



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

November 15, 2013

Mark Chorazak, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Dear Mr. Chorazak:

This letter responds to your request and related correspondence and communications on behalf of The Carlyle Group L.P., Washington, D.C. (together with its affiliates, "Carlyle"), for relief from passivity commitments ("Commitments") that Carlyle made in connection with its investment in Boston Private Financial Holdings, Inc. ("Boston Private"), the holding company of Boston Private Bank & Trust Company, a state nonmember bank, both of Boston, Massachusetts. As a result of that investment, Carlyle acquired convertible securities equal to approximately 24.96 percent of the common stock of Boston Private and the right to have a representative on Boston Private's board of directors. The Commitments were consistent with commitments that the Board previously has accepted in determining that a company did not exercise a controlling influence over another company for the purposes of the Bank Holding Company Act and Regulation Y.

Carlyle seeks complete relief from the Commitments on the basis that they are no longer necessary to prevent it from exercising a controlling influence over Boston Private. You have indicated that Carlyle has divested all of its ownership interest in Boston Private and no longer has a contractual right to a representative on Boston Private's board of directors. You also have indicated that Carlyle does not have any business relationships, and does not anticipate having any business relationships, with Boston Private.

Carlyle provided the Commitments to ensure that it would not exercise or attempt to exercise a controlling influence over Boston Private. As noted, Carlyle currently does not hold any interest in Boston Private and, therefore, is presumed not to control it. Carlyle also has acknowledged that it may not exercise or attempt to exercise a controlling influence over Boston Private without the prior approval of the Board even if relieved from the Commitments.

In addition, Carlyle is no longer contractually entitled to, and does not have, a director representative on the board of Boston Private. In this respect, you have noted that Boston Private would like the individual that has served as Carlyle's representative on Boston Private's board of directors, John Morton III, to continue his service as a director. Carlyle represents that the decision concerning such continuing service was made exclusively by Boston Private, independently of Carlyle's interest and without Carlyle's involvement. To demonstrate that Mr. Morton's continuing service is independent of Carlyle, Carlyle represents that: (i) Mr. Morton is no longer Carlyle's board representative; (ii) other than his past service on Boston Private's board, there is no prior, existing, or planned association or relationship between Carlyle and Mr. Morton;¹ and (iii) Carlyle personnel that previously monitored the Boston Private investment have entered into an ethical wall agreement pursuant to which they have agreed not to discuss or share information relating to Boston Private with Mr. Morton.

Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board under section 265.7(a)(2) of the Board's Rules Regarding Delegation of Authority,² and after consulting with the General Counsel, has approved Carlyle's request for relief from the Commitments Carlyle provided in connection with its investment in Boston Private. This action is based on the representations and commitments set forth in all your communications, including the representations discussed above. Any change in the facts presented could result in a different conclusion and should be reported to Board staff immediately. This determination should not be construed as granting relief from any other conditions or commitments to which Carlyle may be subject.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Sheila Radville, Manager
Federal Reserve Bank of Boston

¹ In this respect, Carlyle represents that Mr. Morton is not, and has never been, a director, officer, or employee of Carlyle or any of its affiliates, and he has not held and does not hold any ownership, investment, or other interest in Carlyle.

² 12 CFR 265.7(a)(2).