



**2016 Submission for  
State Street Corporation:  
Public Section**

Where you can find more information:

State Street Corporation ("SSC") files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("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). Neither the SEC's nor SSC's website are 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 NE, 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:

State Street Corporation  
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, 2015 (the "2015 Form 10-K") and its Quarterly Report for the period ended June 30, 2016 (the "Second 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 2015 Form 10-K and Second Quarter Form 10-Q may modify or update and supersede the information contained in the 2015 Form 10-K, the Second 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 2015 Form 10-K is accurate only as of the date of the 2015 Form 10-K and that the information appearing in this document that was extracted from the Second Quarter Form 10-Q is accurate only as of the date of the Second Quarter Form 10-Q. SSC's business, financial position and results of operations may have changed since those dates.

Forward-Looking Statements:

This document, SSC's filings with the SEC and any documents incorporated by reference in this document 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 2015 Form 10-K and the Second Quarter Form 10-Q, as well as in subsequent filings made with the SEC. Such factors 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.

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 2015 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, and forward-looking statements in any of SSC's filings with the SEC should not be relied on as representing SSC's expectations or beliefs as of any date subsequent to the time such documents were filed with the SEC (or, if earlier, the time indicated in such filings). SSC undertakes no obligation to revise its forward-looking statements after the time they are made.

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.

## Table of Contents

---

1 Introduction	4
2 Summary of State Street's Remediation Actions	7
3 Remediation of Deficiencies	10
4 Status Report on Remediation of Shortcoming - Governance Mechanisms	28
5 Enhancements to Resolvability Since the 2015 Plan	36
6 Actions to Prepare for 2017 Plan	39
Appendix	41
Glossary	48

## 1 Introduction

State Street Corporation (together with its subsidiaries on a consolidated basis, “State Street”; and on an unconsolidated basis, “SSC”) is a bank holding company that has elected to be a financial holding company and conducts its business primarily through its principal banking subsidiary State Street Bank and Trust Company (“SSBT”), a Massachusetts chartered trust company and member bank of the Federal Reserve System. State Street’s clients include mutual funds, collective investment funds and other investment pools, corporate and public retirement plans, insurance companies, foundations, endowments and investment managers.

Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), and its implementing rule (the “165(d) Rule”) jointly issued by the Board of Governors of the Federal Reserve System (“FRB”) and the Federal Deposit Insurance Corporation (“FDIC”) (collectively, the “Agencies”) require any bank holding company with total consolidated assets of \$50 billion or more, including SSC, to submit to the FRB, the FDIC and the Financial Stability Oversight Council, and periodically update, a plan for its 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 and avoid the use of U.S. taxpayer funds or losses to the FDIC’s Deposit Insurance Fund.

In 2015, State Street submitted its 2015 Resolution Plan (the “2015 Plan”) to the Agencies. The 2015 Plan described State Street’s preferred strategy for executing an orderly resolution using a “single point of entry” (“SPOE”) strategy. Under the SPOE strategy, in the event of massive financial loss several times greater than the largest financial loss State Street has ever suffered historically, only SSC would file for bankruptcy; its most important operating subsidiaries (“Material Entities”), including its main bank subsidiary, SSBT, would be recapitalized or receive liquidity and continue to operate with sufficient levels of capital and liquidity and without entering into bankruptcy, receivership or liquidation proceedings.

State Street’s preferred resolution strategy, the SPOE strategy, is designed to:

- Provide for the continuation of key components of State Street’s two main business lines, Global Custody and Investment Management (these two business lines are known as the “Core Business Lines”) during the period from the failure of SSC through the resolution period, allowing

clients' continued access to their accounts, securities, funds and other property and permitting the ongoing processing of client and counterparty transactions;

- Provide a means for the continuation of the operations necessary to support and continue State Street's Global Custody and Investment Management Core Business Lines (these operations are known as the "Critical Operations") without interruption despite any loss of capital or liquidity and the failure of SSC; and
- To the extent consistent with these two goals, 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.

For more details regarding State Street's operational structure and the execution of its SPOE strategy, please refer to the Appendix Section of this document.

While the Agencies did not object to the SPOE strategy proposed by State Street, the Agencies reviewed State Street's 2015 Plan and jointly determined it was "not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code"<sup>1</sup> for other specified reasons. The Agencies notified State Street of this determination in a letter dated April 12, 2016 (the "2016 Letter") that identified four deficiencies and one shortcoming that the Agencies found in the 2015 Plan. The 2016 Letter instructed State Street that by the time of State Street's October 1, 2016 submission (the "2016 Submission") it must have remediated all identified deficiencies; the shortcoming must be remediated by July 1, 2017. The 2016 Letter also noted that a 2016 Submission that addressed the deficiencies identified by the Agencies would otherwise satisfy the informational requirements of the 165(d) Rule.

In response, State Street prepared a 2016 Submission that describes the actions that State Street has taken to remediate its deficiencies, the actions State Street is taking to remediate the shortcoming identified by the Agencies in the 2015 Plan, certain other improvements that State Street has made to enhance its resolvability since the submission of the 2015 Plan, and the progress it has made in response to the Guidance for 2017: 165(d) Annual Resolution Plan Submissions By Domestic Covered Companies that Submitted Resolution Plans ("Guidance for 2017") in preparation for filing its 2017 Resolution Plan ("2017 Plan"). This public section summarizes the 2016 Submission and includes:

---

<sup>1</sup> Letter issued by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation on April 12, 2016 to State Street Corporation, titled "2015 Resolution Plan Review Results: State Street Corporation", p.1.

- A high-level overview of the actions that State Street has taken in response to the 2016 Letter (Section 2 Summary of State Street's Remediation Actions);
- A description of the actions that State Street has taken to remediate the deficiencies identified by the Agencies (Section 3 Remediation of Deficiencies);
- A description of the actions that State Street is taking to address and correct the shortcoming identified by the Agencies in advance of the 2017 Plan (Section 4 Status Report on Remediation of Shortcoming - Governance Mechanisms);
- A summary of the additional enhancements that State Street has made to resolvability since the submission of the 2015 Plan (Section 5 Enhancements to Resolvability Since the 2015 Plan);
- A description of the actions that State Street is undertaking to prepare for the 2017 Plan (Section 6 Actions to Prepare for 2017 Plan); and
- A general overview of State Street's operational structure and its SPOE strategy (Appendix).

The board of directors of SSC (the "SSC Board of Directors") approved the 2016 Submission.

## 2 Summary of State Street's Remediation Actions

State Street considers resolvability an important aspect of both its strategy and the execution of its everyday operating model. Significant resources, including executive management focus, are devoted to resolution planning in order to have a credible Resolution Plan, to establish a robust governance structure, to account for all regulatory guidance and requirements, and to continue to refine State Street's organization and operations, further enhancing its resolvability.

In the 2016 Letter, the Agencies identified four deficiencies and one shortcoming in State Street's 2015 Plan. As required by the 2016 Letter, the 2016 Submission describes how State Street has remediated each deficiency and State Street's progress in remediating the shortcoming in time for the submission of the 2017 Plan. Specifically, with respect to each identified deficiency, State Street has completed actions which, it believes, remediate the deficiency in its entirety. With respect to the identified shortcoming, State Street has already undertaken significant remediation activities, and the shortcoming will be fully corrected in advance of the 2017 Plan. Exhibit 2.1-1 below provides a high-level overview of State Street's remediation efforts for each deficiency and shortcoming.

**Exhibit 2.1-1: Summary of Actions to Remediate Deficiencies and Address Shortcoming**

Deficiencies
<b>Operational - Shared Services</b>
<p>The Agencies identified a deficiency in the 2015 Plan regarding shared services. In order to remediate that deficiency, State Street has:</p> <ul style="list-style-type: none"> <li>• Developed a Service Taxonomy and identified all Critical Services;</li> <li>• Mapped Critical Services to Core Business Lines, Critical Operations and Material Entities;</li> <li>• Incorporated the mapping into State Street’s legal entity rationalization criteria and implementation efforts; and</li> <li>• Designed procedures to maintain this taxonomy mapping.</li> </ul>
<b>Legal Entity Rationalization (“LER”)</b>
<p>The Agencies identified a deficiency in the 2015 Plan regarding State Street’s criteria for a rational and less-complex legal entity structure (the “LER Criteria”). In order to remediate that deficiency, State Street has:</p> <ul style="list-style-type: none"> <li>• Finalized LER Principles and specific LER Criteria and procedures that: <ul style="list-style-type: none"> <li>◦ Are clear and actionable;</li> <li>◦ Promote the best alignment of legal entities and Core Business Lines to improve resolvability; and</li> <li>◦ Facilitate the recapitalization of, or injection of any needed liquidity to, its Material Entities before and throughout the resolution period;</li> </ul> </li> <li>• Implemented an LER governance framework designed to promote compliance with the LER Criteria on an ongoing basis;</li> <li>• Established a framework for evaluating when the benefits of resolution planning outweigh increased complexity and how to address the impediments to resolution that are created by increased complexity in the legal entity structure that might serve business as usual; and</li> <li>• Identified certain necessary internal restructurings by applying the LER Criteria and developed a work plan to implement such restructurings by July 2017.</li> </ul>
<b>Capital - Resolution Capital Execution Need (“RCEN”)</b>
<p>The Agencies identified a deficiency in the 2016 Plan regarding the methodology used to determine the capital needed by Material Entities to operate throughout the resolution period to support the execution of the SPOE strategy. In order to remediate that deficiency, State Street has:</p> <ul style="list-style-type: none"> <li>• Used enhanced loss methodologies and sensitivity models demonstrating a revised capital projection for the resolution period that exceeds the well-capitalized standards under the capital requirements that apply to State Street; and</li> <li>• Included in the revised capital projection an explanation of the adjustments made to the assumed size of State Street’s hypothetical loss and the rate of reduction in risk-weighted assets (“RWAs”, which represent a measure of a bank’s assets and off-balance sheet exposures that are weighted for risk purposes and serve as the denominator for a bank’s risk-based capital ratios) associated with State Street’s securities lending program, in which it facilitates the lending of client securities to borrowers such as broker-dealers and various types of funds.</li> </ul>
<b>Liquidity - Resolution Liquidity Execution Need (“RLEN”)</b>
<p>The Agencies identified a deficiency in the 2015 Plan regarding the determination of the amount of liquidity needed by Material Entities to operate throughout the resolution period. In order to remediate this deficiency, State Street has:</p> <ul style="list-style-type: none"> <li>• Adjusted the methodologies and assumptions of the model for estimating the minimum amount of liquidity needed for Material Entities to continue to operate throughout the resolution period consistently with regulatory requirements, market expectations and the SPOE strategy and to continue to provide payment, clearing and settlement services to clients;</li> <li>• Further developed its assumptions and modeling capabilities to better forecast the minimum operational liquidity (“MOL”) and potential peak funding needs (“PFN”) for Material Entities in the stabilization period, producing daily cash flows and detailed financial projections;</li> <li>• Provided a description of the model and process enhancements and their impact on the estimation of liquidity needed to execute the SPOE strategy; and</li> <li>• Incorporated an enhanced liquidity model into the framework for informing the Board of Directors when SSC may need to make a final capital contribution or provide liquidity to its Material Entities and subsequently file for bankruptcy.</li> </ul>



Shortcoming
<p><b>Governance Mechanisms - Playbooks and Triggers</b></p>
<p>The Agencies identified a shortcoming in the 2015 Plan regarding two aspects of State Street's governance mechanisms: playbooks and triggers and pre-bankruptcy parent support. In order to address and correct the shortcoming with respect to playbooks and triggers, State Street:</p> <ul style="list-style-type: none"> <li>• Defined the key stages of financial distress and trigger points marking the transition from one stage to the next, starting from business as usual ("BAU") and leading up to SSC's decision to file for bankruptcy, describing the set of actions associated with each stage; and</li> <li>• Established a full list of resolution-readiness playbooks, in addition to the governance playbooks. State Street plans to finalize all playbooks prior to July 1, 2017. The playbooks will include clearly identified triggers for:             <ul style="list-style-type: none"> <li>◦ The escalation of information to senior management and the SSC Board of Directors;</li> <li>◦ The recapitalization of, or provision of liquidity to, Material Entities prior to SSC's bankruptcy and funding such Material Entities throughout the resolution period; and</li> <li>◦ The timely execution of bankruptcy filing and related pre-filing actions.</li> </ul> </li> </ul>
<p><b>Governance Mechanisms - Pre-Bankruptcy Parent Support</b></p>
<p>In order to address and correct the shortcoming with respect to pre-bankruptcy parent support:</p> <ul style="list-style-type: none"> <li>• State Street included in the 2016 Submission a legal memorandum assessing the likelihood that State Street's SPOE strategy would withstand any legal challenges brought by SSC's creditors, including an analysis of potential legal challenges and mitigants to each; and</li> <li>• State Street anticipates, subject to full review and approvals, establishing a pre-funded intermediate holding company ("IHC") that would support State Street's Material Entities throughout the resolution period. SSC and the IHC would obligate themselves to recapitalizing and/or providing liquidity to SSBT and all of State Street's other Material Entities in the event of material financial distress, under a contract known as a "Support Agreement." SSC and the IHC would secure their obligations under the Support Agreement by entering into a contract known as a "Security Agreement" and by pledging their rights in the assets that SSC and the IHC would use to fulfill their support obligations to the Material Entities.</li> </ul>

State Street recognizes the importance of an integrated approach to Recovery and Resolution Planning ("RRP"), and its resolution and recovery program operates as a single effort, involving the coordinated and interconnected development of the recovery and resolution framework. Since the filing of the 2015 Plan, the RRP program management and governance structure has been enhanced to include broader executive management ownership and oversight, coordinating the work required for State Street to meet its ongoing requirements, including across all areas outlined in the Guidance for 2017.

### 3 Remediation of Deficiencies

State Street has taken actions to respond to and remediate each of the deficiencies identified by the Agencies in the 2016 Letter. Each of these actions is described in more detail in the following sections. As a result of these actions, State Street believes that it has remediated all deficiencies identified in the 2016 Letter and that its Resolution Plan is credible and would facilitate an orderly resolution under the U.S. Bankruptcy Code.

#### 3.1 Shared Services

"Critical Services" are shared services provided within State Street in support of Critical Operations that, if they were discontinued, would be disruptive to the continuity of Critical Operations. The Agencies identified as an operational deficiency State Street's failure to identify and map its Critical Services.

State Street's activities to remediate its deficiency in shared services have resulted in it documenting a comprehensive and granular understanding of its Critical Services. State Street believes that this enhanced mapping will enable Material Entities to continue throughout the resolution period to have access to Critical Services. This in turn would enable State Street to maintain its Critical Operations throughout the resolution period.

Exhibit 3.1-1 summarizes the deficiency and the actions that State Street has completed to remediate the deficiency. The subsections that follow describe the remediation actions in more detail.

**Exhibit 3.1-1: State Street’s Shared Services Deficiency and Actions to Remediate**

Deficiency	Remediation Requirements	State Street’s Actions to Remediate
<b>Operational - Shared Services</b>		
<ul style="list-style-type: none"> <li>State Street’s 2015 Plan had not made demonstrable progress towards developing an actionable implementation plan to ensure the continuity of shared services that support Critical Operations.</li> <li>By the filing of the 2015 Plan, State Street had not completed the identification of its Shared Services.</li> </ul>	<p>In order to remediate this deficiency by the 2016 Submission the Agencies determined that State Street must:</p> <ul style="list-style-type: none"> <li>Identify all Critical Services;</li> <li>Maintain a mapping of how and where these services support its Core Business Lines and Critical Operations; and</li> <li>Incorporate such mapping into its LER Criteria and implementation efforts.</li> </ul>	<p>State Street believes that it has satisfied the requirements to remediate this deficiency by completing these and other actions:</p> <ul style="list-style-type: none"> <li>Developed a Service Taxonomy and Identified all Critical Services (Section 3.1.1).</li> <li>Mapped and maintains the mapping of Critical Services to Core Business Lines, Critical Operations and Material Entities (Section 3.1.2).</li> <li>Assessed findings of Critical Services mapping against LER Criteria. (Section 3.1.3).</li> </ul>

**3.1.1 Development of Service Taxonomy and Identification of Critical Services**

State Street has developed a Service Taxonomy that captures and describes all of the services conducted within the organization, not just Critical Services. The Service Taxonomy is organized in a three-tiered structure, as follows:

- Level One** describes at a high level the business or corporate service area providing the services and is similar to business units or departments;
- Level Two** is a more granular breakdown that indicates the type of services provided within a particular Level One area; and
- Level Three** describes with specificity the services being provided.

State Street inventoried all services provided according to this hierarchy and assessed all of the Level Three services to identify which of these services are Critical Services. As a global custodian, State Street often provides Critical Services in multiple locations, utilizing redundant capacity to provide coverage 24 hours per day. Maintaining Critical Services in each current location would not be necessary to the execution of State Street’s Resolution Plan. State Street’s continuity plans will reflect maintaining Critical Services at the appropriate level in Material Entities in order to support Critical Operations in resolution.

### 3.1.2 Mapping Critical Services

State Street developed a mapping methodology for the Critical Services identified in the Service Taxonomy, designed to capture all of the infrastructure required to provide each of the Critical Services. This methodology was further expanded to map the recipients of the Critical Services, including the Core Business Lines, Critical Operations and Material Entities. The full results of this mapping exercise establish State Street's Service Catalog.

The Service Taxonomy and Service Catalog together contain the full identification of State Street's Critical Services and show the mapping of these services to the Core Business Lines, Critical Operations, and Material Entities. State Street believes that together, these two deliverables demonstrate completion of the required identification and mapping of Critical Services.

To support the maintenance of the Service Taxonomy and Service Catalog, State Street's RRP Office, which is responsible for overseeing and coordinating State Street's recovery and resolution efforts across the organization, is also represented on each of State Street's significant management governance bodies, so that resolution and recovery considerations are taken into account in assessing or making any organizational changes. The associated procedures include the identification of responsible parties for assessing the changes, tracking the changes, and ultimately confirming that they are appropriately reflected in the Service Taxonomy and Service Catalog.

### 3.1.3 Incorporation of Mapping into LER Criteria and Implementation Efforts

As part of its remediation efforts for the 2016 Submission, State Street has incorporated the ongoing provision of Critical Services into its LER Criteria.

In particular, State Street has formalized principles that support the continuity of its Critical Operations through its enhanced LER Criteria, which serve as the foundation for effective ongoing management of State Street's legal entity structure (the LER Criteria are described in Section 3.2 Legal Entity Rationalization ("LER")). State Street developed a framework for analyzing the Service Catalog, leveraging the operational procedures established for the LER Criteria ("Operational Procedures").

The LER Criteria include, among other factors, considerations relevant to (i) the best alignment of legal entities to Core Business Lines and (ii) the continuity of Critical Operations in the Material Entities. Data from the Service Catalog has been incorporated into State Street's ongoing efforts to ensure the best

alignment of its Investment Management and Global Custody Core Business Lines to its legal entity structure. The Service Catalog also has been incorporated into LER Criteria implementation actions supporting continuity of Critical Operations in the Material Entities.

State Street management is committed to incorporating the remediation of potential impediments to continuity into its ongoing efforts for resolution planning, so that Critical Services are structured appropriately and support State Street's SPOE strategy. Any impediments identified as part of the Critical Services identification and mapping exercise will be addressed through ongoing implementation efforts, including State Street's "Continuity of Services" workstream, in preparation for the 2017 Plan.

### **3.2 Legal Entity Rationalization ("LER")**

Structural complexity could pose an impediment to an orderly resolution and successful implementation of the SPOE strategy. Appropriate LER Criteria promote the best alignment of legal entities and business lines to improve resolvability. State Street is focused on making its LER Criteria clear and actionable, part of BAU, and subject to consistent governance, and believes it has achieved that objective. State Street is committed to building upon its earlier efforts to ensure that its LER activities are appropriately focused on the resolvability of State Street and are actionable and deeply embedded in its BAU strategies and operations. In furtherance of those priorities, over the past 12 months, State Street has undertaken significant information-gathering and analysis, in order to implement improvements to resolvability through application of the newly enhanced LER Criteria, as further described below.

Exhibit 3.2-1 summarizes the deficiency and the actions that State Street has completed to remediate the deficiency. The subsections that follow describe the remediation actions in more detail.

**Exhibit 3.2-1: State Street’s LER Criteria Deficiency and Actions to Remediate**

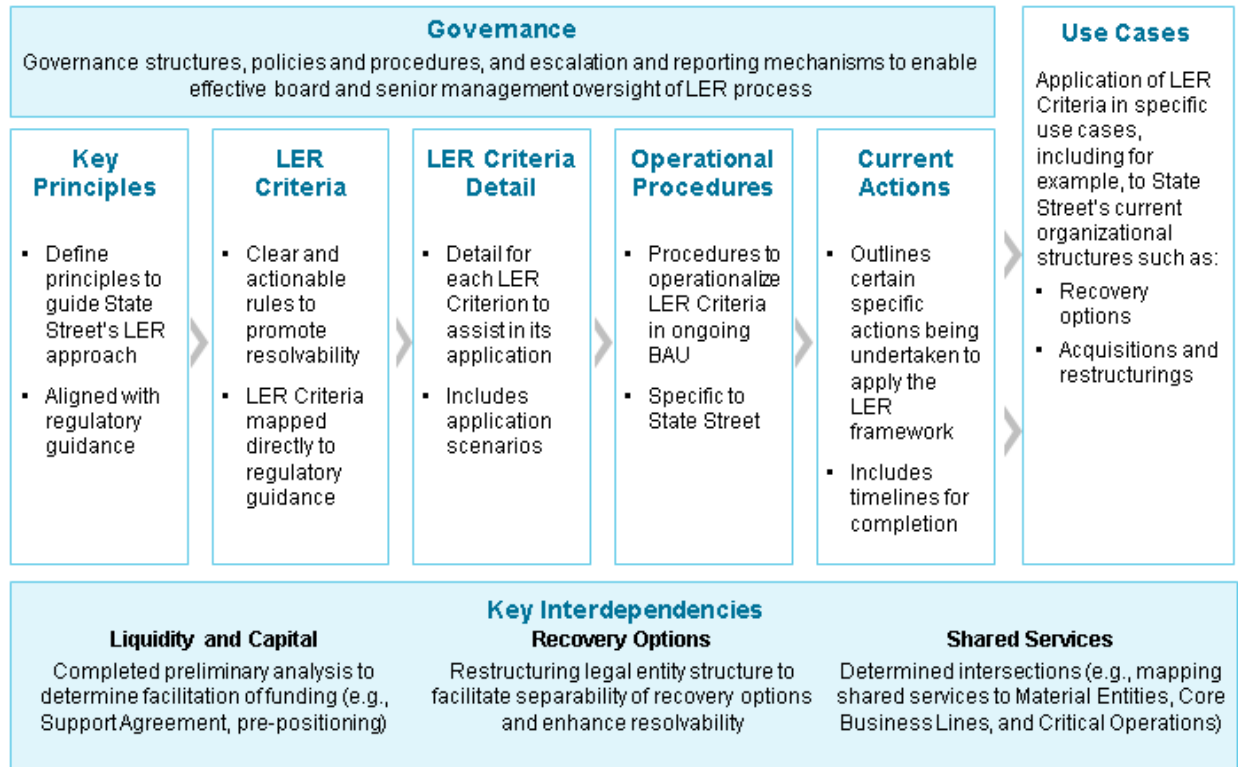
Deficiency	Remediation Requirements	State Street’s Actions to Remediate
<b>LER</b>		
<ul style="list-style-type: none"> <li>The LER Criteria reflected in State Street’s 2015 Plan were not appropriately focused on resolution considerations as many of the criteria do not mandate or clearly lead to actions or arrangements that promote the best alignment of legal entities and business lines to improve the firm’s resolvability.</li> <li>A number of the criteria in the 2015 Plan provide a significant amount of discretion to determine that increased complexity may be permitted without regard to the effects of that complexity on resolvability.</li> </ul>	<p>In order to remediate this deficiency by the 2016 Submission the Agencies determined that State Street must:</p> <ul style="list-style-type: none"> <li>Establish criteria that are clear, actionable, and promote the best alignment of legal entities and business lines to improve the firm’s resolvability, and include the facilitation of the recapitalization of material entities prior to the resolution period.</li> <li>Establish governance procedures to ensure its revised LER Criteria are applied on an ongoing basis.</li> </ul>	<p>State Street believes that it has satisfied the requirements to remediate this deficiency, by completing these and other actions:</p> <ul style="list-style-type: none"> <li>Finalized LER Principles and specific LER Criteria and procedures to provide clear and actionable rules to improve State Street’s resolvability (Section 3.2.1).</li> <li>Created Operational Procedures for application of LER Principles and LER Criteria (Section 3.2.1).</li> <li>Revised charters and policies to identify responsibilities to implement LER Principles and LER Criteria in State Street’s internal governance structures on an ongoing basis (Section 3.2.2).</li> <li>Formalized LER governance structure (Section 3.2.2).</li> <li>Established a framework for evaluating how to address the impediments to resolution that are created by increased complexity in the legal entity structure that might serve business as usual (Section 3.2.3).</li> <li>Demonstrated application of LER Principles and LER Criteria in use cases including, for example, to current structures such as recovery options, acquisitions and restructurings, and in so doing identified certain necessary internal restructurings and developed a work plan to implement such restructurings by July 1, 2017 (Section 3.2.4).</li> </ul>

**3.2.1 Established LER Criteria That Satisfy the 2016 Letter Requirements**

In order to remediate the LER deficiency identified in the 2016 Letter, State Street supplemented and enhanced its LER Criteria so that they are clear, actionable and designed to promote the best alignment of legal entities and business lines to improve resolvability and facilitate the recapitalization of, and provision of liquidity to, Material Entities throughout the resolution period.

State Street created a framework to structure the key components of the LER process, depicted in Exhibit 3.2-2.

**Exhibit 3.2-2: LER Framework**



The hierarchical components of the LER Framework are as follows:

- Key Principles:** State Street defined Key Principles to guide its LER approach and the development of specific LER Criteria. State Street aligned these Key Principles directly with relevant regulatory guidance in the 2016 Letter and the Guidance for 2017.
- LER Criteria:** The LER Criteria form the cornerstone of State Street's approach to LER. These LER Criteria have been developed as clear and actionable rules to govern all business processes that could potentially impact resolvability. Key stakeholders from applicable governance bodies were fully engaged in the development of the LER Criteria. In addition, a full mapping of the LER Criteria to each element of the applicable regulatory guidance was conducted to assess their completeness.
- LER Criteria Detail:** In documenting the LER Criteria, State Street has developed additional detail for each LER Criteria to assist in its application, including describing particular scenarios and the way that the LER Criterion would be applied in a given scenario and factors to consider in the event of certain fact patterns.

- **Operational Procedures:** Following the development of the LER Criteria, State Street defined Operational Procedures that outline the steps necessary to implement and apply each of the Criteria on an ongoing basis.
- **Current Actions:** State Street is undertaking and will undertake certain specific actions (e.g., review of ownership structures) in the process of applying its LER framework.
- **Governance:** Effective board-level and senior management oversight is critical to upholding the integrity and actionability of the LER Criteria and processes. Therefore, a governance framework was established for ongoing management of all LER processes, including the definition and enhancement of the LER Criteria, review and monitoring for compliance, as well as reporting and escalation, where applicable.
- **Use Cases:** In order to determine whether the LER Criteria fulfill the guidance and feedback provided by the Agencies, State Street has developed select use cases, to test the validity of its existing legal entity structures and to determine necessary remediation efforts to facilitate resolution.
- **Key Interdependencies:** Recovery and resolution planning, including LER, is a holistic process spanning a broad range of interconnected business processes. State Street is working to align interdependencies including, for example, the shared services mapping of how and where Critical Services are performed and mapped to Critical Operations, Core Business Lines and legal entities (connected to the Shared Services workstream), the determination of all planned remediations to the legal entity structure that could affect the capital and liquidity requirements of Material Entities (connected to the Capital and Liquidity workstreams), and the work to facilitate the feasibility and implementation of the various options State Street has identified to recover from financial distress.

In enhancing its LER Criteria, State Street has prioritized an alignment between legal entities and business lines. Specifically, certain LER Criteria call for the structural separation of legal entities that engage in the different Core Business Lines, recognizing that these LER Criteria have meaningful implications for State Street's current legal entity structure. State Street is in the process of remediating identified impediments to resolvability in advance of the submission of the 2017 Plan.

The enhancement of State Street's LER Criteria also prioritizes the facilitation of any recapitalization of, and provision of liquidity to, Material Entities. State Street will mitigate the effects of any identified impediments to this objective by July 1, 2017.

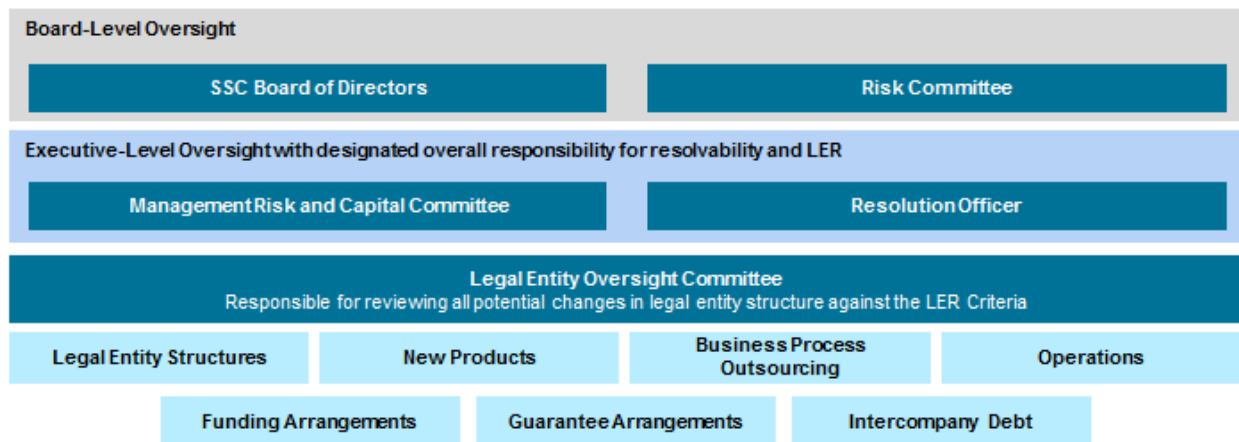


### 3.2.2 Incorporating LER Criteria into BAU Governance Procedures

The LER Criteria are intended to apply in a BAU environment, so that considerations about facilitating resolvability guide State Street in day-to-day decision-making concerning State Street’s legal entity structure. As a result, State Street has modified its existing governance structures to integrate the LER Criteria into its operations on a consistent, ongoing basis.

State Street’s Legal Entity Oversight Committee (“LEOC”) is responsible for reviewing all potential changes in legal entity structure in accordance with the LER Criteria and for coordinating, together with the RRP Office, the other elements of the governance structure for the LER Criteria. LEOC is further supported by business subgroups that focus on specific areas of State Street’s various workstreams to enhance its resolvability. The interaction between the LER Criteria and business processes is detailed in Exhibit 3.2-3 below.

**Exhibit 3.2-3: Interaction between the LER Criteria and the BAU Business Process**



LEOC is responsible for completing an annual review of State Street’s LER Criteria and associated Operational Procedures to ensure that they are up to date, and for proposing amendments, supplements, revisions or extensions that are subject to approval. As necessary, LEOC escalates significant resolvability decisions to State Street’s Management Risk and Capital Committee (“MRAC”) and, ultimately, to the SSC Board of Directors. State Street’s Resolution Officer is the executive designated to oversee the implementation of the LER Criteria.

Since the 2015 Plan, LEOC has evaluated each of State Street's legal entities and made the determination to close 23 of them. Another 19 legal entities remain under evaluation to determine whether closure would be appropriate. Once approved by the LEOC, the closure of any identified legal entities will proceed in accordance with local regulatory requirements.

### **3.2.3 Framework for Determining When the Benefits of Resolution Planning Outweigh Increased Complexity**

The 2016 Letter noted that State Street's LER Criteria provided a significant amount of discretion in their application, potentially allowing for the prioritization of BAU needs over resolution needs, and that some criteria were not focused on the complexity of the legal structure. In response to this feedback, State Street has:

- Enhanced the LER Criteria to prioritize resolvability and avoid undue complexity that could impede resolution; and
- Developed a narrowly tailored exception process with rigid control and approval procedures, such that State Street may only deviate from the LER Criteria if it has been determined that there is no impediment to resolvability.

### **3.2.4 Use Cases**

State Street has internally developed use cases in order to demonstrate that the LER Criteria (a) serve their stated objectives of promoting State Street's resolvability, (b) are sufficiently actionable and incorporated into BAU governance and (c) facilitate the identification of potential opportunities for enhancement of the resolvability of State Street's legal entity structure. Through its use cases, State Street has demonstrated the application of the LER Criteria to its current legal entity structures, including recovery options and acquisitions and restructurings. As a result of these analyses, State Street has identified certain internal restructurings that it plans to implement by July 1, 2017.

### 3.3 Capital

The overall goal of State Street’s capital workstream in recovery and resolution planning is to ensure an appropriate capital framework to support the SPOE strategy and mitigate any key vulnerabilities related to the level of capital needed to successfully implement the SPOE strategy and stabilize State Street’s Material Entities (other than SSC). Exhibit 3.3-1 summarizes the deficiency and actions that State Street has completed to remediate the deficiency. The subsections that follow describe the remediation actions in more detail.

#### Exhibit 3.3-1: State Street’s Capital Deficiency and Actions to Remediate

Deficiency	Remediation Requirements	State Street’s Actions to Remediate
<b>Capital</b>		
<ul style="list-style-type: none"> <li>The 2015 Plan did not reflect well-capitalized positions at all times during the resolution period.</li> <li>Assumptions regarding the rapid indemnification liability reduction associated with securities lending raised questions as to the sufficiency of the recapitalization level.</li> <li>State Street’s projected reduction in RWAs associated with securities lending is questionable and could potentially overstate the projected total risk-based capital (“Total RBC”) ratio.</li> </ul>	<p>In order to remediate this deficiency by the 2016 Submission the Agencies determined that State Street must:</p> <ul style="list-style-type: none"> <li>Include a revised capital projection in resolution that meets or exceeds the prompt corrective action well-capitalized standard. The revised capital projection should include an explanation of what adjustments had to be made in other parts of the 2015 Plan to meet the standard, as well as analysis supporting such adjustments.</li> <li>Provide an analysis of the reduction in RWAs associated with securities lending, including analysis of the plausibility of the speed by which the underlying components unwind.</li> </ul>	<p>State Street believes that it has satisfied the requirements to remediate this deficiency, by completing these and other actions:</p> <ul style="list-style-type: none"> <li>Established target capital levels for the resolution period to maintain or instill market confidence and protect against unanticipated shortfalls that could result during the resolution period (Section 3.3.1).</li> <li>Refined and adjusted the methodology and assumptions for calculating, and recalibrated, the magnitude of the hypothetical idiosyncratic financial loss so that SSBT will exceed well-capitalized levels under applicable capital rules at all times during the resolution period (Section 3.3.1).</li> <li>Conducted a detailed analysis of the assumed pace at which its securities lending transactions would unwind (Section 3.3.2).</li> </ul>

#### 3.3.1 Revised Capital Projection in Resolution That Meets or Exceeds the Well-Capitalized Standard Under Applicable Capital Requirements

Consistent with the Agencies’ feedback in the 2016 Letter, State Street has revised its capital projection assumptions and methodology, as a result of which its capital projections for SSBT throughout the resolution period meet or exceed the well-capitalized standard under the applicable capital requirements. State Street has accomplished this by making adjustments to the methodology and assumptions for calculating, and thus recalibrating, its hypothetical financial loss, known as the “idiosyncratic loss”

because it is assumed to affect only State Street, and by using a more sophisticated methodology to project the unwind of securities lending transactions and the associated forecast of RWAs related to securities lending. These changes resulted in revised projections of capital levels, each as described in more detail below.

In order for SSBT to meet or exceed well-capitalized standards for various regulatory capital ratios throughout the resolution period, State Street has used an enhanced loss methodology that is fully detailed in the 2016 Submission and recalibrated the amount of the hypothetical idiosyncratic loss. The enhanced loss methodology detailed in the 2016 Submission includes an explanation of adjustments that were made and a sensitivity analysis of the effect of those adjustments. In order to confirm that the enhanced methodology produced an appropriately severe loss, State Street benchmarked the recalibrated hypothetical idiosyncratic loss against historical loss experience and assessed the likelihood that such a loss would occur. Consistent with the 2015 Plan, the resulting assumed idiosyncratic loss still represents an extreme tail event and is multiple times greater than the largest loss that State Street has ever experienced.

The revised capital ratios also incorporate the RWA forecast adjustments arising from enhancements to the methodology for determining RWAs associated with State Street's securities lending activities, applying the Basel III standardized approach. The methodology was updated to remediate the deficiency identified in the 2016 Letter, as further described in Section 3.3.2 Analysis of Reduction in RWAs Associated with Securities Lending Program.

### **3.3.2 Analysis of Reduction in RWAs Associated with Securities Lending Program**

Since the submission of the 2015 Plan, State Street has finalized a detailed analysis of the necessary steps to unwind the transactions relating to State Street's securities lending program in an orderly fashion. State Street analyzed multiple scenarios and focused on the mechanics of how the securities lending transactions could be unwound. This detailed analysis allowed State Street to make more granular assumptions regarding the unwind of its securities lending portfolio, based upon the likely behavior of certain categories of counterparties and the type of collateral posted.

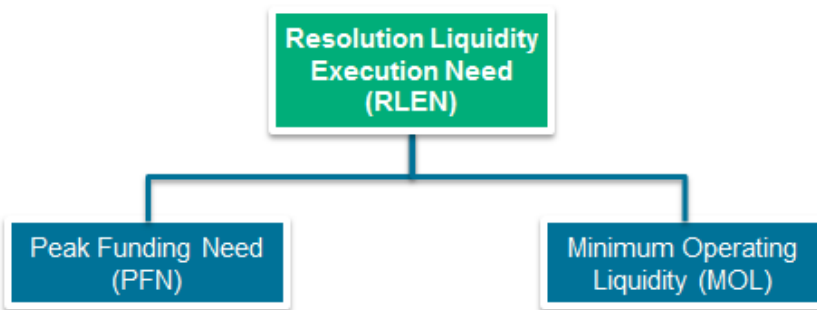
Consistent with this detailed analysis and timeline, State Street has adopted an enhanced methodology to project the pace of the unwinding of securities lending transactions in a resolution scenario. These improved assumptions have been incorporated into State Street's modeling of RWA forecast. As noted above, RWAs represent a measure of a bank's assets and off-balance sheet exposures that are weighted

for risk purposes and serve as the denominator for a bank’s risk-based capital ratios. As a result of this analysis, State Street has a more detailed and thorough understanding of the likely pace at which its securities lending transactions would unwind, and it has incorporated that refined analysis into its improved capital forecasting methodology overall.

### 3.4 Liquidity

Since the submission of State Street’s 2015 Plan, State Street has significantly enhanced its liquidity risk management capabilities, building upon enhanced BAU risk management processes. As part of these efforts, State Street has developed an enhanced model and process to produce measures of available liquidity and RLEN by Material Entity. RLEN represents the estimated liquidity needed after SSC’s bankruptcy filing to stabilize State Street’s Material Entities and allow them to continue to operate throughout the resolution period. State Street’s RLEN model consists of two main components: an estimate of its Material Entities’ minimum operating liquidity (“MOL”) needs throughout the resolution period and an estimate of the potential peak funding needs (“PFN”) to stabilize each Material Entity. The basic components of RLEN are illustrated in Exhibit 3.4-1.

#### Exhibit 3.4-1: Components of State Street’s RLEN Model



*Built on daily liquidity forecasting capabilities*

State Street’s enhanced RLEN model is premised on more granular forecasting of MOL, which is the day-to-day funding needed to operate and includes intraday liquidity associated with maintaining payments, clearing, and settlement (“PCS”) services on behalf of custody clients, as well as non-PCS liquidity needs, including operating expenses and working capital requirements. Further, the model reflects enhanced estimates of PFN, including daily cash flow projections and a detailed supporting analysis for key assumptions underlying the projections and estimates.

Lastly, State Street has developed an approach to incorporate results from this modeling into its governance mechanisms for its SPOE strategy, in order to inform the SSC Board of Directors of when SSC may need to make its final contribution of assets under the Support Agreement and subsequently file for bankruptcy.

Exhibit 3.4-2 summarizes the liquidity deficiency identified in the 2016 Letter and actions that State Street has completed to remediate the deficiency. State Street believes that it has successfully remediated the liquidity deficiency, and has plans in place to further enhance its overall liquidity framework before submitting the 2017 Plan. The subsections that follow describe the remediation actions in more detail.

**Exhibit 3.4-2: State Street’s Liquidity Deficiency and Actions to Remediate**

Deficiency	Remediation Requirements	State Street’s Actions to Remediate
<b>Liquidity</b>		
<ul style="list-style-type: none"> <li>State Street did not have an appropriate model and process for estimating its liquidity needs to fund its material entities during the resolution period, and to continue supporting the provision of PCS services to clients.</li> <li>State Street did not provide daily cash flow forecasts by Material Entity to support the estimation of PFN to stabilize each entity in resolution.</li> <li>State Street should provide additional support for select assumptions driving liquidity needs.</li> <li>State Street’s liquidity methodology did not provide for daily cash flow forecasts over the entire stabilization period.</li> <li>State Street did not link its estimate of liquidity needed in resolution to the governance mechanism for informing the SSC Board of Directors of when it might need to take resolution-related actions.</li> </ul>	<p>In order to remediate this deficiency by the 2016 Submission the Agencies determined that State Street must:</p> <ul style="list-style-type: none"> <li>Provide an enhanced model and process for estimating the minimum liquidity needed to fund material entities in resolution to ensure that material entities could continue operating consistent with regulatory requirements, market expectation, and State Street’s post-failure strategy and supporting the provision of PCS services to clients.</li> <li>Include in its 2016 Submission a description of the model and process enhancements and their impacts on the estimation of the liquidity needed to execute the firm’s strategy in resolution.</li> <li>Estimate the peak daily funding needs of each Material Entity throughout the entire resolution period should capture potential peak needs.</li> <li>Estimate the MOL need should capture both net settlement obligations and non-PCS working capital needs and any other conservative buffers needed to ensure that material entities can operate without disruption throughout the resolution period.</li> <li>Estimate minimum liquidity needed to fund material entities in resolution relative to the firm’s available liquidity should be used to inform the SSC Board of Directors of when the parent company may need to file for bankruptcy.</li> </ul>	<p>State Street believes that it has satisfied the requirements to remediate this deficiency, by completing these and other actions:</p> <ul style="list-style-type: none"> <li>Significant enhancement of the RLEN framework and modeling capabilities for estimating minimum liquidity needed for Material Entities to continue to operate consistently with regulatory requirements, market expectations and the SPOE strategy and so that Material Entities could support the provision of PCS services to clients throughout the resolution period (Section 3.4.1).</li> <li>Enhancement of its assumptions and modeling capabilities to better forecast MOL requirements throughout the resolution period (Section 3.4.2).</li> <li>Enhancement of its assumptions and modeling capabilities to better forecast potential PFN throughout the resolution period (Section 3.4.3).</li> <li>Enhanced estimation of liquidity needed to execute the SPOE strategy (Section 3.4.4)</li> <li>Incorporation of an enhanced liquidity model into the framework for informing the SSC Board of Directors when SSC may need to make its final contribution of assets under the Support Agreement and then subsequent bankruptcy filing (Section 3.4.4).</li> </ul>

### 3.4.1 Enhanced RLEN Framework to Estimate Minimum Liquidity Needs to Fund Material Entities in Resolution

In order to support a timely execution of State Street’s SPOE strategy, RLEN is calculated for all Material Entities. RLEN is used to estimate the liquidity needed after SSC’s bankruptcy filing to stabilize the other Material Entities and continue Critical Operations throughout the resolution period. This ultimately feeds into State Street’s governance framework.

State Street’s RLEN computation takes into account regulatory guidance and consists of two main components: MOL and PFN. The RLEN result is then compared to available liquidity, which includes cash and high-quality liquid assets (“HQLA”). These elements are detailed in Exhibit 3.4-3 below.

**Exhibit 3.4-3: Detailed RLEN Model Components**

	Component	Sub-component
RLEN	Minimum Operating Liquidity	<ul style="list-style-type: none"> <li>Intraday settlement needs (PCS)</li> <li>Operating expenses</li> <li>Working capital</li> <li>Inter-affiliate frictions</li> </ul>
		Key components include: <ul style="list-style-type: none"> <li>Deposit outflows</li> <li>Contractual cash flows (including unwind of securities lending transactions)</li> </ul>
	Peak Funding Needs (post-filing)	<ul style="list-style-type: none"> <li>Other cash outflows (e.g., draws on commitments, overdrafts, derivatives, collateral)</li> <li>Inflows from sale of non-HQLA securities (post-haircut, with sales capacity constraints)</li> <li>Inflows from projected unencumbering of HQLA securities</li> </ul>
		Compared Against:
Available liquidity	Available liquidity	<ul style="list-style-type: none"> <li>Cash</li> <li>Unencumbered HQLA securities</li> </ul>



Based on the framework described above and in response to the 2016 Letter, State Street has enhanced the model it uses to perform an analysis of liquidity needs and other metrics using daily cash flows across all Material Entities throughout the resolution period. This model performs daily cash flow forecasting at the Material Entity level and aggregates the output for consolidation up to parent entities. This model generates financial projections under a wide range of resolution scenarios, including the following outputs:

- Detailed cash flow projections;
- Balance sheets;
- Income statement projections;
- Available liquidity resources and RLEN by Material Entity; and
- Key capital and liquidity ratios (for applicable Material Entities).

#### **3.4.2 Enhanced RLEN Framework to Estimate Minimum Operating Liquidity Needs to Fund Material Entities in Resolution**

In response to the 2016 Letter, State Street has enhanced its RLEN framework and modeling capabilities to estimate the Material Entities' liquidity needs in a resolution scenario, so that Material Entities operate in a manner consistent with regulatory requirements, market expectations and the SPOE strategy. State Street believes that the following enhancements have allowed it to remediate this aspect of the deficiency:

- ***Enhanced modeling of MOL to support the provision of PCS services to clients.*** State Street enhanced its liquidity modeling so it is better able to manage liquidity to ensure that Material Entities will be able to continue supporting the provision of PCS services throughout the resolution period. Specifically, in response to the 2016 Letter, State Street has significantly expanded its analysis to incorporate liquidity needs for all transactions processed through substantially all its FMU and sub-custodian relationships.
- ***Enhanced modeling of MOL that captures non-PCS working capital needs.*** State Street significantly enhanced its estimation process and approach for operating expenses and working capital needs in resolution, which are the primary non-PCS components of MOL. Estimates of

operating expenses and working capital help determine the amounts of additional liquidity to be maintained in order to fund Material Entities and is based upon conservative assumptions.

- **Estimated MOL captures potential obstacles to inter-affiliate funding.** State Street's estimation of MOL also takes into account the risk that, in a resolution scenario, cash flows between Material Entities and their parent companies and subsidiaries may be reduced or interrupted. These potential obstacles are known as "inter-affiliate funding frictions." In modeling MOL, State Street has made conservative assumptions regarding inter-affiliate funding frictions, particularly relating to transfers of funds from subsidiaries and branches that are Material Entities.
- **Estimated MOL captures conservative buffers.** State Street employed conservative methodologies and assumptions to limit the need for buffers associated with the volatility in its estimates, and as a result the assumptions are generally more severe than those used in the 2015 Plan to estimate the MOL needs of each Material Entity. The conservative approach was used to ensure that Material Entities can operate without disruption through the resolution period; however, sensitivity analyses and assumptions will continue to be reviewed prior to the 2017 Plan submission to determine if specific buffers should be included in MOL.

### 3.4.3 Enhanced RLEN Framework to Estimate Peak Funding Needs in Resolution by Each Material Entity

To remediate this aspect of the deficiency, State Street made revisions and improvements to key assumptions used in the PFN modeling process. Below are examples of some of the key assumptions used to model PFN:

- **Deposit Run-off.** State Street's deposit run-off methodology has been improved to directly leverage existing methodologies used in BAU, including SSBT's payment-based operational deposit model and the expected behavior of State Street's clients, calibrated for a resolution scenario and based on a behavioral segmentation approach. The approach allows for granularity at the Material Entity level throughout the entire resolution period.
- **Investment Portfolio Monetization Analysis.** State Street's investment portfolio has been analyzed to estimate the amount of cash that could be generated by sales of assets during the runway and resolution periods. Sales capacities are estimated by asset class. In addition, State

Street applied conservative haircuts based on its own experience of prior bulk and/or distressed sales.

- ***Draws on Unfunded Commitments.*** More granular, product-level approaches were developed to estimate draw-downs on committed facilities. The enhanced methodology uses conservative assumptions, with respect to the behavior of clients.

Taken together, the enhancements highlighted above and several similar improvements help to further refine State Street's liquidity modeling, enabling it to plan conservatively for the amount of available liquidity it will need in order to fund its Material Entities throughout the resolution period.

#### **3.4.4 RLEN Estimates Integrated into Governance Trigger Points**

In response to the 2016 Letter, State Street has enhanced its governance framework to incorporate the comparison of available liquidity resources relative to RLEN (PFN plus MOL) for Material Entities in order to inform the SSC Board of Directors of when SSC may need to make its final contribution of assets to the planned intermediate holding company and subsequently file for bankruptcy. State Street has a RLEN trigger point, which will be included within the planned Support Agreement. In addition, the RLEN trigger points and other liquidity-related risk metrics (and other metrics) will be monitored and used to help define when State Street has entered the various stages of recovery and resolution. These trigger points and other metrics are designed to ensure that management and the SSC Board of Directors are informed of the actions that need to be considered or taken to execute State Street's recovery and resolution plans.

Taken together, State Street believes that all of the enhancements and improvements described above have remediated the liquidity deficiency identified in the 2016 Letter.

## 4 Status Report on Remediation of Shortcoming - Governance Mechanisms

In the 2016 Letter, the Agencies identified a shortcoming of the 2015 Plan pertaining to governance mechanisms. In particular, the Agencies noted that two governance-related workstreams - State Street's governance playbooks (including the incorporation of triggers for certain decisions or actions) and State Street's analysis of the potential legal challenges to pre-bankruptcy parent support - required remediation in preparation for the 2017 Plan. State Street was required to provide in the 2016 Submission a status update on its actions to address and correct this shortcoming. State Street plans to complete all efforts to correct the governance shortcoming in advance of the 2017 Plan.

### 4.1 Playbooks and Triggers

The 2016 Letter from the Agencies specified a shortcoming related to State Street's governance mechanism regarding playbooks and triggers that must be remediated in its 2017 Plan. Exhibit 4.1-1 summarizes the shortcoming and the actions that State Street has completed and is currently undertaking to address and correct the shortcoming. The subsections that follow describe the remediation actions in more detail.

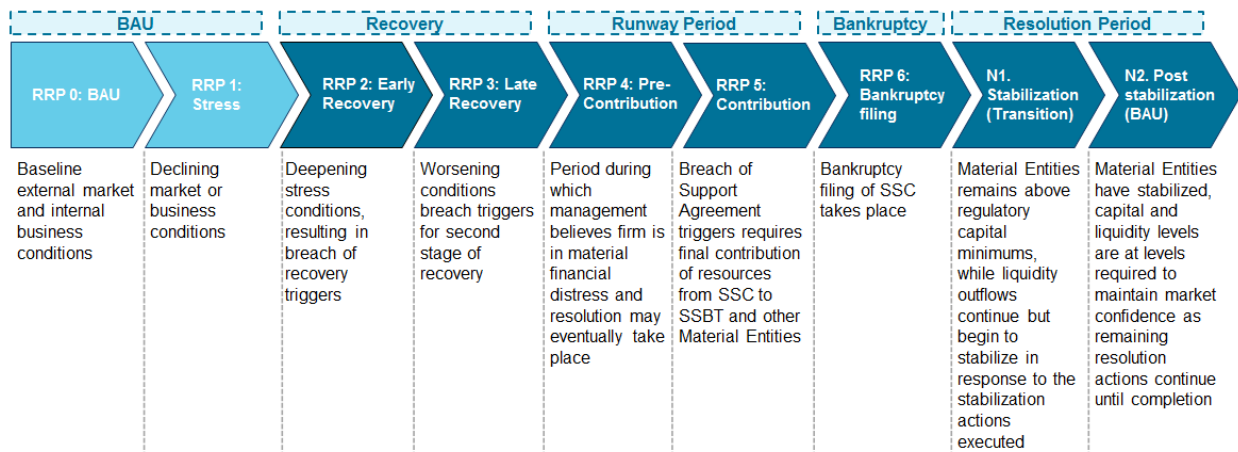
**Exhibit 4.1-1: State Street’s Playbooks and Triggers Shortcoming and Actions to Remediate**

Shortcomings	Remediation Requirements	State Street's Actions to Remediate
Governance Mechanism - Playbooks and Triggers		
<ul style="list-style-type: none"> <li>• Preliminary drafts of the governance playbooks identified actions across the stages State Street would need to consider through the resolution period, but lacked specific triggers to certain stages.</li> <li>• The 2015 Plan did not include triggers to inject capital and liquidity into material entities as contemplated by the firm’s SPOE strategy or triggers that directly connect the liquidity and capital needed to execute the SPOE strategy with the decision to file for bankruptcy.</li> </ul>	<ul style="list-style-type: none"> <li>• Finalize the Board playbooks submitted in the 2015 Plan.</li> <li>• Finalized playbooks must include clearly identified triggers linked to specific actions for the escalation of information to senior management and the Board(s) to potentially take the corresponding actions at each stage of distress post-recovery leading eventually to the decision to file for bankruptcy, successful recapitalization of subsidiaries prior to bankruptcy and funding such entities during the parent company’s bankruptcy to the extent the preferred strategy relies on such actions or support, and timely execution of a bankruptcy filing and related pre-filing actions.</li> </ul>	<p>State Street believes that it is on track to address and correct this shortcoming by the 2017 Plan, by completing these and other actions:</p> <ul style="list-style-type: none"> <li>• Defined the key stages of distress, starting from BAU and leading up to the decision for SSC to file for bankruptcy, describing the set of actions associated with each stage (Section 4.1.1).</li> <li>• Developed a set of trigger points linked to actions and stages, including triggers tied directly to the activation and execution of the Support Agreement, which are intended to ensure that sufficient capital and liquidity resources are provided to Material Entities to execute the SPOE strategy and subsequently initiate the decision for SSC to file for bankruptcy (Section 4.1.1).</li> <li>• Developed a finalized list of governance and operational resolution playbooks that prescribe the key actions and responsibilities to be taken in each stage of resolution and link them to State Street’s overall trigger and metric monitoring framework (Section 4.1.2).</li> <li>• Developed a comprehensive governance committee structure with clear lines of communication and escalation to ensure the appropriate individuals are informed and take action at the appropriate time throughout a resolution scenario (Section 4.1.3).</li> </ul>

### 4.1.1 State Street’s Defined Resolution Stages and Trigger Points

In response to the 2016 Letter, State Street has enhanced and expanded its definitions of the stages of recovery and resolution and has linked those stages to its draft Support Agreement, which is a contractually binding mechanism that State Street is developing as a means to provide financial resources to SSBT and the other Material Entities prior to SSC’s bankruptcy and throughout the resolution period. These stages describe the condition of State Street and appropriate activities and decisions associated with each stage in order to enable senior management to take the appropriate action to execute recovery actions or State Street’s SPOE strategy, as applicable. To define the boundaries of each stage, State Street is developing a trigger framework based in part on key quantitative metrics relevant to State Street’s financial condition and business. State Street’s recovery and resolution stages are illustrated in Exhibit 4.1-2:

**Exhibit 4.1-2: State Street’s Recovery and Resolution Stages**



State Street is building upon the comprehensive set of metrics it tracks today in BAU and stress to identify and calibrate the trigger points that determine each key stage of the Recovery and Resolution continuum. New metrics tied to RCEN and RLEN will be incorporated into State Street’s ongoing monitoring, as well as metrics tied to State Street’s Resolution Capital Adequacy and Positioning (“RCAP”) and Resolution Liquidity Adequacy and Positioning (“RLAP”) processes, all of which will be finalized prior to the 2017 Plan submission. RCAP measures the amount of capital held by State Street and its positioning within Material Entities. This comprehensive set of metrics has been leveraged to develop four types of preliminary triggers:

- Liquidity: quantitative metrics based on the level of available cash, other liquid assets and funding in relation to projected needs in significant liquidity stress and in resolution at the Material Entity level, in addition to other indicators of liquidity stress;
- Capital: quantitative metrics based on the level of available capital in resolution in relation to projected resolution needs at the Material Entity level, in addition to risk-based and leverage-based regulatory capital ratios;
- Internal Business: quantitative and qualitative metrics indicating State Street's ability to continue Critical Operations and/or State Street's risk of being in material financial distress; and
- External Market: quantitative and qualitative metrics indicating the market's sentiment towards State Street.

Each trigger point will be defined by a set of metrics relevant to the actions associated with that stage, which State Street believes provide it with comprehensive and diverse information to help make well-informed decisions in the event of the activation of a trigger. Defining the progression through recovery and resolution stages via the trigger framework is intended to help ensure that key activities, including escalation, down-streaming of resources, and bankruptcy pre-filing and filing activities take place at the appropriate time. Refining the calibration of trigger points will be one of the milestones for the 2017 Plan.

In connection with these efforts, State Street is further developing a draft Support Agreement, which will incorporate certain triggers (RLEN and RCEN) at levels at which State Street believes resolution would be necessary while ensuring that there are sufficient resources to implement the SPOE strategy. State Street is in the process of further defining and calibrating the triggers reflected in the draft Support Agreement as part of finalizing the agreement.

#### 4.1.2 Playbooks

The 2016 Letter from the Agencies noted that, as of the 2015 Plan, State Street's governance playbooks had not been fully developed, and preliminary drafts lacked specific triggers linked to specific stages of recovery and resolution. In response, State Street has further developed its governance playbooks, as well as the overall governance structure related to other playbooks it has developed in connection with preparation for recovery and resolution. To address and correct the identified shortcoming, State Street's playbooks are being improved to include actions related to the escalation of information, recapitalization of and provision of liquidity to Material Entities, and timely execution of bankruptcy pre-filing and filing activities, all linked to State Street's recovery and resolution stages and the related trigger framework. Playbooks will tie the activation of triggers to the execution of associated actions, decisions that should be made, and the responsible party. Different playbooks will be activated in different stages from recovery through the end of the resolution period, or earlier, at the discretion of SSC's Board and senior management. Playbooks will facilitate the timely execution of the resolution plan by clearly defining available actions at each stage, the steps needed to execute the action, and the individuals and groups who need to be involved in the execution. Each playbook will be oriented towards a specific resolution issue and the necessary actions associated with that issue.

State Street's catalog of playbooks includes governance playbooks, which are designed to ensure that the appropriate committees and individuals are involved in decision-making at key points of State Street's recovery and resolution stages, and operational playbooks, which describe the operational steps that will be used to execute key actions, processes, and systems related to State Street's recovery and resolution framework. State Street's playbooks will coordinate all high-level actions required to effect the SPOE strategy. Elements of the governance framework will be coordinated across all playbooks, as will communication strategies.

#### 4.1.3 Governance Committees

State Street enhanced its existing governance committee structure to ensure that it will take all necessary actions at the appropriate time. State Street has improved its governance committee structure in order to detail clear hierarchies of communication, escalation, and decision-making responsibilities, all designed to ensure that appropriate individuals are informed and take action at the appropriate time in any resolution scenario. This committee structure is critical to facilitating the timely execution of the actions required by State Street's triggers and detailed in the playbooks.



## 4.2 Pre-Bankruptcy Parent Support

State Street’s SPOE strategy in the 2015 Plan relied on SSC contributing assets to SSBT and its other Material Entities prior to SSC’s filing for bankruptcy, in other words, pre-bankruptcy parent support.

The 2016 Letter from the Agencies specified a shortcoming related to State Street’s governance mechanisms, including a shortcoming with respect to pre-bankruptcy parent support, that must be remediated in its 2017 Plan. Exhibit 4.2-1 summarizes the shortcoming and the actions that State Street has completed and is currently undertaking to address and correct the shortcoming. State Street has significantly enhanced its analysis of the potential legal challenges to pre-bankruptcy parent support, and the subsections that follow describe the remediation actions in more detail.

### Exhibit 4.2-1: State Street’s Pre-Bankruptcy Parent Support Shortcoming and Actions to Remediate

Shortcomings	Remediation Requirements	State Street's Actions to Remediate
Governance Mechanism - Pre-Bankruptcy Parent Support		
<ul style="list-style-type: none"> <li>Limited analysis of the range of potential legal challenges that could adversely affect State Street’s approach to providing capital and liquidity to its Material Entities prior to bankruptcy and through the resolution period (“Support”).</li> </ul>	<ul style="list-style-type: none"> <li>Further develop a detailed legal analysis of the potential state law and bankruptcy law challenges and mitigants to the planned provision of Support.</li> <li>Analysis should identify any potential legal obstacles and explain how State Street would seek to ensure that Support would be provided as planned.</li> <li>Include the mitigant(s) to potential challenges to the planned Support that State Street considers most effective. Consider the effectiveness of mitigants other than, or in addition to, a Support Agreement.</li> </ul>	<p>State Street believes that it is on track to address and correct this shortcoming by the 2017 Plan, including by completing these and other actions:</p> <ul style="list-style-type: none"> <li>State Street included in the 2016 Submission a legal memorandum assessing the likelihood that State Street’s SPOE strategy would withstand any legal challenges brought by SSC’s creditors (the “Creditor Challenge Memo”), including an analysis of potential legal obstacles and mitigants to such obstacles (Section 4.2.1).</li> <li>State Street anticipates, subject to further review and approvals, establishing a pre-funded IHC and executing the Support Agreement and Security Agreement (Section 4.2.2).</li> </ul>

#### 4.2.1 Creditor Challenge Analysis

In order to demonstrate that its SPOE strategy is resilient to legal challenge, State Street is submitting to the Agencies, as part of the 2016 Submission, the Creditor Challenge Memo, which addresses the potential creditor challenges that could be raised against the contribution of assets by SSC to the proposed IHC and the provision by the IHC of capital and liquidity to SSBT and the other Material Entities throughout the resolution period. The Creditor Challenge Memo also addresses how State Street mitigates and limits the risk of such challenges through, among other things, the use of a prefunded IHC and a secured Support Agreement to effect the recapitalization of, and provision of liquidity to, State Street's Material Entities. The Creditor Challenge Memo provides a detailed legal analysis of the potential state law and bankruptcy law challenges and mitigants to State Street's planned provision of support under its SPOE strategy.

#### 4.2.2 Support Agreement and Security Agreement

State Street anticipates, subject to further review and approvals, establishing the IHC, and for SSC, the IHC, and SSBT and the other Material Entities (and certain intermediate entities) to enter into a Support Agreement and a related Security Agreement prior to the submission of the 2017 Plan. Under the Support Agreement, SSC and the IHC will be obligated to provide capital and liquidity to Material Entities in the event of State Street's resolution in order to effect the SPOE strategy for each Material Entity. The Security Agreement will ensure that SSC's and the IHC's obligations under the Support Agreement are secured by a pledge of their respective rights in the assets they would use to provide capital and liquidity to the Material Entities. The Support Agreement and Security Agreement are also intended to materially reduce the risk from potential challenges to the provision of capital and liquidity to the Material Entities under the SPOE strategy.

SSC intends to pre-fund the IHC upon the execution of the Support Agreement by transferring certain assets to it that will be available for the subsequent provision of capital and liquidity to all Material Entities. In establishing and pre-funding the IHC, State Street will seek to strike a balance between (1) holding resources at SSC and the IHC and (2) pre-positioning resources directly at SSBT or the other Material Entities. The calibration of the appropriate balance at each Material Entity has financial, legal and operational implications. Therefore, State Street is developing a framework to determine the appropriate balance of resources at SSC, the IHC and SSBT versus pre-positioning of resources at the other Material Entities for both its capital and liquidity needs.

The actions described above that State Street plans to take to remediate its shortcoming regarding pre-bankruptcy parent support by July 1, 2017, are also intended to address the requirements for pre-bankruptcy parent support outlined in the Guidance for 2017.

## 5 Enhancements to Resolvability Since the 2015 Plan

Since the filing of its 2015 Plan, State Street has made substantial progress in developing new capabilities, gathering more granular data for analysis to help identify potential improvements, continuing to advance ongoing initiatives, and adopting and identifying key changes to its BAU operating models, each of which has helped to enhance State Street's resolvability. These completed and ongoing initiatives are described below.

### 5.1 Operational: Shared Services

State Street has a complete inventory of Critical Services mapped in a multi-dimensional format that provides management with a significant level of detail on its operational interconnections previously available on an unconsolidated basis. The continued enrichment of underlying data has allowed management to make and initiate changes to State Street's operating model to enhance resolvability. In addition, this capability will allow management to make informed decisions about future proposed organizational/operational changes, to ensure that resolution objectives are prioritized as part of an integrated BAU approach.

### 5.2 Legal Entity Rationalization

State Street has updated all applicable charters and policies to ensure that the LER Criteria is operationalized and integrated into BAU. As part of the LER assessment process, State Street has both authorized and made significant changes to its organizational structure. Since the 2015 Plan, State Street has either closed or identified for closure 23 legal entities, representing 9% of State Street's total legal entities. Further due diligence is underway with respect to the potential closure of 19 additional legal entities. In addition, State Street has undertaken or is undertaking significant restructuring to ensure that its organizational structure is less complex and improves the resolvability of the organization. These reorganizations were made to improve resolvability, even though they resulted in increased operating costs and other negative financial consequences.

State Street also upgraded its legal entity management system to a more advanced third-party system. The updated legal entity system captures critical information about State Street's legal entity structure, including; key census information, management responsibility, Board membership, and regulatory information. As part of this process, State Street established procedures to ensure that appropriate infrastructure is in place so that the data is maintained, refreshed and reviewed on a periodic basis.

### 5.3 Capital and Liquidity: RCEN and RLEN

State Street has developed an integrated capital and liquidity model that can provide daily forecasting capabilities for RCEN and RLEN across Material Entities. The model offers the flexibility to provide multiple scenario analysis and incorporates advances in existing capital and liquidity analyses and capabilities including Comprehensive Capital Analysis and Review models and internal liquidity stress testing models. The model provides senior management and the SSC Board of Directors with new insights that were previously not highlighted in existing models, as those models were not specifically tailored to recovery and resolution planning.

### 5.4 Establishment of a More Robust RRP Governance Structure

As part of State Street's ongoing RRP testing, it identified potential improvements to its governance framework and communications planning infrastructure, many of which have already been implemented. Specifically, State Street identified improvements to facilitate the management of a resolution event, allow for the escalation of information, ensure timely execution of actions in periods of financial stress, and communicate and coordinate these actions to the appropriate decision owners. Since submitting its 2015 Plan, State Street has revised its RRP governance structure to better reflect resolvability considerations by enhancing its existing Crisis Executive Response Team so that it is responsible for overseeing a resolution event. This enhanced team will consist of key members of State Street's Executive Management team including the Chief Executive Officer, Chief Risk Officer, Chief Legal Officer, Resolution Officer, and other key direct reports of the Chief Executive Officer. It will serve as the primary governing body responsible for coordinating all actions throughout recovery and resolution.

Before submitting the 2017 Plan, State Street plans to formalize the enhanced Crisis Executive Response Team charter, establish it as a new committee, implement related procedures across the organization, and reflect the establishment within the resolution governance playbooks. State Street will conduct training for all executives on committees involved in RRP governance.

### 5.5 Progress to Date on Other Enhancements to Resolvability

In addition, State Street has made progress on its pre-existing projects designed to improve resolvability, which it plans to complete in advance of the 2017 Plan. Certain of these projects and enhancements are summarized in Exhibit 5.5-1.

**Exhibit 5.5-1: Progress to Date for the 2017 Plan (Related to Other Workstreams)**

Topic	Description
FMU Playbooks	<ul style="list-style-type: none"> <li>Designed to improve State Street's ability to facilitate PCS activity in a resolution scenario, with playbooks completed to date analyzing FMUs which account for 78% of 2015 gross settlement values, with ongoing efforts targeting 93% coverage by 2016 year-end</li> <li>Developed a core framework for its FMU playbooks with a repeatable process that yields consistent, high quality results that meet regulatory requirements</li> </ul>
Stress Cash Positioning Operating Model ("SCPOM")	<ul style="list-style-type: none"> <li>Developed SCPOM Playbook as a set of contingent actions that State Street may implement during the runway period in order to facilitate uninterrupted transaction settlement at FMUs</li> </ul>
Collateral Reporting	<ul style="list-style-type: none"> <li>Established reports on collateral held at or for FMUs, liquidity arrangements, deposits, and equity investments in FMUs</li> </ul>
MIS	<ul style="list-style-type: none"> <li>Designed an automated system solution for Service Taxonomy to improve management and reporting of Critical Services and related information</li> <li>Created a team to focus on resolution-critical reports; identified resolution critical reports, created centralized inventory of reports</li> </ul>
Personnel Retention	<ul style="list-style-type: none"> <li>Continued to refine Personnel Retention Playbook, including alignment to other playbooks</li> </ul>
Securities Lending	<ul style="list-style-type: none"> <li>Finalized Securities Lending Playbook, which provides a detailed assessment of the necessary steps to address unwind activity</li> </ul>
Communication Strategy	<ul style="list-style-type: none"> <li>Designed an improved framework for pre-existing resolution communications playbooks for the 2017 Plan</li> </ul>

## 6 Actions to Prepare for 2017 Plan

State Street is required to submit its next Resolution Plan by July 1, 2017. In addition to addressing the identified shortcoming, the 2017 Plan will also address each of the requirements contained in the Guidance for 2017. Key actions that State Street is taking in order to satisfy the Guidance for 2017 are described in Exhibit 6.1-1 below.

**Exhibit 6.1-1: Actions to Prepare for 2017 Plan**

2017 Plan Preparations	Key Actions
<b>Operational Shared Services</b>	
Further Enhancement of Critical Services Catalog	<ul style="list-style-type: none"> <li>Continue to refine and update services inventory</li> <li>Continue to enhance governance and review process for maintenance of service taxonomies, trusted data sources, and mapping</li> <li>Complete system-based solution to automate updating and maintaining the service catalog</li> </ul>
Realignment of Critical Services based on LER	<ul style="list-style-type: none"> <li>Analyze any changes to the provision of Critical Services resulting from LER assessment</li> <li>Implement any required realignment of Critical Services as organizational and process changes occur</li> </ul>
Upgrading of MIS	<ul style="list-style-type: none"> <li>Implement strategic database based upon system architecture design</li> <li>Refine operational processes including ownership for maintaining trusted data sources that feed into systemic solution</li> </ul>
Critical Services Contracts	<ul style="list-style-type: none"> <li>Define RRP policy for contract documentation and outsourcing governance, create new templates for service level agreements ("SLAs")</li> <li>Review Critical Services contracts and SLAs for obstacles to resolution, document any exceptions, and remediate where necessary</li> <li>Populate central repositories with Critical Services contracts</li> </ul>
<b>Operational: Other (all other workstreams relate to the key actions described above)</b>	
Legal Obstacles Associated with Emergency Motions	<ul style="list-style-type: none"> <li>Continue working to renegotiate master agreements containing cross-default clauses for certain counterparties</li> </ul>
<b>LER</b>	
Further Embed the LER Criteria into BAU	<ul style="list-style-type: none"> <li>Implement audit plan to oversee application of LER Criteria</li> <li>Implement legal entity MIS infrastructure review</li> <li>Create or refresh playbooks/plans for implementation of all recovery options (assets and businesses that could be sold if necessary to generate additional resources at a time when State Street is in material financial distress)</li> <li>Create training and development curriculum that includes the LER Criteria</li> </ul>
Apply LER Criteria to promote resolvability, including separability of recovery options, and to remediate non-compliance	<ul style="list-style-type: none"> <li>Apply final LER Criteria and framework to each legal entity</li> <li>Evaluate remaining 19 legal entities from initial LER assessment to determine whether to close</li> <li>Develop work plans to remediate non-compliance</li> <li>Execute remediation work plans</li> </ul>

2017 Plan Preparations	Key Actions
<b>Capital</b>	
RCEN: Methodology, Capabilities and Governance Mechanisms	<ul style="list-style-type: none"> <li>• Complete capabilities to execute RCEN calculations at the Material Entity level</li> <li>• Define appropriate RCEN targets at the Material Entities for ongoing monitoring</li> <li>• Incorporate RCEN calculations for each Material Entity into the RRP governance framework, including triggers and trigger calibration, regular reporting, escalation processes, and mitigation actions</li> </ul>
RCAP: Methodology, Capabilities and Governance Mechanisms	<ul style="list-style-type: none"> <li>• Augment inventory of current capital positions for each applicable Material Entity with constraints that should be considered in pre-positioning</li> <li>• Execute any necessary changes to actual pre-positioned capital at Material Entities</li> </ul>
<b>Liquidity</b>	
Enhance Governance and RLAP Frameworks	<ul style="list-style-type: none"> <li>• Incorporate and calibrate additional resolution metrics into the governance framework</li> <li>• Build RLAP framework that will leverage internal liquidity stress testing scenarios</li> <li>• Incorporate RLAP results into governance framework</li> </ul>
Liquidity Enhancements	<ul style="list-style-type: none"> <li>• Further enhancements and updates to liquidity models</li> <li>• Enhancement and updates to liquidity models related to deposits, intraday, overdrafts, etc.</li> </ul>
<b>Governance</b>	
Trigger Calibration	<ul style="list-style-type: none"> <li>• Development of remaining trigger metric structures</li> <li>• Analysis by capital and liquidity teams to support calibration, for example:                             <ul style="list-style-type: none"> <li>◦ Stress scenario analysis</li> <li>◦ Historical experience analysis</li> <li>◦ Benchmarking</li> <li>◦ Sensitivity analysis</li> <li>◦ Other factors</li> </ul> </li> </ul>
Governance Playbooks	<ul style="list-style-type: none"> <li>• Finalize all governance playbooks</li> <li>• Align governance playbooks with operational playbooks for resolution, including incorporation of the finalized trigger framework</li> </ul>
Support Agreement and Security Agreement	<ul style="list-style-type: none"> <li>• Finalize planned IHC structure, operating documents</li> <li>• Finalize terms of Support Agreement and Security Agreement</li> </ul>



## Appendix

### A.1 Summary of State Street's Operational Structure

State Street's status as a Global Systemically Important Bank is primarily attributable to its activities as a global custodian. Because State Street is focused on providing global custody and institutional investment management services, its business model is not structurally complex. 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 might migrate to other providers, due to complex operational relationships. Owing to its simple business model, State Street believes that it is resolvable and that the remediation actions described in the 2016 Submission demonstrate that it has a credible resolution plan. State Street continues to prioritize resolution planning as a key aspect of the strategy and execution of its BAU operating model. In addition, State Street is committed to making further enhancements and improvements to its resolvability, particularly in preparation for the filing of its 2017 Plan.

State Street believes that its organizational structure and business model support an orderly resolution, as further described in this appendix.

#### A.1.1 Core Business Lines

For the purposes of its Resolution Plan, State Street has two Core Business Lines:

- **Global Custody.** Global Custody provides institutional investors with custody, transaction processing, clearing, payment and settlement services, safekeeping and reporting, asset servicing, and cash services. Global Custody also provides related services, 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. The majority of Global Custody's operations are conducted within SSBT, including its subsidiaries and branches, particularly the State Street Bank International GmbH ("SSB GmbH"), State Street Bank Luxembourg S.C.A. ("SSBL"), SSBT's London branch ("SSBT-London") and SSBT's Toronto branch ("SSBT-Toronto"). SSBT is also the primary participating and contracting entity

with the network of FMUs, sub-custodians, and correspondent banks through which Global Custody delivers its custodial services.

- **Investment Management.** Investment Management provides a broad array of investment management, investment research, and investment advisory services primarily to corporations, retirement plans, public funds, and other large institutional investors, all under the brand name State Street Global Advisors (“SSGA”). Investment Management is a market leader in the management of passive investment products and the sponsorship of Exchange Traded Funds (“ETF”). The Investment Management Core Business Line operations are split between the SSBT ownership chain and State Street’s non-bank ownership chain.

As of December 31, 2015, State Street’s consolidated total assets were \$245.19 billion. Cash, liquid assets and other short-term investments comprised 33% of total assets. Loans and leases, net of the related loss allowance, comprised 8% of total assets. Total Assets Under Custody and Administration (“AUCA”) as of December 31, 2015 were \$27.51 trillion, including assets under custody of \$21.26 trillion. Total Assets Under Management (“AUM”) as of December 31, 2015 were approximately \$2.25 trillion.

#### A.1.2 Material Entities

For the purposes of its Resolution Plan, State Street has identified 15 Material Entities, based on considerations of size, services and level of substitutability. This identification process took into account, among other things, AUCA, AUM, headcount, balance sheet size, and volume of processing, depending on the nature of the entity. Based on these assessments, State Street has identified the following Material Entities, composed of three U.S. Material Entities and 12 non-U.S. Material Entities.<sup>2</sup>

- State Street Corporation (“SSC”), State Street’s top-tier holding company. Under State Street’s SPOE strategy, further described below, SSC is the only one of State Street’s Material Entities that would enter insolvency proceedings.
- State Street Bank and Trust Company (“SSBT”), a Massachusetts-chartered trust company. 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.

---

<sup>2</sup> The total of 15 Material Entities is one fewer than was reflected in the 2015 Plan. This decrease is the result of State Street’s restructuring its European operations, so that State Street Bank, S.p.A. (“SSB S.p.A.”) was converted from a separately incorporated banking subsidiary based in Milan, Italy into an Italian branch of SSB GmbH (State Street Bank International GmbH-Italy Branch). As part of this restructuring, many of SSB S.p.A.’s responsibilities, including deposits, were assumed by SSB GmbH, so that its ongoing operations are focused on servicing clients. It is not designated as a separate Material Entity for the purposes of State Street’s resolution plan.

- State Street Bank and Trust Company, London Branch ("SSBT-London"), a branch of SSBT. SSBT-London is 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.
- State Street Bank and Trust Company, Toronto Branch ("SSBT-Toronto"), a branch of SSBT. 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 serves as the payment member for State Street's Canadian Global Custody clients.
- State Street Trust Company Canada ("SSTCC"), Toronto, Canada, a Canadian trust company. SSTCC serves as the depository institution for State Street's Canadian Global Custody clients and provides custody services to Canadian clients and with respect to Canadian securities.
- State Street Bank Luxembourg S.C.A. ("SSBL"), Luxembourg, an authorized banking institution. 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.
- State Street Bank International GmbH (formerly known as State Street Bank GmbH, "SSB GmbH")<sup>3</sup>, Munich, Germany, a registered depository bank under the German Investment Code. SSB GmbH provides global custody and related services to global investors as well as depository bank services to German asset managers.
- State Street Custodial Services (Ireland) Limited ("SSCSIL"), Dublin, Ireland, an Irish custodian. SSCSIL provides custody and trustee services to collective investment schemes.
- State Street Fund Services (Ireland) Limited ("SSFSIL"), Dublin, Ireland, an Irish fund administrator and transfer agent. SSFSIL provides fund administration and transfer agency services to collective investment schemes.
- State Street International (Ireland) Limited ("SSIIL"), Dublin, Ireland, the direct parent of SSCSIL and SSFSIL. SSIIL is the employer of all the personnel that perform the activities of SSCSIL and SSFSIL; it does not separately have AUCA and its primary role is one of service entity for State Street.
- State Street Bank International GmbH, Krakow Branch ("SSB GmbH-Krakow"), Krakow, Poland, a branch of SSB GmbH. 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 and branches, most of which are located in Europe. The services provided include support of custody functions on behalf of these subsidiaries and branches and corporate control and support services, such as standardized accounting practices.

---

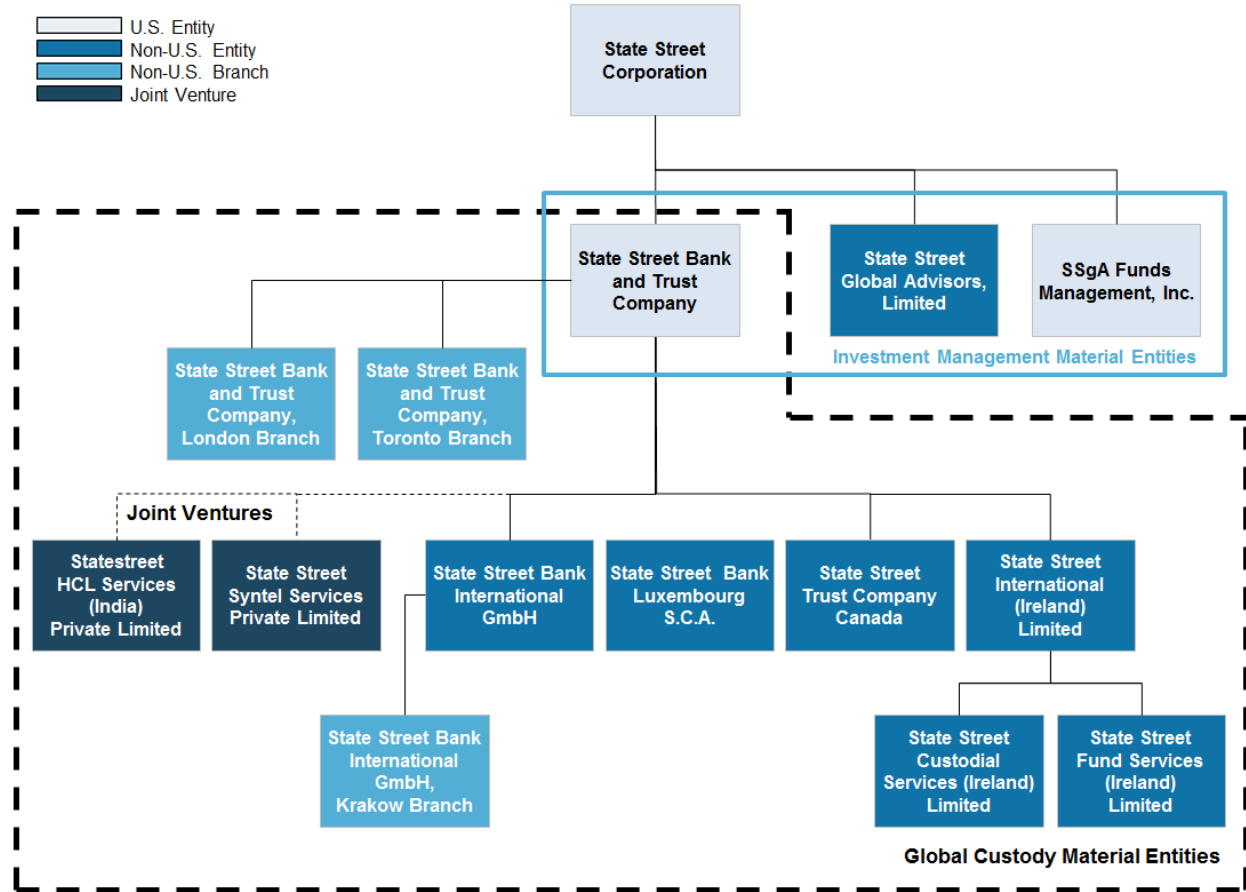
<sup>3</sup> The legal entity name of State Street Bank GmbH was changed to State Street Bank International GmbH, effective as of April 5, 2016.

- State Street Syntel Services Private Limited ("SS Syntel"), Mumbai, India, a joint-venture service company headquartered in India. State Street's joint-venture partner in SS Syntel is Syntel, Inc., a global provider of information technology and knowledge process outsourcing solutions headquartered in Troy, Michigan, and SS Syntel is an unconsolidated subsidiary of SSC. SS Syntel provides various middle-office and back-office activities necessary for the delivery of global custody services.
- Statestreet HCL Services (India) Private Limited ("SS HCL"), New Delhi, India, a joint-venture service company headquartered in India. State Street's joint-venture partner in SS HCL is HCL Technologies, Inc., a public company headquartered in Noida, India, and SS HCL 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.
- SSGA Funds Management, Inc. ("SSGA FM"), Boston, Massachusetts, an investment adviser, commodity trading advisor and commodity pool operator. 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.
- State Street Global Advisors Limited ("SSGA Ltd."), London, England, a limited liability 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.

### **A.1.3 Mapping of Core Business Lines to Material Entities**

A simplified organizational chart is presented below in Appendix Exhibit A.1-1, illustrating the relationship among State Street's Core Business Lines and Material Entities.

**Exhibit A.1-1: Organizational Chart of State Street’s Material Entities as of October 1, 2016**



## A.2 Summary of State Street’s Resolution Plan and Preferred Resolution Strategy

Under the 165(d) Rule, State Street is required to produce a Resolution Plan, presenting 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. In the preparation of its Resolution Plan, 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.

State Street's preferred resolution strategy, the 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 capital or liquidity; 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.

In order to achieve these goals, in the SPOE strategy, SSC and the planned IHC will recapitalize and, as necessary, provide liquidity to SSBT and State Street's other Material Entities prior to SSC's entry into Chapter 11 proceedings.

Under the SPOE strategy, State Street's Material Entities other than SSC would not themselves be subject to resolution proceedings. SSBT and its subsidiaries, branches and joint ventures account for 12 of State Street's 15 identified Material Entities. Thus, all 12 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, which are associated only with State Street's Investment Management Core Business Line (SSGA FM and SSGA Ltd.) would depend upon the facts and circumstances at the time of resolution.

In furtherance of its SPOE Strategy, State Street anticipates, subject to further review and approvals, for SSC, the planned IHC, and SSBT and the other Material Entities (and certain intermediate entities) to enter into a Support Agreement and a related Security Agreement prior to the submission of the 2017 Plan. Under the Support Agreement, SSC and the IHC will be obligated to provide capital and liquidity to Material Entities in the event of State Street's resolution in order to effect the SPOE strategy for each Material Entity. The Security Agreement will ensure that SSC's and the IHC's obligations under the Support Agreement are secured by a pledge of their respective rights in the assets they would use to provide capital and liquidity to the Material Entities. The Support Agreement and Security Agreement are

also intended to materially reduce the risk of potential challenges to the provision of capital and liquidity to the Material Entities under the SPOE strategy.

## Glossary

Term	Definition
165(d) Rule	The rule jointly issued by the Federal Reserve and the FDIC implementing Section 165(d) of the Dodd-Frank Act; 76 Fed. Reg. 67323 (Nov. 1, 2011)
2015 Plan	State Street's 2015 Resolution Plan
2016 Letter	The letter dated April 12, 2016, in which the Agencies' notified State Street of their determination that the 2015 Plan is not credible
2016 Submission	State Street's 2016 submission
2017 Plan	State Street's 2017 Resolution Plan
Agencies	FRB and FDIC
AUCA	Assets Under Custody and Administration
AUM	Assets Under Management
BAU	Business As Usual
CERT	Crisis Executive Response Team
CERT-R	Crisis Executive Response Team for RRP
FDIC	Federal Deposit Insurance Corporation
FRB	Board of Governors of the Federal Reserve System
Guidance for 2017	Guidance for 2017: 165(d) Annual Resolution Plan Submissions By Domestic Covered Companies that Submitted Resolution Plans
HQLA	High-Quality Liquid Asset
IHC	Intermediate Holding Company
LEOC	Legal Entity Oversight Committee
LER	Legal Entity Rationalization
LER Criteria	State Street's criteria for a rational and less-complex legal entity structure
MOL	Minimum Operating Liquidity
MRAC	Management Risk and Capital Committee
PCS	Payment, Clearing, and Settlement
PFN	Peak Funding Needs
RCAP	Resolution Capital Adequacy and Positioning
RCEN	Resolution Capital Execution Need
Resolution Plan	A plan for rapid and orderly resolution in the event of material financial distress or failure
RLAP	Resolution Liquidity Adequacy and Positioning
RLEN	Resolution Liquidity Execution Need
RRP	Resolution and Recovery Planning
RWAs	Risk Weighted Assets
SCPOM	Stressed Cash Position Operating Model
Security Agreement	The agreement entered into by SSC, the IHC and certain intermediate entities to secure specified obligations under the Support Agreement by a perfected security interest.
SPOE	Single Point of Entry
SS HCL	Statestreet HCL Services (India) Private Limited
SS Syntel	State Street Syntel Services Private Limited
SSB GmbH	State Street Bank International GmbH
SSB GmbH-Krakow	State Street Bank International GmbH, Krakow Branch
SSBL	State Street Bank Luxembourg S.C.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 on an unconsolidated basis



Term	Definition
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
SSIIL	State Street International (Ireland) Limited
SSTCC	State Street Trust Company Canada
State Street	State Street Corporation together with its subsidiaries on a consolidated basis
Support Agreement	An agreement expected to be entered into by SSC, the IHC, the Material Entities and certain intermediate entities to provide capital and liquidity resources to Material Entities pursuant to the SPOE strategy.