readiness to execute the SPOE Strategy and enhance its resolution preparedness, State Street has undertaken and continues to undertake significant analysis to document its existing operational capabilities, structure, policies and governance. This analysis considers potential circumstances that could arise in the execution of the SPOE Strategy and determine the best way to respond to these hypothetical circumstances or structural obstacles. Once State Street has identified its preferred approach to each identified scenario, it looks for potential areas of improvement in its current response capabilities and makes plans to address or implement improvements, if necessary. State Street

has organized its operational readiness planning into four categories: legal entity structure; governance; operational feasibility; and analysis, information and support for these efforts.

### **E.1. Legal Entity Structure**

As noted above, State Street strives to maintain an organizational structure that is simple and prudent in light of its regulatory obligations and its commercial objectives. As an organizational principle, State Street believes that a simple and transparent organizational structure is essential. As a global custody bank, State Street has been able to maintain a legal entity structure and overall organization that are already much simpler than those of its peer institutions that are universal banks. Nonetheless, as discussed above in Section A, State Street has undertaken, and continues to undertake, significant efforts to analyze and assess its legal entity structure at a firm-wide level, in order to look for opportunities to further simplify that structure.

### **E.2. Governance**

State Street has reevaluated its resolution-related governance for 2015 to further enhance the structures supporting resolution and to broaden the level of global management participation. As part of this initiative, State Street has created two additional Program Governance Committees:

- Program Steering Committee, which consists of senior management and is responsible for reviewing key Resolution Plan content pertaining to business and operational matters. Key assumptions and other fundamental decisions were reviewed by this committee before being presented for approval; and
- Executive Steering Committee, which consists of senior executives and provides strategic oversight, including final approval of key assumptions and other fundamental decisions.

State Street has also undertaken several additional initiatives, including:

- Development of a protocol, including documentation of the expected major decisions that the SSC and SSBT boards will need to make in order to implement the SPOE Strategy. This documentation is intended to improve the ability of board members to make key decisions in a timely manner in a possible resolution scenario;

- Establishment of an Office of Regulatory Initiatives, which serves to centralize and harmonize State Street's various regulatory initiatives. As of February 2015, Recovery and Resolution Planning is a regulatory initiative subject to ORI's oversight; this oversight is intended to promote compliance with regulatory expectations, ensure that dedicated resources are available, meet cross-purpose objectives and improve efficiency of execution and implementation;
- Formalization of a 165(d) regulatory communications plan, which establishes a framework and protocols for necessary communications with regulators in State Street's legal entity jurisdictions that are expected to be necessary in order to execute the SPOE Strategy; and
- Creation of other communications plans for additional constituents, which will leverage the framework established in the regulatory communications plan.

### E.3. Operational Feasibility

To better analyze and document the operational feasibility of its resolution, State Street has implemented or is in the process of implementing a variety of initiatives, including:

- Designation of SPOE as State Street's preferred resolution strategy; this designation was accompanied by certain structural changes in State Street's capital structure to enhance the likelihood of the SPOE Strategy's success, including, as described above in Section III.B:
  - an augmentation of intercompany assets available to recapitalize SSBT;
  - preferred stock and subordinated debt offerings at the SSC level, in connection with anticipated total loss-absorbing capital ("TLAC") requirements;
  - termination of new debt issuances with an original maturity of less than one year by SSC as of July 1, 2015; and
  - implementation of a firm-wide policy formalizing State Street's historical practice not to permit upstream affiliate guarantees;
- Preparation of draft documents that could be quickly tailored to the particular facts and circumstances of State Street's resolution, in order to expedite the resolution process;

- FMU playbooks, which assess critical risks to continuity of services and/or suspension of settlement activities;
- Stress Cash Positioning Operating Model (“SCPOM”), in which State Street documents its protocols to satisfy settlement funding requirements and addresses the central processing of extensions of credit in connection with settlement and liquidity needs;
- Securities Lending playbook, which provides a detailed assessment of the necessary steps to address client redemption activity;
- Shared Services playbook, which assesses all material outsourcing arrangements as to what extent they support resolution;
- Personnel Retention playbook, which documents and describes retention plans for necessary employees and key operations personnel supporting Critical Operations;
- Stressed Liquidity Projections, in which State Street has modeled resolution liquidity requirements; and
- Intraday Liquidity Modeling, in which State Street has enhanced its modeling of intraday liquidity needs to provide for continued securities settlement by assessing intraday liquidity needs and determining funding sources. State Street has also augmented liquidity modeling to better understand settlement requirements across legal entities and settlement venues to mitigate the implications of potential funding disruptions.

#### **E.4. Analysis, Information and Support**

State Street has implemented or is in the process of implementing additional operational readiness initiatives that enhance its ability to access and analyze necessary information in the event of resolution, including the following:

- Recovery and Resolution Planning Dashboard, which identifies specific risks to State Street’s operations and assigns each a “risk appetite metric.” Risks that breach their assigned risk-tolerance levels identified by the assigned metric will trigger the invocation of State Street’s Recovery Plan and/or its Resolution Plan, as appropriate;

- Management Information System (“MIS”) improvements, including financial statement reporting and analysis by Material Entity, which State Street has documented in financial playbooks for specific Material Entities, including an analysis of balance sheets, capital position and liquidity sources and uses of funds. Where appropriate, this financial information includes forecasted activities;
- Contract Administration for Shared Services, Vendors and Clients, in which State Street is performing a thorough assessment of its contracts for shared services, vendors and clients, which includes establishing a framework for risk-rating vendors, and review of top contract arrangements from a resolution perspective.

Finally, State Street can produce reliable information in a timely manner on a Material-Entity basis, related to financial condition, financial and operational interconnectedness and third-party commitments and contracts.

#### **IV. Description of Core Lines of Business**

State Street has two Core Business Lines, which align with the two lines of business reported on its Form 10-K : (1) Investment Servicing which, for purposes of this Resolution Plan, we refer to as “Global Custody,” and (2) Investment Management.

State Street delivers services to clients in more than 100 markets, with 29,970 employees as of December 31, 2014. By leveraging the strength of a global network and an integrated technology infrastructure, State Street provides its clients with a worldwide platform for growth, creating custom-tailored solutions that can support investment strategies in virtually any market.

##### **A. Global Custody**

###### **A.1. U.S. Business Custody**

Global Custody provides institutional investors with core clearing, payment, settlement and outsourced infrastructure services, which are important to maintain stability in the financial markets to process and settle securities and other transactions and related payments.

Products and services provided by Global Custody include custody, middle-office outsourcing, deposit and short-term investment facilities and cash management, product-level and participant-level accounting, daily pricing and administration, master trust and master custody, record-keeping, FX, brokerage and other trading services, securities finance, loan and lease financing, investment manager and alternative investment manager operations outsourcing, performance, risk and compliance analytics.

State Street is a leading provider of mutual fund custody and accounting services in the United States. Outside the United States, State Street provides depot bank services (a fund oversight role created by regulation) for retail and institutional fund assets, as well as custody and other services to pension plans and other institutional clients in Germany, Italy and France. In the United Kingdom, State Street provides custody services for pension fund assets and administration services for mutual fund assets. State Street is the largest middle-office outsourcing service provider in the U.S. and non-U.S. markets.

#### **A.2. Global Business**

State Street is one of the few custody service providers with the ability to provide a truly global service offering to institutional investors. Its clients are typically large institutions with a need to access multiple global markets each day. These clients may also have investment decision-makers in multiple jurisdictions. State Street has established a global footprint and integrated service delivery model to meet the global needs of its clients. State Street's clients transact primarily in mature financial markets with liquid currencies, but also in markets that are less mature and emerging. As demonstrated in the table presented below, State Street's top 10 custody markets by transaction value are mostly in mature markets, accounting for approximately 99 percent of all of State Street's global transaction volume in U.S. dollar equivalent.

The following table presents the top 10 markets for the custody business, based on transaction dollar volume per market, for the year ended December 31, 2014, and as a percentage of State Street's global transaction volume.



**Public Section Exhibit 2. Top 10 Markets for State Street's Custody Business**

Full-Year 2014 Transaction Value		
Market	(USD equivalent in millions)	% of Global Transactions
United States	\$ 93,955,266	79.85%
Canada	7,463,276	6.34%
United Kingdom	6,216,799	5.28%
Euroclear*	3,410,599	2.90%
Clearstream*	1,437,472	1.22%
Germany	1,084,877	0.92%
Italy	650,102	0.55%
Japan	515,666	0.44%
France	465,657	0.40%
Spain	458,038	0.39%
<b>Top 10 Total</b>	<b>\$ 115,657,751</b>	<b>98.30%</b>
All Others Total	2,000,643	1.70%
<b>Grand Total</b>	<b>\$ 117,658,394</b>	<b>100.00%</b>

\*Euroclear and Clearstream, in their capacity as International Central Securities Depositories ("ICSDs"), service 45 and 55 markets, respectively.

The following table presents financial information with respect to assets held under custody and administration by the Global Custody business across major geographic regions.

**Public Section Exhibit 3. Geographic Mix of Assets Under Custody and Administration<sup>4</sup>**

As of December 31 (in billions)	2014	2013	2012
North America	\$ 21,217	\$ 20,764	\$ 18,463
Europe/Middle East/Africa	5,633	5,511	4,801
Asia/Pacific	1,338	1,152	1,107
<b>Total</b>	<b>\$ 28,188</b>	<b>\$ 27,427</b>	<b>\$ 24,371</b>

<sup>4</sup> Geographic mix is based on the location at which the assets are custodied or serviced.

## B. Investment Management

### B.1. U.S. Business

Investment Management services are provided through the Global Advisors division of SSBT, as well as through multiple SSC affiliates in the United States and abroad, under the brand name SSGA.

SSGA provides clients, including corporations, public funds and other sophisticated investors, with a broad array of investment management, investment research, and other related services. SSGA offers strategies for managing financial assets, including passive and active, such as enhanced indexing, using quantitative and fundamental methods for both U.S. and global equities and fixed-income securities. SSGA also offers ETFs.

### B.2. Global Business

State Street's Investment Management business operates out of a global network of offices, sales centers, investment centers (which include both sales and investment professionals) and trading desks. The investment centers are supported by trading desks located in Boston, London and Hong Kong. Investment Management's principal geographic locations are the United States and the United Kingdom.

The following table presents financial information with respect to assets held under management by State Street's Investment Management business across major geographic regions.

#### Public Section Exhibit 4. Geographic Mix of Assets Under Management

As of December 31 (in billions)	2014	2013	2012
<b>(Dollars in billions)</b>			
North America	\$ 1,568	\$ 1,456	\$ 1,288
Europe/Middle East/Africa	559	560	480
Asia/Pacific	321	329	318
<b>Total</b>	<b>\$ 2,448</b>	<b>\$ 2,345</b>	<b>\$ 2,086</b>

## V. State Street's Material Entities

### A. Overview

A Material Entity is defined in the implementing regulations for Section 165(d) of the Dodd Frank Act (12 C.F.R. Part 243 and 12 C.F.R. Part 381) as "a subsidiary or foreign office of the Covered Company that is significant to the activities of a Critical Operation or Core Business Line." State Street took into consideration the size, services and level of substitutability in determining whether an entity qualified as a Material Entity pursuant to this regulation. In particular, AUCA is a key consideration in determining the materiality of a Global Custody entity. Other considerations include the size of the entity as generally measured by the personnel and overall balance sheet size. Global Custody entities' balance sheets are predominantly funded by client deposits, which make up the vast majority of such entities' total liabilities. For Material Service Entities, the most meaningful measure of materiality is headcount, since these entities utilize centralized systems and processes to perform their services. Therefore, the threshold for materiality is determined by the ability to replace the volume of processing, as the identical functions are performed in other locations throughout the world. Finally, Investment Management entities are primarily measured by AUM, with some consideration of dedicated headcount, as these metrics tend to accurately reflect an entity's materiality.

Using these criteria, State Street has identified for its 2015 Resolution Plan sixteen Material Entities, composed of three U.S. entities and thirteen non-U.S. entities:

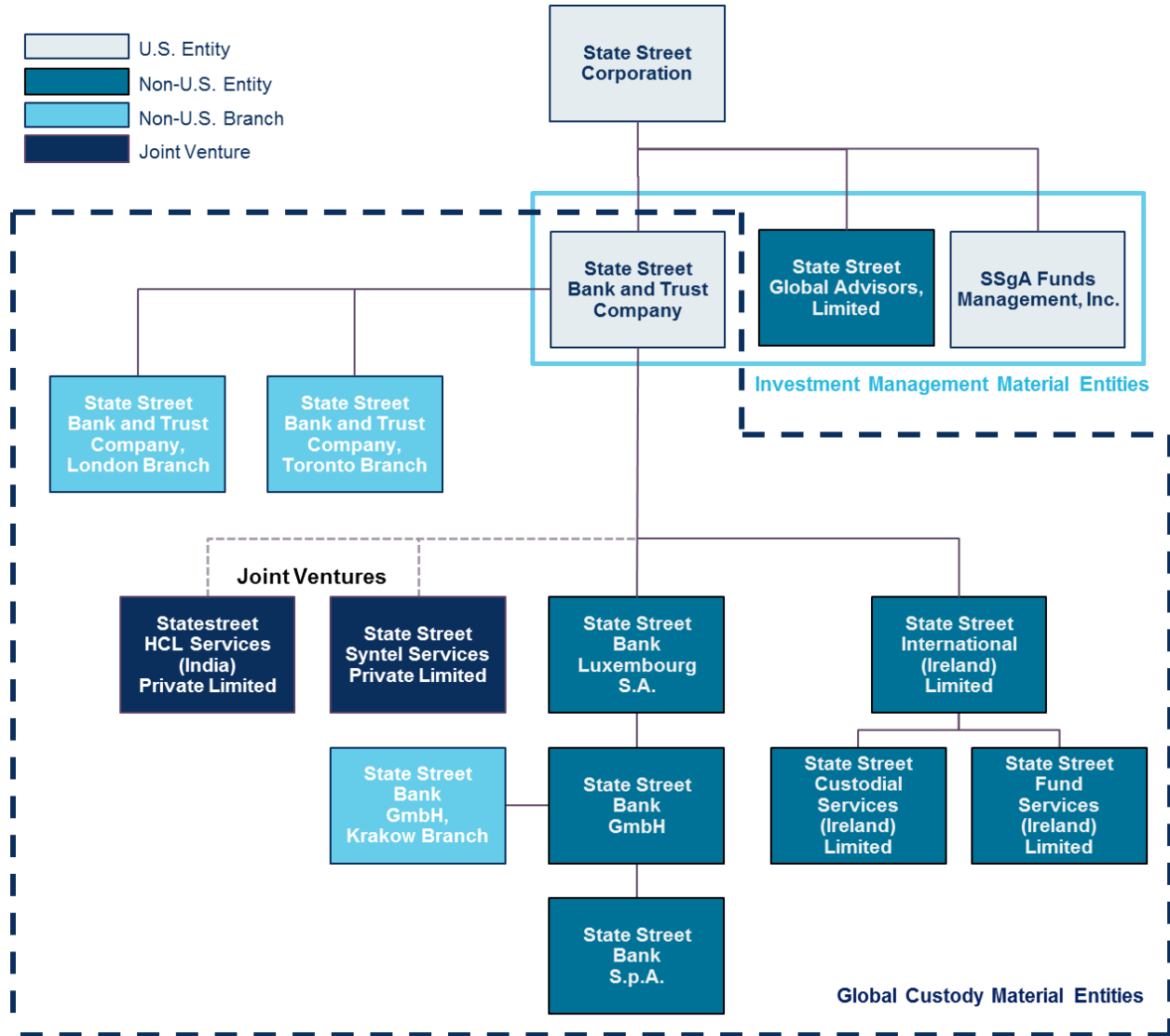
- SSC, State Street's top-tier holding company
- SSBT, a Massachusetts-chartered trust company
- SSBT's branch in London, England ("SSBT-London")
- SSBT's branch in Toronto, Canada ("SSBT-Toronto")
- State Street Trust Company Canada ("SSTCC"), Toronto, Canada, a Canadian trust company
- State Street Bank Luxembourg S.A. ("SSBL"), Luxembourg, Luxembourg, an authorized banking institution

- State Street Bank GmbH (“SSB GmbH”), Munich, Germany, a registered depository under the German Investment Code
- State Street Bank S.p.A. (“SSB S.p.A.”), Milan, Italy, an indirect subsidiary of SSBT
- State Street Custodial Services (Ireland) Limited (“SSCSIL”), Dublin, Ireland, an Irish custodian
- State Street Fund Services (Ireland) Limited (“SSFSIL”), Dublin, Ireland, an Irish fund administrator and transfer agent
- State Street International (Ireland) Limited (“SSIIL”), Dublin, Ireland, the direct parent of SSCSIL and SSFSIL
- SSB GmbH’s branch in Krakow, Poland (“SSB GmbH-Krakow”)
- State Street Syntel Services Private Limited (“SS Syntel”), Mumbai, India, a joint-venture service company headquartered in India
- Statestreet HCL Services (India) Private Limited (“SS HCL”), New Delhi, India, a joint-venture service company headquartered in India
- SSGA Funds Management, Inc. (“SSGA FM”), Boston, Massachusetts, an investment adviser, commodity trading advisor and commodity pool operator
- State Street Global Advisors Limited (“SSGA Ltd.”), London, England, a limited liability investment adviser

SSBT and its subsidiaries and branches account for 13 of State Street’s 16 identified Material Entities. Thus, under the SPOE Strategy, all 13 of these Material Entities would remain solvent and operating (although subject to the effects of client attrition), following the recapitalization of SSBT, and none of these Material Entities, which account for the majority of State Street’s operations and value, would be subject to resolution proceedings. SSC would be the only Material Entity subject to resolution proceedings; the disposition of the remaining two Material Entities—SSGA FM and SSGA Ltd.—would depend upon the facts and circumstances at the time of resolution. These entities could either be preserved and operated out of the bankruptcy estate of SSC, for the benefit of SSC’s creditors, or sold as part of the sale of the Investment Management business.

A simplified organizational chart is presented below, illustrating the relationship among State Street's Material Entities.

**Public Section Exhibit 5. Organizational Chart of State Street's Material Entities as of December 31, 2014\***



\*This organizational chart presents only the relationship among State Street's Material Entities and does not include any non-Material Entity legal entities, including intermediate companies that may be between the Material Entities represented in this chart.

Certain key information about each of State Street's 16 Material Entities is presented in the chart below:

**Public Section Exhibit 6. Financials, Headcount and AUCA / AUM of Material Entities**

As of December 31, 2014	Consolidated Amounts in USD Millions			in Actuals	in USD Billions	
Material Entity	Assets	Liabilities	Equity	Headcount	AUCA	AUM
<b>Top-Tier Holding Company</b>						
SSC Consolidated	274,119	252,646	21,473	-	28,188	2,448
<b>Global Custody Material Entities</b>						
SSBT, including all Branches	263,213	243,320	19,893	14,366	22,357	1,341
SSBT-London	58,541	57,405	1,136	1,636	1,885	-
SSBT-Toronto	6,038	5,830	208	390	-	-
SSTCC	149	14	135	287	839	-
SSBL	13,454	9,854	3,600	741	705	-
SSB GmbH, including all Branches	22,924	21,138	1,786	3,001	919	-
SSB S.p.A.	10,059	8,368	1,691	651	552	-
SSCSIL	178	3	175	-	601	-
SSFSIL	215	4	211	-	601	-
<b>Material Service Entities</b>						
SSIIL	132	23	109	1,027	-	-
SSB GmbH-Krakow	32	32	-	2,183	-	-
SS Syntel*	272	12	260	5,106	-	-
SS HCL*	17	5	12	1,100	-	-
<b>Investment Management Material Entities</b>						
SSGA FM	145	35	110	-	-	378
SSGA Ltd.	385	64	321	346	-	275

\*Entity is a joint venture that is not included in the SSC Consolidated figures.

## B. Interconnectedness of Material Entities

State Street's Core Business Lines are composed of a variety of integrated functions, the various components of which are often performed by personnel within separate legal entities in different jurisdictions. For a global custodian such as State Street, certain scalable activities are centralized while specific customer, regulatory, or market demands are likely to be delivered in the local marketplace. To appropriately identify all Material Entities, State Street further distilled the regulatory definition to fully consider the various aspects of its service delivery model. State Street's Material Entity determination criteria take into consideration four ways in which an entity may conduct activities that are significant to State Street's Critical Operations and Core Business Lines. State Street's Material Entities (a) contract with and manage key global client relationships in the local marketplace ("Client Facing" or "CF"), (b) are direct members or participants of Financial Market Utilities ("Membership Holder" or "MH"), (c) accept client deposits/provide a source of liquidity necessary to fund Critical Operations and settlement obligations ("Liquidity Provider" or "LP") and (d) are instrumental in managing and moving liquidity to and from FMUs/paying agents, and/or provide other key operational infrastructure ("Service Infrastructure" or "SI"). In addition, State Street assessed an entity's role within the delivery of its Critical Operations, focusing on the levels of dedicated personnel, whether work could be transferred to other designated Material Entities or where specific contracts with FMUs are held.

The designated role of each of State Street's Material Entities and a mapping of each Material Entity to the Core Business Lines it supports is summarized in the chart below and explained in more detail further below, including a qualitative description of each Material Entity and the operations that it performs for State Street.

### Public Section Exhibit 7. Material Entity Interconnectedness

Material Entity	Core Business Line		Significant Activity			
	Global Custody	Investment Management	LP	MH	CF	SI
SSC			✓			
SSBT	✓	✓	✓	✓	✓	✓
SSBT-London	✓		✓	✓	✓	✓
SSBT-Toronto	✓		✓	✓	✓	✓
SSTCC	✓			✓	✓	✓
SSBL	✓		✓		✓	

Material Entity	Core Business Line		Significant Activity			
	Global Custody	Investment Management	LP	MH	CF	SI
SSB GmbH	✓		✓		✓	
SSB S.p.A.	✓		✓		✓	
SSIIL	✓					✓
SSCSIL	✓				✓	
SSFSIL	✓				✓	✓
SSB GmbH-Krakow	✓					✓
SS Syntel	✓					✓
SS HCL	✓					✓
SSGA FM		✓			✓	✓
SSGA Ltd.		✓			✓	

## C. Top-Tier Holding Company

### C.1. State Street Corporation

SSC, organized in 1969 under the laws of the Commonwealth of Massachusetts, is a bank holding company that has elected financial holding company status under the BHC Act. SSC is the top-tier holding company of all State Street entities. SSC is a public company with common stock listed on the New York Stock Exchange and is subject to supervision and regulation by, among others, its primary federal banking regulator, the Federal Reserve.

As the ultimate parent company of all State Street legal entities, SSC's purpose is to provide financial and managerial support to its subsidiaries. Through its subsidiaries, SSC provides a broad range of financial products and services to institutional investors worldwide.

In State Street's SPOE Strategy, SSC would file for bankruptcy; its creditors would be able to recover from the proceeds of its bankruptcy estate, which could include proceeds from a sale of SSGA FM and SSGA Ltd. if the Investment Management business were sold. The SSC bankruptcy estate would continue as the debtor-in-possession of the newly established independent trust, established for the benefit of SSC's creditors to hold New HoldCo. As the debtor-in-possession, the SSC bankruptcy estate would receive any distributions made by the Trust.



## D. Core Business Line Material Entities

Certain of State Street's legal entities and branches have been designated as material based on the significance of the activities they conduct with respect to State Street's Core Business Lines. The ways in which a Material Entity may conduct activities that are significant to one of State Street's Core Business Lines are described below.

### D.1. Global Custody Material Entities

Material Entities that support Global Custody can perform any of the four roles described above. Some Global Custody Material Entities both correspond with clients in the local marketplace to meet particular needs or local requirements (CF) and directly interface with the financial infrastructure (MH). SSBT, SSBT-London and SSBT-Toronto, for example, are responsible for approximately 95% of the settlement volumes of State Street as a whole, while also servicing local client requirements. These entities rely heavily on the Material Service Entities (SSILL, SSB GmbH-Krakow, SS Syntel and SS HCL) to support payment, clearing and settlement activities. Some Global Custody Material Entities also receive deposits from clients in order to facilitate settlement or meet client cash management requirements (LP).

### **Client-Facing and Membership Holding Material Entities**

#### D.1.1. State Street Bank and Trust Company

SSBT, a Massachusetts-chartered trust company, traces its beginnings to the founding of the Union Bank in 1792. SSBT's current charter was authorized by a special Act of the Massachusetts Legislature in 1891, and its present name was adopted in 1960. As a state-chartered banking institution that is a member of the Federal Reserve, SSBT's primary federal banking regulator for its U.S. and non-U.S. operations is the Federal Reserve. SSBT is also an FDIC-insured depository institution. SSBT is subject to applicable federal and state banking laws and to supervision and regulation by the Federal Reserve, the Massachusetts Division of Banks, the FDIC, and the regulatory authorities of those states and countries in which a SSBT branch is located.

SSBT operates as a specialized custody bank that services and manages assets on behalf of its institutional clients. As a consolidated entity, SSBT and its branches and subsidiaries comprise approximately 98% of State Street's consolidated total assets. SSBT serves as State Street's central location for Payment, Clearing and Settlement ("PCS") activities; with its two principal branches, SSBT-

London and SSBT-Toronto, SSBT directly clears and settles approximately 95% of all of State Street's securities transactions (the remaining 5% of transactions are settled through a sub-custody network). SSBT's subsidiaries access these activities through sub-custody contracts and shared service agreements. SSBT also serves as the central liquidity hub whereby settlement obligations are met through SSBT and global investment activities are administered by its Global Treasury group. SSBT provides LP, MH, CF and SI services to State Street's Core Business Lines, Critical Operations and/or critical services. SSBT, including its branches, held \$22.4 trillion in AUCA as of December 31, 2014.

In State Street's SPOE Strategy, SSBT would be recapitalized by SSC immediately prior to commencement of SSC's bankruptcy. Following its recapitalization, SSBT, along with all of its Material Entity branches and subsidiaries, would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.2. State Street Bank and Trust Company, London Branch**

SSBT-London was established in 1993 and is authorized and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

SSBT-London is a part of State Street's custody and securities lending businesses and also acts as a regional cash processing platform for SSBT, its branches and subsidiaries. SSBT-London performs direct clearing and settlement for the U.K. and Irish markets as a settlement member of CREST. In addition, SSBT-London serves as the European liquidity hub, whereby key funding and investment activities are locally coordinated by SSBT-London and then administered by SSBT. SSBT-London provides LP, MH, CF and SI services to State Street's Core Business Lines, Critical Operations and/or critical services. SSBT held \$1.9 trillion in AUCA on behalf of its London Branch as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as a branch of SSBT, SSBT-London would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.3. State Street Bank and Trust Company, Toronto Branch**

SSBT is an Authorized Foreign Bank ("AFB") under the Bank Act, Canada. SSBT-Toronto was established in 2001 and is regulated in Canada by the Office of the Superintendent of Financial Institutions ("OSFI").

SSBT-Toronto is part of State Street's custody and securities lending businesses, and also acts as a cash processing platform for SSBT, its branches, and subsidiaries. SSBT-Toronto provides self-clearing of Canadian payment activities through direct participation in the Canadian Payment Association's Large Value Transfer System ("LVTS"). Although SSTCC is the direct participant in the Canadian Depository Services CDS utility ("CDS"), funds flow through SSBT-Toronto to meet settlement obligations at CDS. Net funding of CDS settlement is ultimately accomplished through SSBT-Toronto's direct participation in LVTS. SSBT-Toronto provides LP, MH, CF and SI services to State Street's Core Business Lines, Critical Operations and/or critical services. Pursuant to local regulations, the assets of State Street's Canadian clients are held under custody with SSTCC. SSBT-Toronto employed 390 people, as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as a branch of SSBT, SSBT-Toronto would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.4. State Street Trust Company Canada**

SSTCC is a Canadian trust company regulated by OSFI that received its Order to Commence and Carry on Business as a federal trust company in 1995. SSTCC was established as a separate legal entity in order to satisfy legal requirements under Canadian law to permit State Street to provide custody services to Canadian public mutual funds and to provide trustee services to Canadian clients.

SSTCC provides custody services to Canadian clients and with respect to Canadian securities. All Canadian custody clients contract with SSTCC; however, SSBT-Toronto serves as the depository institution for SSTCC's Global Custody clients. SSTCC provides LP, MH, CF and SI services to State Street's Core Business Lines, Critical Operations and/or critical services. SSTCC held \$839 billion in AUCA as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSTCC would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.5. State Street Bank Luxembourg S.A.**

SSBL, established in 1990, is an authorized banking institution headquartered in Luxembourg, Luxembourg. SSBL is subject to the supervision and regulation of the Commission de Surveillance du

Secteur Financier (the “Commission for Supervision of the Financial Sector,” or “CSSF”) and is subject to reporting obligations of the Banque Centrale de Luxembourg (the “Luxembourg Central Bank”).

SSBL provides global custody and related services to institutional clients, including collective investment funds, insurance companies, banks, brokers, private equity funds, and real estate funds. SSBL provides LP and CF services to State Street’s Core Business Lines, Critical Operations and/or critical services. SSBL held \$705 billion in AUCA as of December 31, 2014.

In State Street’s SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSBL would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.6. State Street Bank GmbH**

SSB GmbH was established in 1970 as a limited liability company under German law with its registered office in Munich, Germany. SSB GmbH is authorized and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (the “Federal Financial Supervisory Authority” or “BaFin”) and the Deutsche Bundesbank (the “German Central Bank”).

SSB GmbH provides global custody and related services to global investors as well as depositary bank services to German asset managers. SSB GmbH provides LP and CF services to State Street’s Core Business Lines, Critical Operations and/or critical services. SSB GmbH held \$919 billion in AUCA as of December 31, 2014.

In State Street’s SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSB GmbH would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.7. State Street Bank S.p.A.**

SSB S.p.A. was formed in 2010 in connection with State Street’s acquisition of the securities services business of Intesa Sanpaolo. SSB S.p.A. is headquartered in Milan, Italy and is primarily regulated by the Banca d’Italia (the “Italian Central Bank”). Additional supervision is provided by the Commissione Nazionale Per Le Società e La Borsa (“CONSOB”), the Italian securities market regulator.

SSB S.p.A. provides investor services for institutional clients, including global custody, fund administration, depository banking and correspondent banking. SSB S.p.A. provides LP and CF services to State Street's Core Business Lines, Critical Operations and/or critical services. SSB S.p.A. held \$552 billion in AUCA as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSB S.p.A. would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.8. State Street Custodial Services (Ireland) Limited**

SSCSIL, incorporated in Ireland in 1991, is regulated by the Central Bank of Ireland under the Investment Intermediaries Act, 1995.

SSCSIL provides custody and trustee services to collective investment schemes. SSCSIL provides CF services to State Street's Core Business Lines, Critical Operations and/or critical services. SSCSIL held \$601 billion in AUCA as of December 31, 2014. The AUCA is the same as for SSFSIL because SSCSIL provides custody services for the assets administered by SSFSIL.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSCSIL would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.9. State Street Fund Services (Ireland) Limited**

SSFSIL, incorporated in Ireland in 1992, is regulated by the Central Bank of Ireland under the Investment Intermediaries Act, 1995.

SSFSIL provides fund administration and transfer agency services to collective investment schemes. SSFSIL provides CF services to State Street's Core Business Lines, Critical Operations and/or critical services. SSFSIL held \$601 billion in AUCA as of December 31, 2014. The AUCA is the same as for SSCSIL because SSFSIL provides fund administration services for the assets custodied by SSFCIL

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSFSIL would be transferred to New HoldCo and would continue to operate as a going concern.

### **Material Service Entities**

Global Custody also relies on the provision of services from significant service company affiliates. These entities do not contract with clients, do not hold banking licenses or memberships with FMUs and do not take deposits. They have been designated as Material Entities due to the volume and complexity of services they provide in support of Global Custody. Thus, the best metric by which to measure the significance of each Material Service Entity is headcount.

#### **D.1.10.State Street International (Ireland) Limited**

SSIIL is incorporated in Ireland under the Companies Acts 1963 to 2009. SSIIL is the direct parent company of SSCSIL and SSFSIL, each a Material Entity described above, and is the employer of all the personnel that perform the activities of SSCSIL and SSFSIL. SSIIL provides SI services to State Street's Core Business Lines, Critical Operations and/or critical services. Because SSIIL's primary role in State Street's organization is that of employer for the employees who support SSCSIL and SSFSIL, it functions primarily as a service entity and does not have AUCA. SSIIL employed 1,027 people as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSIIL would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.11.State Street Bank GmbH, Krakow Branch**

SSB GmbH-Krakow is a branch established in Krakow, Poland, of SSB GmbH, a credit institution established under German law. SSB GmbH is an indirect subsidiary of SSBT and SSC. SSB GmbH-Krakow does not engage in any banking activities and is registered in Poland as a "non-banking branch." As such, it does not hold any banking, brokerage or other licenses related to the provision of financial services and it is not supervised by Polish financial regulatory agencies or authorities.

SSB GmbH-Krakow provides various middle-office and back-office activities necessary for the delivery of global custody services. SSB GmbH-Krakow provides services on behalf of SSBT subsidiaries, most of which are located in Europe. The services provided include support of custody functions on behalf of these subsidiaries and corporate control and support services, such as standardized accounting practices. The delivery of services follows standard operating procedures and is based on technology, processes and policies set forth by SSBT. Service delivery requirements and corresponding financial

arrangements are administered through shared services contracts. SSB GmbH-Krakow provides SI services to State Street's Core Business Lines, Critical Operations and/or critical services. SSB GmbH-Krakow employed 2,183 people as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect subsidiary of SSBT, SSB GmbH-Krakow would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.12.State Street Syntel Services Private Limited**

SS Syntel, a limited company organized under Indian law, provides services exclusively to other SSC affiliates. SS Syntel is incorporated under the Companies Act, 1956 of India by State Street through a joint venture with Syntel, Inc., a global provider of information technology and knowledge process outsourcing solutions headquartered in Troy, Michigan, and is an unconsolidated subsidiary of SSC.

SS Syntel provides various middle-office and back-office activities necessary for the delivery of global custody services. As a servicing entity, SS Syntel services both SSBT through infrastructure support in the delivery of PCS activities and other Material Entities by performing specific services on their behalf. The delivery of services follows standard operating procedures and is based on technology, processes and policies set forth by SSBT. Service delivery requirements and corresponding financial arrangements are administered through shared services contracts. SS Syntel provides SI services to State Street's Core Business Lines, Critical Operations and/or critical services. SS Syntel employed 5,106 people as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect joint-venture of SSBT, SS Syntel would be transferred to New HoldCo and would continue to operate as a going concern.

#### **D.1.13.Statestreet HCL Services (India) Private Limited**

SS HCL, a limited company incorporated under the Companies Act, 1956 of India, provides services exclusively to other SSC entities. SS HCL is held by SSC through a joint venture with HCL Technologies, Inc., a public company headquartered in Noida, India, and is an unconsolidated subsidiary of SSC.

SS HCL provides various middle-office, back-office, and reconciliatory activities necessary for the delivery of global custody services. As a servicing entity, SS HCL services both SSBT through infrastructure

support in the delivery of PCS activities and other Material Entities by performing specific services on their behalf. The delivery of services follows standard operating procedures and is based on technology, processes and policies set forth by SSBT. Service delivery requirements and corresponding financial arrangements are administered through shared services contracts. SS HCL provides SI services to State Street's Core Business Lines, Critical Operations and/or critical services. SS HCL employed 1,100 people as of December 31, 2014.

In State Street's SPOE Strategy, following the recapitalization of SSBT, as an indirect joint-venture of SSBT, SS HCL would be transferred to New HoldCo and would continue to operate as a going concern.

## **D.2. Investment Management Material Entities.**

Investment Management's Material Entities other than SSBT are significant to the Investment Management Core Business Line primarily because they are authorized to act as the legal investment managers or advisors to certain investment vehicles utilized by Investment Management that cannot be managed by SSBT. The best metric by which to measure the Investment Management Material Entities is AUM.

### **D.2.1. State Street Bank and Trust Company**

SSBT, acting through its Global Advisors division (which accounts for a much smaller proportion of SSBT's assets and liabilities than the SSBT assets and liabilities that are attributable to Global Custody), has also been designated as a Material Entity significant to Investment Management. As noted above, SSBT provides LP, MH, CF and SI services to State Street's Core Business Lines, Critical Operations and/or critical services. SSBT held \$1.3 trillion in AUM as of December 31, 2014.

In State Street's SPOE Strategy, SSBT would be recapitalized by SSC immediately prior to commencement of SSC's bankruptcy. Following its recapitalization, SSBT, along with all of its Material Entity branches and subsidiaries, would be transferred to New HoldCo and would continue to operate as a going concern.

### **D.2.2. SSGA Funds Management, Inc.**

SSGA FM was incorporated in Massachusetts in 2001 and is headquartered in Boston, Massachusetts. SSGA FM is registered with the Securities and Exchange Commission ("SEC") as an investment adviser



under the Investment Advisers Act of 1940. SSGA FM is also registered as a commodity trading advisor (“CTA”) and commodity pool operator (“CPO”) with the National Futures Association (“NFA”) and Commodity Futures Trading Commission (“CFTC”).

SSGA FM provides a variety of asset management solutions, including active, enhanced and passive equity, active and passive fixed-income, cash management, multi-asset class solutions and real estate. SSGA FM provides CF services to State Street’s Core Business Lines, Critical Operations and/or critical services. SSGA FM held \$378 billion in AUM as of December 31, 2014.

In State Street’s SPOE Strategy, State Street has optionality in terms of its treatment of SSGA FM. SSGA FM could either be maintained as part of the SSC bankruptcy estate as a going concern or it could be sold as part of the Investment Management business, either before or following the recapitalization of SSBT. The decision as to how to address SSGA FM in a resolution scenario will depend on the facts and circumstances at the time of resolution, including market conditions and the liquidity available to continue operating the recapitalized SSBT. In either case, SSGA FM (including its associated Critical Operations) would continue in operation, either as part of the SSC bankruptcy estate or under new ownership.

#### **D.2.3. State Street Global Advisors Limited**

SSGA Ltd was incorporated in 1990 as a U.K. limited company and is domiciled in the United Kingdom. SSGA Ltd. is a U.K. limited liability company registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 and is authorized and regulated by the U.K. FCA under the Financial Services And Markets Act of 2000 (“FSMA”) to conduct business in the United Kingdom as an investment adviser.

SSGA Ltd. provides a variety of asset management solutions, including active, enhanced and passive equity, active and passive fixed-income, cash management, multi-asset class solutions and real estate. SSGA Ltd. provides CF services to State Street’s Core Business Lines, Critical Operations and/or critical services. SSGA Ltd. held \$275 billion in AUM as of December 31, 2014.

In State Street’s SPOE Strategy, State Street has optionality in terms of its treatment of SSGA Ltd. SSGA Ltd. could either be maintained as part of the SSC bankruptcy estate as a going concern, or it could be sold as part of the Investment Management business, either before or following the recapitalization of SSBT. The decision as to how to address SSGA Ltd. in a resolution scenario will

depend on the facts and circumstances at the time of resolution, including market conditions and the liquidity available to continue operating the recapitalized SSBT. In either case, SSGA Ltd. (including its associated Critical Operations) would continue in operation, either as part of the SSC bankruptcy estate or under new ownership.

## VI. Summary of Consolidated Financial Information Regarding Assets, Liabilities, Capital and Liquidity

The following table presents consolidated financial information for State Street. This information is provided in SSC's Form 10-K for the year ended December 31, 2014 (on file with the SEC). Please refer to SSC's Form 10-K for additional information, including SSC's consolidated financial statements as of December 31, 2014, and 2013, and for the years ended December 31, 2014, 2013 and 2012, related footnotes and the related management's discussion and analysis of financial condition and results of operations. See also SSC's reports subsequently filed with or furnished to the SEC for additional information.

### Public Section Exhibit 8. Consolidated Statement of Income

Years Ended December 31,	2014	2013	2012
<b>(Dollars in millions, except per-share amounts)</b>			
<b>Fee revenue:</b>			
Servicing fees	\$ 5,129	\$ 4,819	\$ 4,414
Management fees	1,207	1,106	993
Trading services	1,084	1,061	1,010
Securities finance	437	359	405
Processing fees and other	174	245	266
Total fee revenue	8,031	7,590	\$ 7,088
<b>Net interest revenue:</b>			
Interest revenue	2,652	\$ 2,714	3,014
Interest expense	392	411	476
Net interest revenue	2,260	2,303	2,538
<b>Gains (losses) related to investment securities, net:</b>			
Net gains (losses) from sales of available-for-sale securities	15	14	55
Losses from other-than-temporary impairment	(1)	(21)	(53)
Losses reclassified (from) to other comprehensive income	(10)	(2)	21
Gains (losses) related to investment securities, net	4	(9)	23
Total revenue	10,295	9,884	9,649

Years Ended December 31,	2014	2013	2012
Provision for loan losses	10	6	(3)
<b>Expenses:</b>			
Compensation and employee benefits	4,060	3,800	3,837
Information systems and communications	976	935	844
Transaction processing services	784	733	702
Occupancy	461	467	470
Claims resolution	0	0	(362)
Acquisition and restructuring costs	133	104	225
Professional services	440	392	381
Amortization of other intangible assets	222	214	198
Other	751	547	591
Total expenses	7,827	7,192	6,886
Income before income tax expense	2,458	2,686	2,766
Income tax expense	421	550	705
Net income	\$ 2,037	\$ 2,136	\$ 2,061
Net income available to common shareholders	\$ 1,973	\$ 2,102	\$ 2,019
<b>Earnings per common share:</b>			
Basic	4.65	4.71	4.25
Diluted	4.57	4.62	4.2
<b>Average common shares outstanding (in thousands):</b>			
Basic	424,223	446,245	474,458
Diluted	432,007	455,155	481,129
Cash dividends declared per common share	\$ 1.16	\$ 1.04	\$ 0.96

**Public Section Exhibit 9. Consolidated Statement of Condition**

As of December 31,	2014	2013
<b>(Dollars in millions, except per-share amounts)</b>		
<b>Assets:</b>		
Cash and due from banks	\$ 1,855	\$ 3,220
Interest-bearing deposits with banks	93,523	64,257
Securities purchased under resale agreements	2,390	6,230
Trading account assets	924	843
Investment securities available for sale	94,913	99,174
Investment securities held to maturity (fair value of \$17,842 and \$17,560)	17,723	17,740
Loans and leases (less allowance for losses of \$38 and \$28)	18,161	13,458

As of December 31,	2014	2013
Premises and equipment (net of accumulated depreciation of \$4,599 and \$4,417)	1,937	1,860
Accrued interest and fees receivable	2,242	2,123
Goodwill	5,826	6,036
Other intangible assets	2,025	2,360
Other assets	32,600	25,990
Total assets	\$ 274,119	\$ 243,291
<b>Liabilities:</b>		
Deposits:		
Noninterest-bearing	\$ 70,490	\$ 65,614
Interest-bearing—U.S.	33,012	13,392
Interest-bearing—non-U.S.	105,538	103,262
Total deposits	209,040	182,268
Securities sold under repurchase agreements	8,925	7,953
Federal funds purchased	21	19
Other short-term borrowings	4,381	3,780
Accrued expenses and other liabilities	20,237	19,194
Long-term debt	10,042	9,699
Total liabilities	\$ 252,646	\$ 222,913
Commitments, guarantees and contingencies		
<b>Shareholders' equity:</b>		
Preferred stock, no par, 3,500,000 shares authorized:		
Series C, 5,000 shares issued and outstanding	\$ 491	\$ 491
Series D, 7,500 shares issued and outstanding	742	—
Series E, 7,500 shares issued and outstanding	728	—
Common stock, \$1 par, 750,000,000 shares authorized:		
503,880,120 and 503,882,841 shares issued	504	504
Surplus	9,791	9,776
Retained earnings	14,882	13,395
Accumulated other comprehensive income (loss)	(507)	(95)
Treasury stock, at cost (88,684,969 and 69,754,255 shares)	(5,158)	(3,693)
Total shareholders' equity	21,473	20,378
Total liabilities and shareholders' equity	\$ 274,119	\$ 243,291

## A. Capital

The management of both regulatory and economic capital involves key metrics evaluated by State Street's management to assess whether the actual level of capital is commensurate with State Street's risk profile, is in compliance with all regulatory requirements and is sufficient to provide the financial flexibility to undertake future strategic business initiatives.

State Street's capital management process focuses on risk exposures, regulatory capital requirements, the evaluations of the major independent credit rating agencies that assign ratings to State Street's public debt and State Street's capital position relative to its peers. State Street's Management Risk and Capital Committee ("MRAC") oversees the management of capital and is responsible for maintaining capital adequacy with respect to regulatory requirements and internal targets and for managing the expectations of the major independent credit rating agencies.

The Federal Reserve is the primary federal regulator of State Street, including SSBT, for regulatory capital purposes. Both SSC and SSBT are subject to minimum capital requirements established by the Federal Reserve and defined in the Federal Deposit Insurance Corporation Improvement Act of 1991. SSC and SSBT must meet the regulatory capital thresholds for "well capitalized" in order for SSC to maintain its status as a financial holding company.

The following table presents regulatory capital ratios and related regulatory guidelines for SSC and SSBT as of December 31, 2014.

**Public Section Exhibit 10. Basel III Regulatory Capital Ratios and Related Regulatory Guidelines for SSC and SSBT**

Regulatory Capital Ratios	Regulatory Guidelines		SSC			SSBT		
	Minimum Requirement 2014	Minimum Requirement 2013	Basel III Advanced Approaches December 31, 2014	Basel III Transitional Approach December 31, 2014	December 31, 2013	Basel III Advanced Approaches December 31, 2014	Basel III Transitional Approach December 31, 2014	December 31, 2013
Common Equity Tier 1 Capital	4.0%	N/A	12.5%	14.9%	15.5%	14.0%	16.1%	16.4%
Tier 1 Risk-Based Capital	5.5%	4.0%	14.6%	17.4%	17.3%	14.0%	16.1%	16.4%
Total Risk-Based Capital	8.0%	8.0%	16.6%	19.8%	19.7%	15.6%	17.9%	19.0%
Tier 1 Leverage Ratio	4.0%	4.0%	6.4%	6.4%	6.9%	5.8%	5.8%	6.4%

**B. Liquidity**

State Street's custody business generates deposits. Clients place deposits with State Street's worldwide branches and subsidiaries consistent with their investment strategy, and such deposits help facilitate payment and settlement activities associated with client investment portfolios. These client deposits are the primary source of liquidity and funding for State Street's consolidated balance sheet. Having grown over time, these deposits have allowed State Street to reduce its reliance on wholesale funding.

If incremental funding is required, State Street has the ability to source funding, at market rates of interest, from wholesale investors in the capital markets. On-balance sheet liquid assets are also an integral component of State Street's liquidity management strategy. These assets provide liquidity through the maturity of such assets, but more importantly, by providing State Street with the ability to raise funds by pledging the securities as collateral for borrowings or through outright sales. SSBT is a member of the Federal Home Loan Bank of Boston, and this membership allows for advances of liquidity in varying terms against high-quality collateral (mainly in the form of mortgage securities), which helps facilitate SSBT's asset-and-liability management. Each of these sources of liquidity is used in State

Street's management of its daily cash needs and is available in a crisis scenario should it be necessary to accommodate potential large, unexpected demand for funds.

## VII. Description of Derivative and Hedging Activities

State Street uses derivative financial instruments, including forwards, futures, swaps, options and other instruments with similar characteristics, to support client needs in its role as a financial intermediary and to manage its own interest-rate and foreign currency risk. These activities are generally intended to manage potential earnings volatility and to generate trading revenue. In addition, in its role as both a manager and a servicer of financial assets, State Street provides services related to derivatives. Clients use derivatives to manage the financial risks associated with their investment goals and business activities. With the growth of cross-border investing, State Street's clients have an increasing need for FX forward contracts to meet future settlement objectives and to manage the currency risk in their international investment portfolios. As an active participant in the FX markets, State Street provides FX forward contracts and options in support of these client needs. In undertaking these activities, State Street assumes positions in the FX markets using derivative financial instruments, including FX forward contracts and FX options. In the aggregate, positions are matched closely to minimize currency and interest-rate risk.

FX contracts involve an agreement to exchange one currency for another currency at an agreed-upon rate and settlement date. FX contracts generally consist of FX forward and spot contracts, option contracts, and cross-currency swaps. Future cash requirements related to FX contracts, if any, are represented by the gross amount of currencies to be exchanged under each contract unless State Street and the counterparty have agreed to pay or to receive the net contractual settlement amount on the settlement date. Derivative financial instruments are also subject to credit and counterparty risk, which is defined as the risk of financial loss if a borrower or counterparty is either unable or unwilling to repay borrowings or settle a transaction in accordance with the underlying contractual terms. State Street manages credit and counterparty risk by performing credit reviews, maintaining individual counterparty limits, entering into netting arrangements and requiring the receipt of collateral. Collateral requirements are determined after a comprehensive review of the creditworthiness of each counterparty, and the requirements are monitored and adjusted daily. Collateral is generally held in the form of cash or highly liquid U.S. government securities. State Street may be required to provide collateral to a counterparty in connection with entry into derivative financial instruments. Collateral received and collateral provided in

connection with derivative financial instruments is recorded in accrued expenses and other liabilities and other assets, respectively, in State Street's consolidated balance sheet.

Pursuant to State Street's accounting and Treasury guidelines, on the date on which a derivative contract is entered into, State Street designates the derivative as:

- a hedge of the fair value of a recognized fixed-rate asset or liability or of an unrecognized firm commitment;
- a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized variable-rate asset or liability;
- a foreign currency fair-value or cash-flow hedge;
- a hedge of a net investment in a non-U.S. operation; or
- a derivative utilized in either trading activities or in asset-and-liability management activities that is not accounted for as a hedge of an asset or liability.

State Street uses a variety of risk management tools and methodologies to measure, monitor and manage the market risk associated with its trading activities. One such risk management measure is value-at-risk ("VaR"). VaR is an estimate of potential loss for a given period within a stated statistical confidence interval. State Street uses a risk measurement system to estimate VaR daily. State Street has adopted standards for estimating VaR and maintains regulatory capital for market risk associated with its trading activities in accordance with federal regulatory capital guidelines.

### **VIII. Memberships in Material Payment, Clearing and Settlement Systems**

In order to facilitate its business and support its clients' needs for core custody services, State Street maintains memberships with and participates in global payment, clearing and settlement systems, also known as FMUs. State Street delivers services to clients in more than 100 markets, and its operations rely on access to payment, clearing and settlement systems in many of those geographies. In many instances, State Street accesses local payment, clearing and settlement systems through its extensive sub-custodian network, including both State Street-owned sub-custodians that facilitate State Street's self-clearing and third-party sub-custodians that clear on behalf of State Street. Below, State Street



summarizes its material direct-member relationships with payment, clearing and settlement systems—mainly held through SSBT—which include participation in six CSDs, four direct payment systems and one FX net settlement system.

**Public Section Exhibit 11. State Street Memberships in Material Payment, Clearing and Settlement Systems**

FMU Type	Payment, Clearing and Settlement System	Description of the Service
<i>Central securities depositories</i>	Fedwire Securities Service (“Fedwire Securities”)	A national securities book-entry system that is owned and operated by the Federal Reserve; conducts real-time transfers of securities and related funds, on an individual and gross basis
	Depository Trust Clearing Corporation, which includes Depository Trust Company (“DTC”), National Securities Clearing Corporation (“NSCC”) & Fixed Income Clearing Corporation (“FICC”)	Provides clearing, settlement and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, money market instruments, and over-the-counter derivatives
	CDS Clearing and Depository Services Inc. (“CDS”)	Canada's national securities depository, clearing and settlement hub. It provides a gateway between Canada and the United States to meet the increasing demand for cross-border clearing and settlement of depository-eligible securities
	CREST (operated by Euroclear U.K. & Ireland Limited)	Central securities depository for U.K. markets and Irish stocks. CREST operates an electronic settlement system to settle international securities
	Euroclear	International central securities depository and settlement services for cross-border transactions involving bonds, equities, derivatives and investment funds
	Clearstream	International central securities depository and securities settlement system

FMU Type	Payment, Clearing and Settlement System	Description of the Service
<i>Direct payment systems</i>	Fedwire Funds Service (“Fedwire Funds”)	A real-time gross settlement system and wire transfer services provider that is owned and operated by the Federal Reserve Banks
	Clearing House Interbank Payment System (“CHIPS”)	Large-value wire transfer payment system with real-time final settlement of payments
	Clearing House Automated Payment System (“CHAPS”)	U.K. interbank payment system for large value sterling payments
	Large Value Transfer System (“LVTS”)	Real-time, electronic wire transfer system in Canada that processes large-value or time-critical payments quickly and continuously throughout the day
<i>Foreign exchange (FX) settlement system</i>	Continuous Linked Settlement (“CLS”)	Multi-currency cash settlement system that settles payment instructions related to trades in FX spot contracts, FX forwards, FX options, FX swaps, non-deliverable forwards, credit derivatives and seventeen major currencies

## IX. Material Supervisory Authorities

State Street’s U.S. and non-U.S. operations are subject to extensive regulation. The Federal Reserve is the primary federal banking agency responsible for regulating State Street and its subsidiaries, including SSBT, for its U.S. and non-U.S. operations. SSBT is a member of the Federal Reserve and is an FDIC-insured depository institution. In addition to supervision and regulation by the Federal Reserve, SSBT is subject to supervision and regulation by the Massachusetts Division of Banks, the FDIC, and the regulatory authorities of those states and countries in which a branch of SSBT is located. State Street’s non-U.S. banking subsidiaries are subject to regulation by the regulatory authorities of the countries in which they are located.

SSGA Ltd. and SSGA FM are registered with the SEC as investment advisers under the Investment Advisers Act of 1940. SSGA Ltd. is also regulated by the U.K. FCA. A major portion of State Street’s investment management activities is conducted by SSBT, which is subject to supervision primarily by the Federal Reserve with respect to these activities.

State Street's businesses are also regulated extensively by non-U.S. governments, securities exchanges, self-regulatory organizations, central banks and regulatory bodies, especially in those jurisdictions in which State Street maintains an office.

The following table lists key regulatory authorities for State Street's Material Entities.

**Public Section Exhibit 12. Key Regulatory Authorities for State Street's Material Entities**

Legal Entity	Primary Regulatory Authority	Secondary Regulatory Authority
State Street Corporation	Federal Reserve	N/A
State Street Bank and Trust Company	Federal Reserve Massachusetts Division of Banks	FDIC
State Street Bank and Trust Company, London Branch	Federal Reserve Massachusetts Division of Banks	PRA FCA
State Street Bank and Trust Company, Toronto Branch	Federal Reserve Massachusetts Division of Banks	OSFI
State Street Trust Company Canada	OSFI	N/A
State Street Bank Luxembourg S.A.	CSSF European Central Bank ("ECB")	Luxembourg Central Bank
State Street Bank GmbH	BaFin ECB	German Central Bank
State Street Bank S.p.A.	Banca d'Italia CONSOB ECB	N/A
State Street International (Ireland) Limited	N/A	N/A
State Street Custodial Services (Ireland) Limited	Central Bank of Ireland	N/A
State Street Fund Services (Ireland) Limited	Central Bank of Ireland	N/A
State Street Bank GmbH, Krakow Branch	BaFin	German Central Bank
State Street Syntel Services Private Limited	N/A	N/A
Statestreet HCL Services (India) Private Limited	N/A	N/A
SSGA Funds Management, Inc.	SEC CFTC	N/A
State Street Global Advisors Limited	FCA	SEC

## X. Principal Officers

The following table lists the principal officers of SSC and SSBT as of June 30, 2015, all of whom are appointed by State Street's Board.

**Public Section Exhibit 13. Principal Officers of SSC and SSBT**

Name	Position
Joseph L. Hooley	Chairman and Chief Executive Officer (SSC); Chairman, President and Chief Executive Officer (SSBT)
Michael F. Rogers	President and Chief Operating Officer (SSC); Executive Vice President (SSBT)
Joseph C. Antonellis	Vice Chairman
James S. Phalen	Vice Chairman
Michael W. Bell	Executive Vice President and Chief Financial Officer
Jeff Conway	Executive Vice President
Jeffrey N. Carp	Executive Vice President, Chief Legal Officer and Secretary
Gunjan Kedia	Executive Vice President
Andrew Kuritzkes	Executive Vice President and Chief Risk Officer
Ronald O'Hanley	Chief Executive Officer of State Street Global Advisors
Sean P. Newth	Senior Vice President, Chief Accounting Officer and Controller
Christopher Perretta	Executive Vice President and Chief Information Officer
Scott F. Powers	Executive Vice President
Alison A. Quirk	Executive Vice President
Wai Kwong Seck	Executive Vice President

## **XI. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning**

State Street leveraged its existing processes and procedures to guide the preparation and approval of the Resolution Plan. State Street has designated its Executive Vice President of Finance as its Resolution Officer. The Resolution Officer manages a dedicated Resolution executive team responsible for the development, maintenance and annual filing of the Resolution Plan and the implementation of related initiatives.

In 2013, the Resolution and Recovery Executive Steering Group was established with the appointment of executives representing Core Business Lines, Global Operations, Global Treasury, Finance and Legal. The membership of this committee also includes the Global Executive Sponsors and Global Program Lead. This committee reports into the MRAC. This committee is supported by a Project Steering Committee which provides additional oversight and support.

The ongoing management of the Resolution Plan project is the responsibility of a centralized Recovery and Resolution Planning Office ("RRP Office") led by the Global Program Lead reporting to the Resolution

Officer. The dedicated Resolution Project team is responsible for managing the Resolution Plan process, which includes updating the Resolution Plan at least annually or more frequently, as necessary, providing the Federal Reserve and the FDIC with a notice within 45 days of any event that materially affects the Resolution Plan and coordinating with the regulatory authorities on matters related to resolution planning. Since the filing of the 2014 Resolution Plan, State Street has established the Office of Regulatory Initiatives, which serves to centralize and harmonize State Street's various regulatory initiatives. As of February 2015, Recovery and Resolution Planning is a regulatory initiative subject to ORI's oversight.

The ongoing governance and oversight of the Resolution Plan leverages State Street's existing governance model and committee structure and, therefore, is embedded in the existing processes within State Street. All new products and services not currently offered by State Street, significant variations to or extensions of existing products, the formation of subsidiaries or establishment of branches, and dispositions or corporate restructuring projects are subject to the approval of management. The Resolution Officer notifies the Global Executive Sponsors and Global Program Lead of any material events at State Street, including corporate restructuring, the establishment or elimination of legal entities, new product or service introduction, entry into a new market or jurisdiction, product or service introduction to a new client type, and merger and acquisition activities. The Resolution Officer ensures that such activities are communicated to the RRP Office in a timely manner. In addition, the MRAC with RC and the Board approved the Resolution Plan annually prior to submission.

## **XII. Description of Material Management Information Systems**

State Street maintains comprehensive MIS to enable its businesses to have timely access to accurate management information in areas of risk management, accounting, finance, operations and regulatory reporting.

State Street employs a variety of systems in its infrastructure to manage its risk exposure. The ability of State Street to identify, manage and monitor its risk is critical to its soundness. This includes systems for the accumulation of risk exposure information and data, managing and monitoring counterparty limits, managing and monitoring market risk exposure, monitoring interest-rate risk, managing operational risk and risk assessment model management, and assessing operational performance. State Street uses a number of general ledger, budgeting and expenses, tax management, and global data warehousing

applications for finance and accounting purposes. State Street also uses internet-based applications and applications from the Federal Reserve to manage and facilitate compliance with regulatory reporting.

State Street's MIS is shared globally across Core Business Lines and Material Entities. All systems and infrastructure designed and developed by the State Street Information Technology Organization are owned by SSC and SSBT, and where State Street uses third-party systems, the contracting legal entity is the legal owner or the licensor of the system. State Street has highlighted in the Resolution Plan the key MIS associated with risk management, accounting, financial, and regulatory reporting and described key internal reports within the Material Entity.

Key risk management reports that State Street utilizes to manage its business on a BAU basis can be broadly categorized into:

- Management executive reporting: This reporting includes executive-level summaries and dashboards used to highlight high-level summaries, updates and open decisions.
- Monitoring and exception reporting: This reporting provides information to monitor daily activities for BAU purposes and raise exceptions, if any, to senior management.
- Risk reporting: This reporting provides information primarily used to monitor credit, interest-rate, market, and operational risk, and highlights risk limit breaches, if any, to senior management.
- Operational reporting: This reporting provides BAU information to manage and monitor operational metrics across State Street's core businesses.
- Regulatory reporting: This reporting provides key information as set forth by requirements of the regulatory authorities governing the business or legal entity.

State Street also maintains a Business Continuity Plan ("BCP") for its business operations, applications and systems to facilitate continuity of its operations in the event of a business interruption. The Global Continuity Services team is responsible for managing State Street's corporate-wide business continuity program and ensures that detailed and comprehensive continuity plans are in place for all Core Business Lines and Critical Operations through support from various business lines throughout the organization.

### XIII. Conclusion

State Street views resolution planning as integral to its overall risk management framework and considers resolvability as one part of its strategy and execution of its operating model. Significant resources, including executive management focus, are devoted to resolution planning. State Street's overall resolution strategy is to maintain its role as a key infrastructure provider within the financial system, while seeking to minimize risk to the financial system and to maximize value for the benefit of its stakeholders at all times. State Street has focused resources and activities designed to fulfill those objectives in an actual resolution event.

State Street's preferred SPOE Strategy has been evaluated and analyzed from a number of perspectives, to confirm its feasibility and soundness. State Street's resolution strategy is designed so that key components of State Street's businesses and their associated Critical Operations would be able to continue their operations after the failure of SSC, thereby minimizing any disruption to clients' access to their securities, funds and other property, and permitting the ongoing processing of client and counterparty transactions. In particular, in a resolution scenario, State Street would be focused on maintaining operational capabilities for and minimizing disruption of the Global Custody business and the Critical Operations, to avoid affecting the stability of the global financial system more generally.

### XIV. Glossary

Term	Definition
165(d) Rule	Section 165(d) of the Dodd-Frank Act and its implementing rule jointly issued by the Federal Reserve and the FDIC
AFB	Authorized Foreign Bank
AUCA	Assets Under Custody and Administration
AUM	Assets Under Management
BCP	Business Continuity Plan
BHC Act	Bank Holding Company Act of 1956
Board	SSC's Board of Directors
CDS	Canadian Depository Services
CF	Client Facing
CFTC	Commodity Futures Trading Commission
CHAPS	Clearing House Automated Payment System
CHIPS	Clearing House Interbank Payments System
CLS	Continuous Linked Settlement
COEs	Centers of Excellence

Term	Definition
CONSOB	Commissione Nazionale Per Le Società e La Borsa
CPO	Commodity Pool Operator
CSSF	Commission de Surveillance du Secteur Financier
CTA	Commodity Trading Advisor
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DTC	Depository Trust Company
E&A	Examination and Audit
ECB	European Central Bank
ERM	Enterprise Risk Management
ETFs	Exchange-Traded Funds
FCA	Financial Conduct Authority
FDIC	Federal Deposit Insurance Corporation
Federal Financial Supervisory Authority, or BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
Federal Reserve	Board of Governors of the Federal Reserve
Fedwire Funds	Fedwire Funds Service
Fedwire Securities	Fedwire Securities Service
FICC	Fixed Income Clearing Corporation
FMUs	Financial Market Utilities
Form 10-K	Annual Report on Form 10-K
FSMA	Financial Services and Markets Act of 2000
FSOC	Financial Stability Oversight Council
FX	Foreign Exchange
GAAP	Generally Accepted Accounting Principles
German Central Bank	Deutsche Bundesbank
Global Custody	Global Custody Core Business Line
ICAAP	Internal Capital Adequacy Assessment Process
ICSDs	International Central Securities Depositories
Investment Management	Investment Management Core Business Line
ISDA	International Swaps and Derivatives Association
Italian Central Bank	Banca D'Italia
LP	Liquidity Provider
Luxembourg Central Bank	Banque Centrale De Luxembourg
LVTS	Large Value Transfer System
MH	Membership Holder
MIS	Management Information System
MRAC	Management Risk and Capital Committee
New HoldCo	Newly created holding company
NFA	National Futures Association



Term	Definition
NSCC	National Securities Clearing Corporation
ORI	Office of Regulatory Initiatives
OSFI	Office of the Superintendent of Financial Institutions
PCS	Payment, Clearing and Settlement
PRA	Prudential Regulation Authority
QFCs	Qualified Financial Contracts
RC	Risk Committee
Resolution Plan	A plan for rapid and orderly resolution in the event of material financial distress or failure
RRP Office	Recovery and Resolution Planning Office
SCPOM	Stress Cash Positioning Operating Model
SEC	Securities and Exchange Commission
ShSs	Shared Services
SI	Service Infrastructure
SIFI	Systemically Important Financial Institution
SLAs	Service-Level Agreements
SPOE Strategy	Single Point of Entry Strategy
SS HCL	Statestreet HCL Services (India) Private Limited
SS Syntel	State Street Syntel Services Private Limited
SSB GmbH	State Street Bank GmbH
SSB GmbH-Krakow	SSB GmbH's Branch in Krakow, Poland
SSB S.p.A	State Street Bank S.P.A.
SSBL	State Street Bank Luxembourg S.A.
SSBT	State Street Bank and Trust Company
SSBT - London	State Street Bank and Trust Company, London Branch
SSBT - Toronto	State Street Bank and Trust Company, Toronto Branch
SSC	State Street Corporation
SSCSIL	State Street Custodial Services Ireland Limited
SSFSIL	State Street Fund Services Ireland Limited
SSGA FM	SSGA Funds Management, Inc.
SSGA Ltd.	State Street Global Advisors Limited
SSTCC	State Street Trust Company Canada
State Street	State Street Corporation, together with its subsidiaries on a consolidated basis
TLAC	Total Loss-Absorbing Capital
VaR	Value-at-Risk