



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

December 3, 2018

Mr. Joseph L. Hooley  
Chairman and Chief Executive Officer  
State Street Corporation  
One Lincoln Street  
Boston, Massachusetts 02111

Dear Mr. Hooley:

This responds to the request by State Street Corporation (“State Street”), Boston, Massachusetts, for a one-year extension of time, from January 1, 2019, until January 1, 2020, to comply with the requirement under section 252.62(a)(2) of Regulation YY to maintain an outstanding eligible long-term debt amount that is no less than 4.5 percent of the firm’s total leverage exposure.<sup>1</sup>

The Board may extend or accelerate any compliance date under Regulation YY if the Board determines that the extension or acceleration is appropriate.<sup>2</sup> In considering whether an extension or acceleration is appropriate, the Board considers the effect of the modification on financial stability, the period of time for which the modification would be necessary to achieve compliance with Regulation YY, and the actions the company is taking to come into compliance with Regulation YY.

In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (“EGRRCPA”) became law.<sup>3</sup> Section 402 of EGRRCPA provides that the Board and the other federal banking agencies must promulgate rules to exclude certain central bank placements from the calculation of the supplementary leverage ratio for “custodial banks.” The Board and the other federal banking agencies have not yet initiated the rulemaking required under section 402.

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<sup>1</sup> 12 CFR 252.62(a)(2).

<sup>2</sup> 12 CFR 252.3(b).

<sup>3</sup> See Pub. L. No. 115-174, 132 Stat. 1296 (2018).

State Street requests a delay in order to determine the appropriate amount of long-term debt it would need to hold after the federal banking agencies adopt a rule that implements section 402. It is expected that State Street will be in compliance with the requirements to maintain outstanding eligible long-term debt and total loss-absorbing capacity under Subpart G of Regulation YY (other than the LTD-total leverage exposure requirement) no later than January 1, 2019.

In evaluating State Street's request, the effect of the modification on financial stability, the period of time for which the modification would be necessary to achieve compliance with Regulation YY, and the actions the company is taking to come into compliance with Regulation YY have been considered.<sup>4</sup> Granting the request would not undermine the supervisory or regulatory goals of the Board or pose a risk to the financial stability of the U.S. banking or financial system. In addition, it is likely that State Street will benefit from the rulemaking required under section 402, and requiring compliance with the requirement to hold long-term debt equal to no less than 4.5 percent of the firm's total leverage exposure as of January 1, 2019, would present a temporary burden on State Street, which is likely to be partially relieved once the rule is adopted. Based on all the facts and representations set forth in State Street's request for the extension and in related correspondence, and acting pursuant to authority delegated by the Board, I have granted a one-year extension, until January 1, 2020, for State Street to comply with the requirement under section 252.62(a)(2) of Regulation YY to maintain an outstanding eligible long-term debt amount that is no less than 4.5 percent of the firm's total leverage exposure.

Any change in the facts presented could result in a different conclusion and should be reported immediately to supervisory staff at the Federal Reserve Bank of Boston. For purposes of this action, State Street's representations and commitments constitute conditions imposed in writing in connection with the findings and decision herein and, as such, may be enforced in proceedings under applicable law.<sup>5</sup> This action should not be construed as granting relief from any other conditions, commitments, or requirements to which State Street may be subject.

Very truly yours,



Ann E. Misback  
Secretary of the Board

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<sup>4</sup> 12 CFR 252.3(b).

<sup>5</sup> 12 U.S.C. § 1818(b).