December 13, 2016

Mr. Joseph Hooley
Chairman and Chief Executive Officer
State Street Corporation
State Street Financial Center
One Lincoln Street, 11th Floor
Boston, Massachusetts 02111

Dear Mr. Hooley:

On October 1, 2016, State Street Corporation (STT) submitted to the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (together, the Agencies) a response (2016 Submission) to the deficiencies in STT's 2015 resolution plan (2015 Plan) that the Agencies identified in their joint written notice to the firm dated April 12, 2016 (April 2016 Letter).[1]

The Agencies have reviewed the 2016 Submission with respect to the deficiencies jointly identified in the April 2016 Letter. Based on this review, the Agencies have jointly determined that the 2016 Submission adequately remedies the deficiencies identified in the April 2016 Letter. The Agencies note that STT has taken important steps in addressing the deficiencies outlined in the April 2016 Letter. Specifically:

Operational: STT's 2016 Submission reflects that STT has adequately remedied the operational deficiency identified in the April 2016 Letter. STT has identified and mapped the shared

[1] References to resolution plans in this letter refer to resolution plan submissions required by section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Agencies' jointly issued implementing regulation. 12 U.S.C. § 5365(d); 12 CFR parts 243 and 381.

services that support the firm's critical operations and core business lines and has presented a process for maintaining a mapping of how and where these services support STT's core business lines and critical operations. The firm has also incorporated its mapping of critical services into its legal entity rationalization criteria and implementation efforts. The firm identified areas of potential misalignment between its criteria and its existing servicing model, and the 2016 Submission indicates that the firm is taking action to address these areas.

Legal Entity Rationalization: STT's 2016 Submission reflects that STT has adequately remedied the legal entity rationalization deficiency identified in the April 2016 Letter. STT has enhanced its legal entity rationalization criteria. These include criteria focused on: protecting STT's insured depository institution from risks arising from nonbank subsidiaries of the firm; maintaining a clean top-tier holding company to support resolvability; clean lines of ownership to facilitate the recapitalization of material entities; and separability to promote meaningful optionality and actionability of divestiture options. The 2016 Submission also included formalized governance procedures to ensure the application of the criteria on an ongoing basis.

Capital: STT's 2016 Submission reflects that it has adequately remedied the capital deficiency identified in the April 2016 Letter. The 2016 Submission included revised capital projections that exceeded the Prompt Corrective Action well capitalized standards throughout the resolution period and included an explanation and analysis of related adjustments to the 2015 Plan. In addition, STT has developed a detailed methodology for estimating the pace of the unwind of its securities lending business and the impact of the unwind on the firm's capital position.

Liquidity: STT's 2016 Submission reflects that it has adequately remedied the liquidity deficiency identified in the April 2016 Letter. In particular, the firm provided an enhanced model and process for estimating the minimum liquidity needed to fund material entities in resolution (so that such entities could continue operating consistent with regulatory requirements, market expectations, and the post-failure strategy outlined in the firm's 2015 Plan) and for supporting the provision of payment, clearing, and settlement services to clients.

The Agencies' findings described in this letter relate only to the Agencies' review of the joint deficiencies identified in the April 2016 Letter.[2] As explained in the April 2016 Letter and the Agencies' *Guidance for 2017 § 165(d) Annual Resolution Plan Submissions By Domestic Covered Companies that Submitted Resolution Plans in July 2015* (Guidance for 2017 Submissions), the Agencies will review the July 1, 2017, plan submission (2017 Plan) to determine if STT has satisfactorily addressed the "shortcomings" identified in the April 2016 Letter and other key potential vulnerabilities, including those detailed in the Guidance for 2017 Submissions.[3] If the Agencies jointly decide that these matters are not satisfactorily addressed in the 2017 Plan, the Agencies may determine jointly that the 2017 Plan is not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code.

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[2] The 2016 Submission was not required to include informational content other than as specified in the April 2016 Letter.

[3] The Agencies continue to expect that any current or planned future actions will be completed by July 2017. In the event impediments arise that are outside the firm's control (e.g., regulatory approvals) and the firm believes a different schedule for completion is necessary for one or more current or planned future actions, the firm should provide detailed support for that schedule, and the Agencies will determine on a case-by-case basis whether a different schedule is consistent with the requirements of the implementing rules. If the firm has previously provided the Agencies with support for that schedule, the firm may incorporate that support by reference as appropriate.

If you have any questions about the information communicated in this letter, please contact the Agencies.

Very truly yours,

Signed

Margaret McCloskey Shanks
Deputy Secretary of the Board
Board of Governors of the
Federal Reserve System

Very truly yours,

Signed

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation