



STATE STREET.

**Resolution Plan for  
State Street Corporation  
&  
State Street Bank and Trust Company**

**Section 1: Public Section**

**July 1, 2014**

**PUBLIC SECTION****Table of Contents**

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## Section 1: Public Section

### Introduction

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

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

A separate rule issued by the FDIC (the “IDI Rule”) requires insured depository institutions with assets of \$50 billion or more, including SSBT, to submit to the FDIC, and periodically update, a plan considering how the FDIC, as receiver in a hypothetical receivership of the insured depository institution under the Federal Deposit Insurance Act (the “FDIA”), could resolve the insured depository institution in a manner that satisfies the requirements of the IDI Rule.

This Public Section is part of a single Resolution Plan (the “Resolution Plan”) intended to comply with the requirements applicable to State Street under both the 165(d) Rule and the IDI Rule.

### State Street’s Business and Resolution Planning

SSC is a bank holding company organized in 1969 under the laws of the Commonwealth of Massachusetts that has elected and maintains financial holding company status under the Bank Holding Company Act of 1956 (the “BHC Act”). Through its subsidiaries, including SSBT, SSC provides a broad range of financial products and services to institutional investors worldwide. With \$27.43 trillion of assets under custody and administration, \$2.35 trillion of assets under management and 29,430 employees as of December 31, 2013, State Street operates in more than 100 geographic markets worldwide, including the U.S., Canada, Europe, the Middle East, and Asia.

State Street is a global custody bank that is a leader in providing financial services and products to meet the needs of institutional investors, including mutual funds, collective investment funds and investment

pools, corporate and public retirement plans, insurance companies, foundations, endowments and investment managers. State Street's financial services and products allow these large institutional investors to execute financial transactions on a daily basis in markets across the globe. As most institutional investors cannot economically or efficiently build their own technology and operational processes necessary to facilitate their global securities settlement needs, State Street's role as a global custody bank is generally to serve as an agent for institutional investors to efficiently perform services associated with the clearing, settlement, and execution of securities transactions and related payments, to ensure that client transactions are properly settled, reconciled and reported, and to ensure that related outsourced infrastructure activities occur in a timely manner. State Street also provides value-added services including, deposit and short-term investment facilities, cash management, record-keeping, valuation, reporting, and other administrative support.

State Street believes that the risk profile of a global custody bank differs from that of a global universal bank. State Street has limited trading book exposure, is minimally reliant on wholesale funding, and generates its earnings largely from recurring fee-based business activities. State Street's consolidated balance sheet is driven largely by client deposits. These deposits consist primarily of balances arising from clients' transactions in, and the holding of, securities and other financial instruments along with cash management strategies and accordingly are a product of State Street's custody activities. Similarly, State Street's assets do not primarily consist of loans or trading account assets, but of a portfolio of securities held for investment and balance sheet management purposes and to facilitate access to clearing corporations, national and international central securities depositories and other financial market utilities, in order to enable the processing of client securities transactions and payments.

State Street has a disciplined approach to risk through a comprehensive and well-integrated risk management function that involves all levels of management. State Street recognizes that the identification, measurement, monitoring, and mitigation of risk are essential to the financial performance and successful management of its businesses. SSC's Board of Directors (the "Board"), through its Risk and Capital Committee (the "RCC"), provides extensive review and oversight of overall risk management programs, including the approval of key risk management policies and the periodic review of State Street's "Risk Appetite Statement," which is an integral part of its overall Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Appetite Statement outlines the quantitative limits and qualitative goals that define State Street's risk appetite and responsibilities for measuring and monitoring risks against limits, which are reported regularly to the Board. In addition, State Street utilizes a variety of key risk indicators to monitor risk on a more granular level. Enterprise Risk Management ("ERM"), a corporate risk oversight group, provides oversight, support, and coordination across business units independent of the business units' activities, and is responsible for the formulation and maintenance of enterprise-wide risk management policies and guidelines. ERM also establishes and reviews approved limits and monitors key risks in collaboration with business unit management. The Chief Risk Officer meets regularly with the Board and the RCC, and has authority to escalate issues as necessary.

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

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

## I. Summary of the Resolution Plan

The remainder of this Public Section provides a summary of State Street's Resolution Plan, including the Material Entities and Core Business Lines identified for purposes of the Resolution Plan, a summary of consolidated financial information, a high-level overview of State Street's resolution strategies, and other information required by the 165(d) and IDI Rules.

### A. Names of Material Entities

Under the 165(d) and IDI Rules, "Material Entities" have been defined as SSC and its subsidiaries and foreign offices that are significant to the activities of SSC and SSBT's Core Business Lines and Critical Operations. State Street has performed a multi-step analysis to identify Material Entities using key metrics including assets, liabilities and capital, revenues and expenses, economic functions, substitutability, and staffing levels. State Street has identified sixteen Material Entities, composed of three U.S. entities and thirteen non-U.S. entities, as described below.

#### State Street Corporation

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

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

#### State Street Bank and Trust Company

SSBT, a Massachusetts-chartered trust company, traces its beginnings to the founding of the Union Bank in 1792. SSBT's current charter was authorized by a special Act of the Massachusetts Legislature in 1891, and its present name was adopted in 1960. As a state-chartered banking institution that is a member of the Federal Reserve System, SSBT's primary federal banking regulator for its U.S. and non-U.S. operations is the Federal Reserve. SSBT is also an FDIC-insured depository institution. SSBT is

subject to applicable federal and state banking laws and to supervision and regulation by the Federal Reserve, the Massachusetts Division of Banks, the FDIC, and the regulatory authorities of those states and countries in which a SSBT branch is located.

SSBT operates as a specialized custody bank that services and manages assets on behalf of its institutional clients. As a consolidated entity, SSBT and its branches and subsidiaries comprise approximately 98% of State Street's consolidated total assets and process substantially all of State Street's Payment, Clearing, and Settlement ("PCS") activity through its network of Central Securities Depositories ("CSDs"), Payment Systems, sub-custodians, and correspondent banks.

#### [State Street Bank and Trust Company, London Branch](#)

State Street Bank and Trust Company, London Branch ("SSBT-London") was established in 1993 and is authorized and regulated in the U.K. by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

SSBT-London is a part of State Street's custody and securities lending businesses, and also acts as a regional cash processing platform for SSBT, its branches, and subsidiaries.

#### [State Street Bank and Trust Company, Toronto Branch](#)

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

SSBT-Toronto is part of State Street's custody and securities lending businesses, and also acts as a cash processing platform for SSBT, its branches, and subsidiaries.

#### [State Street Trust Company Canada](#)

State Street Trust Company Canada ("SSTCC") is a Canadian trust company regulated by OSFI that received its Order to Commence and Carry on Business as a federal trust company in 1995.

SSTCC provides custody services to Canadian clients and with respect to Canadian securities.

#### [State Street Bank Luxembourg S.A.](#)

State Street Bank Luxembourg S.A. ("SSBL"), established in 1990, is an authorized banking institution headquartered in Luxembourg, Luxembourg. SSBL is subject to the supervision and regulation of the Commission de Surveillance du Secteur Financier (the "Commission for Supervision of the Financial Sector," or "CSSF") and is subject to reporting obligations of the Banque Centrale de Luxembourg (the "Luxembourg Central Bank").

SSBL provides global custody and related services to institutional clients, including collective investment funds, insurance companies, banks, brokers, private equity funds, and real estate funds.

## [State Street Bank GmbH](#)

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

SSB GmbH provides global custody and related services to global investors as well as depositary bank services to German asset managers.

## [State Street Bank S.p.A.](#)

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

SSB S.p.A. provides investor services for institutional clients, including global custody, fund administration, depositary banking, and correspondent banking.

## [State Street International \(Ireland\) Limited](#)

State Street International (Ireland) Limited (“SSIIL”) is incorporated in Ireland under the Companies Acts 1963 to 2009. SSIIL is the direct parent company of State Street Custodial Services (Ireland) Limited (“SSCSIL”) and State Street Fund Services (Ireland) Limited (“SSFSIL”), each a Material Entity described below, and is the employer of all the personnel that perform the activities of SSCSIL and SSFSIL.

## [State Street Custodial Services \(Ireland\) Limited](#)

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

SSCSIL provides custody and trustee services to collective investment schemes.

## [State Street Fund Services \(Ireland\) Limited](#)

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

SSFSIL provides fund administration and transfer agency services to collective investment schemes.

[State Street Bank GmbH, Krakow Branch](#)

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

SSB GmbH-Krakow provides various middle-office and back-office activities necessary for the delivery of Global Custody services.

[State Street Syntel Services Private Limited](#)

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

SS Syntel provides various middle-office and back-office activities necessary for the delivery of Global Custody services.

[Statestreet HCL Services \(India\) Private Limited](#)

Statestreet HCL Services (India) Private Limited (“SS HCL”), a limited company incorporated under the Companies Act, 1956 of India, provides services exclusively to other SSC entities. SS HCL is held by SSC through a joint venture with HCL Technologies, Inc., a public company headquartered in Nodia, India.

SS HCL provides various middle-office, back-office, and reconciliatory activities necessary for the delivery of Global Custody services.

[SSgA Funds Management, Inc.](#)

SSgA Funds Management, Inc. (“SSgA FM”) was incorporated in Massachusetts in 2001 and is headquartered in Boston, Massachusetts. SSgA FM is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940. SSgA FM is also registered as a commodity trading advisor (“CTA”) and commodity pool operator (“CPO”) with the National Futures Association (“NFA”) and Commodity Futures Trading Commission (“CFTC”).

SSgA FM provides a variety of asset management solutions, including active, enhanced and passive equity, active and passive fixed-income, cash management, multi-asset class solutions, and real estate.



### State Street Global Advisors Limited

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

SSgA Ltd. provides a variety of asset management solutions, including active, enhanced and passive equity, active and passive fixed-income, cash management, multi-asset class solutions, and real estate.

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

State Street has two Core Business Lines: (1) Investment Servicing which, for purposes of this Resolution Plan, we refer to as “Global Custody,” and (2) “Investment Management.”

#### Global Custody

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

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

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

#### Investment Management

Investment Management (“IM”) services are provided through the Global Advisors division of SSBT, as well as multiple SSC affiliates in the U.S. and abroad, under the brand name State Street Global Advisors (“SSgA”).

SSgA provides clients, including corporations, public funds, and other sophisticated investors, with a broad array of investment management, investment research, and other related services. SSgA offers

strategies for managing financial assets, including passive and active, such as enhanced indexing, using quantitative and fundamental methods for both U.S. and global equities and fixed-income securities. SSgA also offers exchange-traded funds (“ETFs”).

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

The following table presents consolidated financial information for State Street. This information is provided in SSC’s Annual Report on Form 10-K (“Form 10-K”) for the year-ended December 31, 2013. Please refer to SSC’s Form 10-K for additional information.

#### Consolidated Statement of Income

Years Ended December 31,	2013	2012	2011
<b>(Dollars in millions, except per share amounts)</b>			
<b>Fee revenue:</b>			
Servicing fees	4,819	4,414	4,382
Management fees	1,106	993	917
Trading services	1,061	1,010	1,220
Securities finance	359	405	378
Processing fees and other	245	266	297
Total fee revenue	7,590	7,088	7,194
<b>Net interest revenue:</b>			
Interest revenue	2,714	3,014	2,946
Interest expense	411	476	613
Net interest revenue	2,303	2,538	2,333
<b>Gains (losses) related to investment securities, net:</b>			
Net gains (losses) from sales of available-for-sale securities	14	55	140
Losses from other-than-temporary impairment	(21)	(53)	(123)
Losses reclassified (from) to other comprehensive income	(2)	21	50
Gains (losses) related to investment securities, net	(9)	23	67
Total revenue	9,884	9,649	9,594
Provision for loan losses	6	(3)	0
<b>Expenses:</b>			
Compensation and employee benefits	3,800	3,837	3,820
Information systems and communications	935	844	776
Transaction processing services	733	702	732
Occupancy	467	470	455
Claims resolution	0	(362)	0
Acquisition and restructuring costs	104	225	269
Professional services	392	381	347
Amortization of other intangible assets	214	198	200

**Consolidated Statement of Income (cont'd)**

<b>Years Ended December 31,</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>(Dollars in millions, except per share amounts)</b>			
Other	547	591	459
Total expenses	7,192	6,886	7,058
Income before income tax expense	2,686	2,766	2,536
Income tax expense	550	705	616
Net income	2,136	2,061	1,920
Net income available to common shareholders	2,102	2,019	1,882
<b>Earnings per common share:</b>			
Basic	4.71	4.25	3.82
Diluted	4.62	4.20	3.79
<b>Average common shares outstanding (in thousands):</b>			
Basic	446,245	474,458	492,598
Diluted	455,155	481,129	496,072
Cash dividends declared per common share	1.04	0.96	0.72

**Consolidated Statement of Condition**

As of December 31,	2013	2012
<b>(Dollars in millions, except per share amounts)</b>		
<b>Assets:</b>		
Cash and due from banks	\$ 3,220	\$ 2,590
Interest-bearing deposits with banks	64,257	50,763
Securities purchased under resale agreements	6,230	5,016
Trading account assets	843	637
Investment securities available for sale	99,174	109,682
Investment securities held to maturity (fair value of \$17,560 and \$11,661)	17,740	11,379
Loans and leases (less allowance for losses of \$28 and \$22)	13,458	12,285
Premises and equipment (net of accumulated depreciation of \$4,417 and \$4,037)	1,860	1,728
Accrued interest and fees receivable	2,123	1,970
Goodwill	6,036	5,977
Other intangible assets	2,360	2,539
Other assets	25,990	18,016
<b>Total assets</b>	<b>\$ 243,291</b>	<b>\$ 222,582</b>
<b>Liabilities:</b>		
Deposits:		
Noninterest-bearing	\$ 65,614	\$ 44,445
Interest-bearing—U.S.	13,392	19,201
Interest-bearing—non-U.S.	103,262	100,535
<b>Total deposits</b>	<b>182,268</b>	<b>164,181</b>
Securities sold under repurchase agreements	7,953	8,006
Federal funds purchased	19	399
Other short-term borrowings	3,780	4,502
Accrued expenses and other liabilities	19,194	17,196
Long-term debt	9,699	7,429

**Consolidated Statement of Condition (cont'd)**

As of December 31,	2013	2012
<b>(Dollars in millions, except per share amounts)</b>		
Total liabilities	\$ 222,913	\$ 201,713
Commitments, guarantees and contingencies (note 11)		
<b>Shareholders' equity:</b>		
Preferred stock, no par, 3,500,000 shares authorized:		
Series C, 5,000 shares issued and outstanding	\$ 491	\$ 489
Common stock, \$1 par, 750,000,000 shares authorized:		
503,882,841 and 503,900,268 shares issued	504	504
Surplus	9,776	9,667
Retained earnings	13,395	11,751
Accumulated other comprehensive income (loss)	(95)	360
Treasury stock, at cost (69,754,255 and 45,238,208 shares)	(3,693)	(1,902)
Total shareholders' equity	20,378	20,869
Total liabilities and shareholders' equity	\$ 243,291	\$ 222,582

Capital

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

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

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

The following table presents Basel I regulatory capital ratios and related regulatory guidelines for SSC and SSBT as of December 31, 2013.

#### Basel I Regulatory Capital Ratios and Related Regulatory Guidelines for SSC and SSBT

Basel 1 Regulatory Capital Ratios	Regulatory Guidelines		SSC		SSBT	
	Minimum	Well-Capitalized	2013	2012	2013	2012
Tier 1 Risk-Based Capital	4.0%	6.0%	17.3%	19.1%	16.4%	17.3%
Total Risk-Based Capital	8.0%	10.0%	19.7%	20.6%	19.0%	19.1%
Tier 1 Leverage Ratio	4.0%	5.0%	6.9%	7.1%	6.4%	6.3%

#### Liquidity

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

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

#### D. Descriptions of Derivative and Hedging Activities

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

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

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

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

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

### E. Memberships in Material Payment, Clearing, and Settlement Systems

In order to facilitate its business and support its clients' needs for core custody services, State Street maintains memberships with and participates in global payment, clearing, and settlement systems, also known as Financial Market Utilities ("FMUs"). State Street's material relationships, mainly through SSBT, include participation in six central securities depositories, four direct payment systems, and one foreign exchange net settlement system.

#### State Street Memberships in Material Payment, Clearing and Settlement Systems

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



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

#### F. Description of Non-U.S. Operations

State Street operates in more than 100 geographic markets worldwide, with 29,430 employees as of December 31, 2013. By leveraging the strength of a global network and an integrated technology infrastructure, State Street provides its clients with a worldwide platform for growth, creating custom-tailored solutions that can support investment strategies in virtually any market.

##### Global Custody

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

The following table presents the top 10 markets for the custody business, based on transaction dollar volume per market, for the year-ended December 31, 2013, and as a percentage of State Street's global transaction volume.

#### Top 10 Markets for State Street's Custody Business

Market	Full-Year 2013 Transaction Value (in millions)	% of Global Transactions
United States	69,120,562	79.0%
Canada	8,136,169	9.3%
Europe	3,835,936	4.4%
UK	3,387,602	3.9%
China	624,905	0.7%
Australia	464,900	0.5%
Kuwait	415,453	0.5%
Japan	302,334	0.3%
Switzerland	246,075	0.3%
South Korea	218,089	0.2%
All Others	756,107	0.9%
<b>Grand Total</b>	<b>87,508,132</b>	<b>100.0%</b>

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

#### Geographic Mix of Assets Under Custody and Administration<sup>1</sup>

As of December 31 (in billions)	2013	2012	2011
North America	\$ 20,764	\$ 18,463	\$ 16,368
Europe/Middle East/Africa	5,511	4,801	4,400
Asia/Pacific	1,152	1,107	1,039
<b>Total</b>	<b>\$ 27,427</b>	<b>\$ 24,371</b>	<b>\$ 21,807</b>

#### [Investment Management](#)

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

<sup>1</sup> Geographic mix is based on the location at which the assets are custodied or serviced.

locations are the U.S. and the U.K..

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

#### Geographic Mix of Assets Under Management

As of December 31 (in billions)	2013	2012	2011
North America	\$ 1,456	\$ 1,288	\$ 1,190
Europe/Middle East/Africa	560	480	428
Asia/Pacific	329	318	227
<b>Total</b>	<b>\$ 2,345</b>	<b>\$ 2,086</b>	<b>\$ 1,845</b>

#### G. Material Supervisory Authorities

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

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

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

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

**Key Regulatory Authorities for State Street's Material Entities**

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

Legal Entity	Primary Regulatory Authority	Secondary Regulatory Authority
Statestreet HCL Services (India) Private Limited	N/A	N/A
SSgA Funds Management, Inc.	SEC CFTC	N/A
State Street Global Advisors Limited	FCA	SEC

#### H. Principal Officers

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

##### Principal Officers of SSC and SSBT

Name	Position
Joseph L. Hooley	Chairman, President and Chief Executive Officer
Joseph C. Antonellis	Vice Chairman
Michael W. Bell	Executive Vice President and Chief Financial Officer
Jeffrey N. Carp	Executive Vice President, Chief Legal Officer and Secretary
John L. Klinck, Jr.	Executive Vice President
Andrew Kuritzkes	Executive Vice President and Chief Risk Officer
Peter O'Neill	Executive Vice President
Christopher Perretta	Executive Vice President
James S. Phalen	Vice Chairman and Executive Vice President
Scott F. Powers	President and Chief Executive Officer of State Street Global Advisors
Alison A. Quirk	Executive Vice President
Michael F. Rogers	Executive Vice President

#### I. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning

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

development, maintenance, and annual filing of the Resolution Plan and the implementation of related initiatives.

#### [Preparation and Approval of Initial Submission of Resolution Plan](#)

State Street designed a project governance structure which included the dedicated Resolution Project team consisting of State Street employees, as well as external consultants and external legal counsel. Members of the Resolution Project team also worked directly with business partners in State Street's Core Business Lines and Material Entities, including SSBT. Senior business leaders reviewed the analyses of Core Business Lines and Critical Operations. Additionally, Material Entity boards of directors or management boards (where applicable) reviewed respective Material Entity analyses.

After carefully reviewing the 165(d) Rule, the IDI Rule, and related guidance presented by the Federal Reserve and the FDIC, State Street developed the Resolution Plan with input from members representing the Core Business Lines and Material Entities. SSC's and SSBT's MRAC is responsible for the overall Resolution Plan, including assessing interconnectedness, strategic options, Material Entities, Core Business Lines, and Critical Operations. MRAC approved the Resolution Plan prior to a review by the Board's RCC. The RCC reviewed the Resolution Plan and recommended approval of the submission to the Boards of Directors of SSC and SSBT, which provided their final approval. Throughout the development of the Resolution Plan, ongoing updates were provided to each of the governing committees and to State Street's Dodd-Frank Steering Committee on a regular basis. The committees provided strategic direction and strategies for addressing impediments to resolution, as necessary.

#### [Continuing Governance of the Resolution Plan](#)

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

The ongoing management of the Resolution Plan project will be the responsibility of a centralized Recovery and Resolution Planning Office ("RRP Office") led by the Global Program Lead reporting to the Resolution Officer. The dedicated Resolution Project team will be responsible for managing the Resolution Plan process, which includes updating the Resolution Plan at least annually or more frequently, if required, providing the Federal Reserve and the FDIC with a notice within 45 days of any event that materially affects the Resolution Plan and coordinating with the regulatory authorities on matters related to resolution planning.

The ongoing governance and oversight of the Resolution Plan will leverage State Street's existing governance model and committee structure and will, therefore, be embedded in the existing processes within State Street. All new products and services not currently offered by State Street, significant variations to or extensions of existing products, the formation of subsidiaries or establishment of branches, and dispositions or corporate restructuring projects are subject to the approval of management.

The Resolution Officer will notify the Global Executive Sponsors and Global Program Lead of any material events at State Street, including corporate restructuring, the establishment or elimination of legal entities, new product or service introduction, entry into a new market or jurisdiction, product or service introduction to a new client type, and merger and acquisition activities. The Resolution Officer will ensure that such activities are communicated to the RRP Office in a timely manner. In addition, the MRAC and the Boards of Directors of SSC and SSBT will be required to approve the Resolution Plan annually prior to submission.

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

State Street maintains comprehensive Management Information Systems (“MIS”) to enable its businesses to have timely access to accurate management information in areas of risk management, accounting, finance, operations, and regulatory reporting.

State Street employs a variety of systems in its infrastructure to manage its risk exposure. The ability of State Street to identify, manage and monitor its risk is critical to its soundness. This includes systems for the accumulation of risk exposure information and data, managing and monitoring counterparty limits, managing and monitoring market risk exposure, monitoring interest-rate risk, managing operational risk and risk assessment model management, and assessing operational performance. State Street uses a number of general ledger, budgeting and expenses, tax management, and global data warehousing applications for finance and accounting purposes. State Street also uses internet-based applications and applications from the Federal Reserve to manage and ensure compliance with regulatory reporting.

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

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

- *Management executive reporting:* This reporting includes executive-level summaries and dashboards used to highlight high-level summaries, updates, and open decisions.
- *Monitoring and exception reporting:* This reporting provides information to monitor daily activities for business-as-usual purposes and raise exceptions, if any, to senior management.
- *Risk reporting:* This reporting provides information primarily used to monitor credit, interest-rate, market, and operational risk, and highlights risk limit breaches, if any, to senior management.

- *Operational reporting:* This reporting provides business-as-usual information to manage and monitor operational metrics across State Street's core businesses.
- *Regulatory reporting:* This reporting provides key information as set forth by requirements of the regulatory authorities governing the business/legal entity.

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

#### **K. High-Level Description of Resolution Strategy**

As required by the 165(d) and IDI Rules, the Resolution Plan considers strategies for a hypothetical resolution of SSC under the U.S. Bankruptcy Code and of SSBT under the FDIA. The Resolution Plan describes multiple options for resolving State Street in a manner that would substantially mitigate the risk that State Street's failure would have serious adverse effects on U.S. or global financial stability, and as required by the 165(d) Rule, the resolution strategies contemplate that State Street's failure could occur under baseline, adverse and severely adverse economic conditions.

The Resolution Plan contemplates strategies involving the failure of one or more State Street legal entities and includes recapitalization strategies and sale strategies for each of State Street's Core Business Lines, which State Street believes would be attractive acquisition targets for a single or multiple third-party buyers, which could include global, national, or regional financial institutions, private equity, or other buyers of financial assets. Under one resolution strategy, State Street's global custody business would be maintained as an integrated business in a sale transaction, in order to minimize disruption to its clients and the U.S. and global financial systems, and to maximize the value of the basket of interconnected and synergistic services that State Street offers today; Material Entities that are sufficiently self-sustaining and able to continue operations in the ordinary course of business would not need to be placed into resolution proceedings. Sale transactions with a third-party buyer could be executed rapidly, over the course of a weekend, or on a delayed basis, utilizing the FDIC's traditional bank resolution powers to charter a bridge bank as an interim step to a sale to a third-party buyer. If State Street could not be resolved through the contemplated sales strategies, State Street's Core Business Lines, Material Entities, and other assets and liabilities would be wound down in an orderly fashion under the U.S. Bankruptcy Code, the FDIA and other applicable resolution regimes. As an alternative to a sale strategy, State Street believes that in certain loss scenarios it may be possible for SSC to recapitalize SSBT and for SSBT and its branches and subsidiaries to avoid resolution proceedings and to continue to operate on a going-concern basis.

State Street's resolution strategies are designed to ensure that key components of State Street's businesses would be able to continue their operations during the period immediately following the failure of SSC and SSBT, minimizing any disruption to clients' access to their securities, funds, and other



property, and permitting the ongoing processing of client and counterparty transactions, and thereby minimizing the risk of serious adverse effects on U.S. or global financial stability.