



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

December 17, 2014

Mr. Thomas S. Riggs
General Counsel
Goldman Sachs Bank USA
200 West Street
New York, New York 10282-2198

Dear Mr. Riggs:

This is in response to your letter dated June 20, 2014, on behalf of Goldman Sachs Bank USA (“GS Bank”), New York, New York, requesting relief from the commitment to maintain heightened capital ratios (the “Capital Commitment”) that GS Bank made in connection with an exemption under section 23A of the Federal Reserve Act granted to GS Bank on April 22, 2009. Specifically, the Capital Commitment requires GS Bank to maintain a tier 1 leverage capital ratio of at least 6 percent, a tier 1 risk-based capital ratio of at least 8 percent, and a total risk-based capital ratio of at least 11 percent until the Federal Reserve approves a capital plan for the bank.

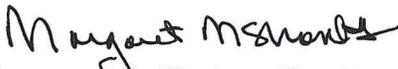
As noted, GS Bank provided the Capital Commitment, along with other commitments, to the Board in connection with an exemption under section 23A of the Federal Reserve Act. That exemption permitted GS Bank to acquire certain assets and entities from its parent, The Goldman Sachs Group, Inc. (“GS Group”), New York, New York, and other affiliates and to extend credit to affiliates secured by those entities and assets on a transitional basis in an aggregate value exceeding GS Bank’s quantitative limits under section 23A of the Federal Reserve Act and the Board’s Regulation W.¹ The Capital Commitment was required (1) to protect GS Bank from excessive growth due to the large size of the proposed transactions and (2) as a prudential measure that reflected GS Bank’s status as a new state member bank.

¹ 12 U.S.C. § 371c; 12 CFR part 223.

Since 2009, the Federal Reserve has gained experience supervising GS Bank and GS Group. GS Bank and GS Group have demonstrated the ability to comply with the Board's regulatory capital rules. Further, the Federal Reserve evaluates the capital plan of GS Group through the annual Comprehensive Capital Assessment Review and did not object to the capital plan submitted by GS Group on January 6, 2014. The Board has also adopted revisions to the regulatory capital rules that strengthen the quality and quantity of capital held by banking organizations.²

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,³ and after consulting with the General Counsel, has approved GS Bank's request for relief from the Capital Commitment. This action is based on the representations and commitments set forth in your submission of June 20, 2014, and in all subsequent correspondence related to this request. Notwithstanding this relief, all other commitments provided by GS Bank to the Board in connection with the exemption under section 23A of the Federal Reserve Act granted to GS Bank on April 22, 2009, continue to apply. Any change in the facts presented could result in a different conclusion and should be reported to Board staff immediately.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Ivan Hurwitz, Vice President
Federal Reserve Bank of New York

² Those revisions, in part, impose higher minimum risk-based capital requirements and a new supplementary leverage ratio, require banking organizations to hold a capital conservation buffer to avoid limitations on capital distributions and discretionary bonus payments, and adopt a more risk-sensitive measure for calculating risk-weighted assets. 12 CFR part 217.

³ 12 CFR 265.7(a)(2).