



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

June 28, 2019

Ms. Rebecca J. Simmons  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004

Dear Ms. Simmons:

This letter responds to the request dated November 13, 2018, submitted on behalf of State Street Corporation, Boston, Massachusetts, addressed to the Office of the Comptroller of the Currency (“OCC”), the Board of Governors of the Federal Reserve System (“Board”), and the Federal Deposit Insurance Corporation (“FDIC”) (collectively, the “Agencies”) regarding a request for exemptive relief from each of the Agencies’ respective qualified financial contract stay rules (collectively, the “QFC Stay Rules”).<sup>1</sup> Consistent with your request, the Board is considering granting exemptive relief with respect to any covered QFC that is a custody services contract subject to the requirements of the Board’s QFC Stay Rule solely due to the exercise of any settlement advances permitted under such contract and for which each party to the covered QFC (other than the covered entity) is a financial counterparty that is not a covered entity or excluded bank from the requirements of 12 CFR 252.83 (the “Relief Request QFCs”).<sup>2</sup>

The Agencies’ staff are coordinating and actively considering your request for exemptive relief. However, the Agencies are not yet in a position to determine whether the requested relief is appropriate under the exemption standards set forth in the QFC Stay Rules. As part of your request, you noted the upcoming compliance date and requested time to conform any QFCs as needed.

Acting pursuant to authority delegated by the Board and having considered all relevant facts, I grant an extension of time. Under this extension of time, the Relief Request QFCs entered into by any covered entity that would otherwise be subject to the July 1, 2019, compliance date set forth in 12 CFR 252.82(f)(1)(ii) will temporarily not be subject to the requirements of the Board’s QFC Stay Rule. The extension shall remain in effect until the Board acts on the merits of your request for exemptive relief, which it is expected to do no later than

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<sup>1</sup> 12 CFR part 47 (OCC); 12 CFR part 252, subpart I (Board); and 12 CFR part 382 (FDIC).

<sup>2</sup> Definitions related to the scope of the Relief Request QFCs are set out in the Appendix.

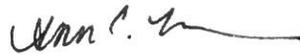
January 15, 2020. This extension of time does not apply to QFCs that were subject to the January 1, 2019, compliance date, which should already be in compliance with the requirements of the Board's QFC Stay Rule. Should the Board deny in whole or in part the requested exemptions for the Relief Request QFCs, staff would recommend that you be permitted a period of six months from the date of the denial to ensure all affected QFCs are brought into conformance with the requirements of the Board's QFC Stay Rule.

Board staff has consulted with staff of the OCC and FDIC with respect to the extension of the July 1, 2019, compliance date for the requesting entity as set forth in this letter. OCC and FDIC staff has advised Board staff that it does not object to this extension.

This action may be revised or revoked, based on evolving industry standards, evolving supervisory standards, changes to applicable regulations, or other relevant factors. This action is based on all the facts of record, including the information discussed above, and the representations in your submissions and supplemental information. Any material change in those facts or representations could affect this approval and should be communicated promptly to Board staff.

Please contact Lucy Chang at (202) 475-6331 or Evan Hechtman at (202) 263-4810, both of the Board's Legal Division, or Felton Booker at (202) 912-4651 or Lesley Chao at (202) 974-7063, of the Board's Division of Supervision and Regulation, if you have any questions.

Very truly yours,



Ann E. Misback  
Secretary of the Board

cc: Office of the Comptroller of the Currency  
Federal Deposit Insurance Corporation

## Appendix

1. For purposes of this temporary exemption, the following definitions apply:
  - a. “Affiliate” has the same meaning as in 12 CFR 252.2.
  - b. “Custody services contract” is defined as a contract that meets all of the following:
    - i. The contract is an agreement under which an Applicant or its affiliate provides custodial services that include safekeeping, settlement, asset servicing, and reporting and income services, to clients, and any associated short-term settlement advances in connection with the processing of client securities or payment transactions;
    - ii. The contract does not include any default right that can be exercised against a covered entity serving as a custodian or any affiliate of a covered entity;
    - iii. The contract is a qualified financial contract subject to the requirements of the Board’s QFC Stay Rule solely due to the exercise of any settlement advances permitted under the contract; and
    - iv. If not for the contract’s provisions prohibiting its assignment without the consent of the client, the contract otherwise would meet the requirements of 12 CFR 252.84(a).
  - c. “Default right” has the same meaning as in 12 CFR 252.81.