



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

December 26, 2019

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

Dear Ms. Simmons:

This responds to the letter dated November 27, 2019, 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 your request for an exemption under each of the Agencies’ respective qualified financial contract stay rules (collectively, the “QFC Stay Rules”) for certain contracts.¹ Specifically, you have requested an exemption from the requirements of 12 CFR 252.83 and 252.84 for 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 counterparty that is not a covered entity or excluded bank (the “Relief Request QFCs”).² Your letter also requested an extension of time to conform the Relief Request QFCs to the requirements of the QFC Stay Rules until the Agencies determine whether the requested relief is appropriate under the standards set forth in the QFC Stay Rules.

Acting pursuant to authority delegated by the Board and having considered all relevant facts, I grant an extension of time until July 1, 2020. Under this extension of time, the Relief Request QFCs entered into by any covered entity that would otherwise be subject to the January 1, 2020, compliance date set forth in 12 CFR 252.82(f)(1)(iii) temporarily will not be subject to the requirements of the Board’s QFC Stay Rule. Additionally, the previously granted extension of time with respect to the Relief Request QFCs entered into by any covered entity that would have been subject to the July 1, 2019, compliance date is extended until July 1, 2020. The Board is taking no action on your request for an exemption at this time. Should the Board deny

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

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

in whole or in part the requested exemptions for the Relief Request QFCs, staff would recommend that you be permitted some period from the date of any such denial to conform all affected QFCs to the requirements of the Board's QFC Stay Rule.

Board staff has consulted with staff of the OCC and FDIC with respect to this extension of time, and OCC and FDIC staff have advised Board staff that they do not object to this extension.

This action may be revised or revoked, based on 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
Lauren A. Anderson, The Bank Policy Institute

Appendix

1. For purposes of this extension of time, 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.