



STATE STREET®

**Resolution Plan for  
State Street Corporation  
&  
State Street Bank and Trust Company**

**Section 1: Public Section**

**October 1, 2013**

**PUBLIC SECTION****Table of Contents**

---

**Section 1 – Public Section**

I.	Summary of Resolution Plan.....	H
A.	Names of Material Entities .....	I
B.	Description of Core Lines of Business .....	J
C.	Summary of Financial Information Regarding Assets, Liabilities, Capital and Liquidity.....	10
D.	Descriptions of Derivative and Hedging Activities.....	14
E.	Memberships in Material Payment, Clearing, and Settlement Systems.....	15
F.	Description of Non-U.S. Operations.....	16
G.	Material Supervisory Authorities.....	18
H.	Principal Officers .....	20
I.	Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning.....	20
J.	Description of Material Management Information Systems .....	22
K.	High-Level Description of Resolution Strategy.....	23

## Section 1: Public Section

### Introduction

State Street Corporation (“SSC” and, together with its consolidated subsidiaries, “State Street”) and its wholly-owned principal banking subsidiary, State Street Bank and Trust Company (“SSBT”), an insured depository institution, are required to prepare resolution plans pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and rules issued by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (the “FDIC”). State Street supports regulatory changes made since 2008 that mitigate systemic risk and improve global financial stability and believes that resolution planning is a key element of those changes.

Section 165(d) of the Dodd-Frank Act and its implementing rule jointly issued by the Federal Reserve and the FDIC (the “165(d) Rule”) require bank holding companies with assets of \$50 billion or more, such as State Street, to submit to the Federal Reserve, the FDIC and the Financial Stability Oversight Council, and periodically update, a plan for rapid and orderly resolution in the event of material financial distress or failure. The plan must consider how a hypothetical reorganization or liquidation of the bank holding company under the U.S. Bankruptcy Code could be accomplished within a reasonable period of time and in a manner that substantially mitigates the risk that the failure of the bank holding company would have serious adverse effects on U.S. or global financial stability.

A separate rule issued by the FDIC (the “IDI Rule”) requires insured depository institutions with assets of \$50 billion or more, such as SSBT, to submit to the FDIC, and periodically update, a plan considering how the FDIC, as receiver in a hypothetical receivership of the insured depository institution under the Federal Deposit Insurance Act (the “FDIA”), could resolve the insured depository institution in a manner that satisfies the requirements of the IDI Rule.

This Public Section is part of a single Resolution Plan (the “Resolution Plan”) intended to comply with the requirements applicable to State Street under both the 165(d) Rule and the IDI Rule.

### State Street’s Business and Resolution Planning

SSC is a bank holding company organized in 1969 under the laws of the Commonwealth of Massachusetts, and has elected to be a financial holding company for purposes of the Bank Holding Company Act of 1956 (the “BHC Act”). Through its subsidiaries, including SSBT, SSC provides a broad range of financial products and services to institutional investors worldwide. With \$24.37 trillion of assets under custody and administration, \$2.09 trillion of assets under management and 29,660 employees as of December 31, 2012, State Street operates in 29 countries and services assets in more than 100 geographic markets worldwide.

State Street is a global custody bank that is a leader in providing financial services and products to meet the needs of institutional investors, including mutual funds, collective investment funds and other investment pools, corporate and public retirement plans, insurance companies, foundations, endowments

and investment managers. State Street's financial services and products allow these large institutional investors to execute financial transactions on a daily basis in markets across the globe. As most institutional investors cannot economically or efficiently build their own technology and operational processes necessary to facilitate their global securities settlement needs, State Street's role as a global custody bank is generally to serve as an agent for institutional investors to efficiently perform services associated with the clearing, settlement and execution of securities transactions and related payments and to ensure that client transactions are properly settled, reconciled and reported and related outsourced infrastructure activities occur in a timely manner. State Street also provides value-added services including deposit-taking, cash management, record-keeping, valuation, reporting and other administrative support.

State Street believes that the risk profile of a global custody bank differs from that of a global universal bank. State Street has limited trading book exposure and is minimally reliant on wholesale funding, and its earnings are generated largely from recurring fee-based business activities. State Street's consolidated balance sheet is driven largely by client deposits. These deposits consist primarily of balances arising from clients' transactions in, and the holding of, securities and other financial instruments along with cash management strategies and are, thus, a product of State Street's custody activities. Similarly, State Street's assets consist primarily not of loans or trading assets, but of a securities portfolio held for investment and balance sheet management purposes and to facilitate access to clearing corporations, national and international central securities depositories and other financial market utilities in order to enable the processing of client securities transactions and payments.

State Street has a disciplined approach to risk through a comprehensive and well-integrated risk management function that involves all levels of management. State Street recognizes that the identification, measurement, monitoring and mitigation of risk are essential to the financial performance and successful management of its businesses. SSC's Board of Directors (the "Board"), through its Risk and Capital Committee (the "RCC"), provides extensive review and oversight of overall risk management programs, including the approval of key risk management policies and the periodic review of State Street's "Risk Appetite Statement," which is an integral part of the overall Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Appetite Statement outlines the quantitative limits and qualitative goals that define State Street's risk appetite and responsibilities for measuring and monitoring risks against limits, which are reported regularly to the Board. In addition, State Street utilizes a variety of key risk indicators to monitor risk on a more granular level. Enterprise Risk Management ("ERM"), a corporate function, provides oversight, support and coordination across business units independent of the business units' activities, and is responsible for the formulation and maintenance of enterprise-wide risk management policies and guidelines. ERM also establishes and reviews approved limits and monitors key risks in collaboration with business unit management. The Chief Risk Officer meets regularly with the Board and the RCC and has authority to escalate issues as necessary.

State Street regularly considers recovery actions that it would undertake to continue to maintain operations and avoid failure in case of an adverse event determined by its capital and liquidity contingency planning activities. State Street is committed to working with the regulatory authorities to provide information and analyses regarding its governance in the event of a crisis and enhancing its

recovery alternatives to carry on and maintain its operations. However, in the event that State Street is unable to successfully execute its recovery actions, the Resolution Plan is designed to enable the orderly resolution of State Street's business in a way that substantially mitigates the risks that State Street's failure would have serious adverse effects on U.S. and global financial stability.

## **I. Summary of the Resolution Plan**

The remainder of this Public Section provides a summary of State Street's Resolution Plan, including the Material Entities and Core Business Lines identified for purposes of the Resolution Plan; summary financial information; a high-level overview of State Street's resolution strategies; and other information required by the 165(d) and IDI Rules.

### **A. Names of Material Entities**

Under the 165(d) and IDI Rules, "Material Entities" are defined as SSC and SSBT subsidiaries and foreign offices that are significant to the activities of SSC and SSBT's Core Business Lines and Critical Operations. State Street has performed a multi-step analysis to identify Material Entities using key metrics including assets, liabilities and capital, revenues and expenses, economic functions, substitutability and staffing levels. State Street has identified 16 Material Entities, composed of three U.S. entities and 13 non-U.S. entities, as described below.

#### State Street Corporation

SSC, organized in 1969 under the laws of the Commonwealth of Massachusetts, is a bank holding company, and has elected to be a financial holding company under the BHC Act. SSC is the ultimate parent company of all State Street entities. SSC is a public company listed on the New York Stock Exchange and is subject to supervision and regulation by its primary banking regulator, the Federal Reserve.

As the ultimate parent company of all State Street legal entities, SSC's purpose is to provide financial and managerial support to its subsidiaries. Through its subsidiaries, SSC provides a broad range of financial products and services to institutional investors worldwide.

#### State Street Bank and Trust Company

SSBT, a Massachusetts-chartered trust company, was formed in 1961 by the merger of State Street's predecessor banks.<sup>1</sup> As a state-chartered banking institution that is a member of the Federal Reserve System, SSBT's primary federal banking regulator is the Federal Reserve for its U.S. and non-U.S. operations. SSBT is also an FDIC-insured depository institution and is subject to applicable federal and state banking laws and to supervision and regulation by the Federal Reserve, as well as by the

---

<sup>1</sup> State Street's predecessor banks include Rockland-Atlas National Bank and Second Bank-State Street Trust Company, which were established in 1863 and 1872 respectively, and Union Bank established in 1792.

Massachusetts Division of Banks, the FDIC and the regulatory authorities of those states and countries in which a SSBT branch is located.

SSBT operates as a specialized custody bank that services and manages assets on behalf of its institutional clients. As a consolidated entity, SSBT and its subsidiaries and branches comprised approximately 98% of State Street's consolidated total assets as of December 31, 2012. In 2012, SSBT processed 72% of State Street's aggregate cash payments.

#### [State Street Bank and Trust Company, London Branch](#)

State Street Bank and Trust Company, London Branch ("SSBT-London") was established in 1993 and is authorized and regulated by the U.K. by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

SSBT-London is a part of State Street's custody and securities lending businesses, acting as the Europe, Middle East, and Africa ("EMEA") processing platform for SSBT's global clients.

#### [State Street Bank and Trust Company, Toronto Branch](#)

SSBT is an authorized foreign bank under the Bank Act, Canada. State Street Bank and Trust Company, Toronto Branch ("SSBT-Toronto") was established in 2001 and is regulated by the Office of the Superintendent of Financial Institutions ("OSFI").

SSBT-Toronto is part of State Street's custody and securities lending businesses. SSBT-Toronto also acts as a cash processing platform for SSBT and its branches.

#### [State Street Trust Company Canada](#)

State Street Trust Company Canada ("SSTCC") is a Canadian trust company regulated by OSFI and received its Order to Commence and Carry on Business as a federal trust company on May 3, 1995.

SSTCC provides custody services to Canadian clients and with respect to Canadian securities.

#### [State Street Bank Luxembourg S.A.](#)

State Street Bank Luxembourg S.A. ("SSBL") was established in 1990 and is an authorized banking institution headquartered in Luxembourg. SSBL is subject to the supervision and regulation of the Commission de Surveillance du Secteur Financier (the "Commission for Supervision of the Financial Sector," or "CSSF"). SSBL is also a member of the Association pour la Garantie des Dépôts, Luxembourg (the "Deposit Guarantee Association, Luxembourg," or "AGDL") and is subject to reporting obligations of the Banque Centrale de Luxembourg (the "Luxembourg Central Bank").

SSBL provides global custody and related services to institutional clients, including collective investment funds, insurance companies, banks, brokers, private equity funds and real estate funds established in and outside Luxembourg.

## [State Street Bank GmbH](#)

State Street Bank GmbH (“SSB GmbH”) was established in 1970 as a limited liability company under German law with its registered office in Munich. SSB GmbH is authorized and regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht (the “Federal Financial Supervisory Authority” or “BaFin”) and the Deutsche Bundesbank (the “German Central Bank”).

SSB GmbH is responsible for the delivery of core custodial services to State Street’s clients, specifically depot bank services.

## [State Street Bank S.p.A.](#)

State Street Bank S.p.A. (“SSB S.p.A.”) was formed in 2010 in connection with State Street’s acquisition of the securities services business of Intesa Sanpaolo. SSB S.p.A. is headquartered in Milan and is primarily regulated by the Banca d’Italia (the “Italian Central Bank”). Additional supervision is provided by the Commissione Nazionale Per Le Societa e La Borsa (“CONSOB”), the Italian securities market regulator.

SSB S.p.A. provides investor services for institutional clients, including global custody, fund administration, depository banking and correspondent banking.

## [State Street International \(Ireland\) Limited](#)

State Street International (Ireland) Limited (“SSIIL”) is incorporated in Ireland under the Companies Acts 1963 to 2009.

SSIIL is the direct parent company of State Street Custodial Services (Ireland) Limited (“SSCSIL”) and State Street Fund Services (Ireland) Limited (“SSFSIL”) and the employer of all the personnel that perform the activities of SSCSIL and SSFSIL.

## [State Street Custodial Services \(Ireland\) Limited](#)

SSCSIL was incorporated in Ireland in 1991. SSCSIL is regulated by the Central Bank of Ireland under the Investment Intermediaries Act, 1995, and is authorized to provide custody and trustee services to collective investment schemes.

## [State Street Fund Services \(Ireland\) Limited](#)

SSFSIL was incorporated in Ireland in 1992. SSFSIL is regulated by the Central Bank of Ireland under the Investment Intermediaries Act, 1995, and is authorized to provide fund administration and transfer agency services to collective investment schemes.



## [State Street Services \(Poland\) Limited Sp. z.o.o.](#)

State Street Services (Poland) Limited Sp. z.o.o. ("SS Poland") is a limited liability company organized under Polish law that provides services exclusively to other State Street entities.

SS Poland conducts various middle- and back-office activities necessary for the delivery of Global Custody services.

## [State Street Syntel Services Private Limited](#)

State Street Syntel Services Private Limited ("SS Syntel") is a limited company organized under Indian law that provides services exclusively to other State Street affiliates. SS Syntel is held by State Street through a joint venture with Syntel, Inc., a global provider of information technology and knowledge process outsourcing solutions headquartered in Troy, Michigan.

SS Syntel conducts various middle- and back-office activities necessary for the delivery of Global Custody services.

## [Statestreet HCL Services \(India\) Private Limited](#)

Statestreet HCL Services (India) Private Limited ("SS HCL") is a limited company organized under Indian law that provides services exclusively to other State Street entities. SS HCL is held by State Street through a joint venture with HCL Technologies, a publically traded company headquartered in Nodia, India.

SS HCL conducts various middle- and back-office activities necessary for the delivery of Global Custody services.

## [SSgA Funds Management, Inc.](#)

SSgA Funds Management, Inc. ("SSgA FM") was incorporated in Massachusetts in 2001 and is headquartered in Boston, Massachusetts. SSgA FM is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940.

SSgA FM offers a variety of asset management solutions, including active, enhanced and passive equity, active and passive fixed-income, cash management, multi-asset class solution and real estate.

## [State Street Global Advisors Limited](#)

State Street Global Advisors Limited ("SSgA Ltd.") was incorporated in 1990 as a U.K. limited company and is domiciled in the U.K. SSgA Ltd. is registered with the U.S. Securities and Exchange Commission (the "SEC") as an investment adviser under the Investment Advisers Act of 1940. SSgA Ltd. is also authorized and regulated by the FCA and is licensed as an investment firm under the Markets in Financial Instruments Directive.



SSgA Ltd. offers a variety of asset management solutions, including active, enhanced and passive equity, active and passive fixed-income, cash management, multi-asset class solution and real estate.

## **B. Description of Core Lines of Business**

State Street has two Core Business Lines: Investment Servicing which, for purposes of this Resolution Plan, we refer to as “Global Custody” and Investment Management.

### Global Custody

Global Custody provides institutional investors with core clearing, payment, settlement and outsourced infrastructure services, which are important to maintain stability in the financial markets to process and settle securities and other transactions and related payments.

Products and services provided by Global Custody include custody, middle-office outsourcing, deposit-taking and cash management; product- and participant-level accounting; daily pricing and administration; master trust and master custody; record-keeping; foreign exchange, brokerage and other trading services; securities finance; deposit and short-term investment facilities; loan and lease financing; investment manager and alternative investment manager operations outsourcing; and performance, risk and compliance analytics.

State Street is the largest provider of mutual fund custody and accounting services in the U.S. Outside of the U.S., State Street provides depot bank services for retail and institutional fund assets, as well as custody and other services to pension plans and other institutional clients in Germany, Italy and France. In the U.K., State Street provides custody services for pension fund assets and administration services for mutual fund assets. State Street is the largest middle-office outsourcing service provider in the U.S. and non-U.S. markets.

### Investment Management

Investment Management services are provided through the Global Advisors division of SSBT, as well as multiple SSC affiliates in the U.S. and abroad, under the brand name State Street Global Advisors (“SSgA”).

SSgA provides clients, including corporations, public funds and other sophisticated investors, with a broad array of investment management, investment research and other related services. SSgA offers strategies for managing financial assets, including passive and active, such as enhanced indexing and hedge fund strategies, using quantitative and fundamental methods for both U.S. and global equities and fixed-income securities. SSgA also sponsors exchange-traded funds (“ETFs”).

**C. Summary of Financial Information Regarding Assets, Liabilities, Capital and Liquidity**

The following table presents consolidated financial information provided in SSC's Annual Report on Form 10-K ("Form 10-K") for the year ended December 31, 2012. Please refer to SSC's Form 10-K for additional information.

**Consolidated Statement of Income**

Years ended December 31, (In millions, except per share amounts)	2012	2011	2010
<b>Fee revenue:</b>			
Servicing fees	\$4,414	\$4,382	\$3,938
Management fees	993	917	829
Trading services	1,010	1,220	1,106
Securities finance	405	378	318
Processing fees and other	266	297	349
Total fee revenue	7,088	7,194	6,540
<b>Net interest revenue:</b>			
Interest revenue	3,014	2,946	3,462
Interest expense	476	613	763
Net interest revenue	2,538	2,333	2,699
<b>Gains (Losses) related to investment securities, net:</b>			
Net gains (losses) from sales of investment securities	55	140	(55)
Losses from other-than-temporary impairment	(53)	(123)	(651)
Losses not related to credit	21	50	420
Gains (Losses) related to investment securities, net	23	67	(286)
<b>Total revenue</b>	<b>9,649</b>	<b>9,594</b>	<b>8,953</b>
Provision for loan losses	(3)	—	25
<b>Expenses:</b>			
Compensation and employee benefits	3,837	3,820	3,517
Information systems and communications	844	776	713
Transaction processing services	702	732	653
Occupancy	470	455	463
Securities lending charge	—	—	414
Provision for fixed-income litigation exposure	(362)	—	—
Acquisition and restructuring costs	225	269	252
Professional services	381	347	277
Amortization of other intangible assets	198	200	179
Other	591	459	374
Total expenses	6,886	7,058	6,842
Income before income tax expense and extraordinary loss	2,766	2,536	2,086

Years ended December 31, (In millions, except per share amounts)	2012	2011	2010
Income tax expense	705	616	530
Income before extraordinary loss	2,061	1,920	1,556
Extraordinary loss, net of taxes	—	—	—
Net income (loss)	\$2,061	\$1,920	\$1,556
Net income before extraordinary loss available to common shareholders	\$2,019	\$1,882	\$1,540
Net income (loss) available to common shareholders	\$2,019	\$1,882	\$1,540
<b>Earnings per common share before extraordinary loss:</b>			
Basic	\$4.25	\$3.82	\$3.11
Diluted	4.20	3.79	3.09
<b>Earnings (Loss) per common share:</b>			
Basic	\$4.25	\$3.82	\$3.11
Diluted	4.20	3.79	3.09
<b>Average common shares outstanding (in thousands):</b>			
Basic	474,458	492,598	495,394
Diluted	481,129	496,072	497,924

**Consolidated Statement of Condition**

As of December 31, (In millions, except per share amounts)	2012	2011
<b>Assets:</b>		
Cash and due from banks	\$ 2,590	\$ 2,193
Interest-bearing deposits with banks	50,763	58,886
Securities purchased under resale agreements	5,016	7,045
Trading account assets	637	707
Investment securities available for sale	109,682	99,832
Investment securities held to maturity (fair value of \$11,661 and \$9,362)	11,379	9,321
Loans and leases (less allowance for losses of \$22 and \$22)	12,285	10,031
Premises and equipment (net of accumulated depreciation of \$4,037 and \$3,673)	1,728	1,747
Accrued income receivable	1,970	1,822
Goodwill	5,977	5,645
Other intangible assets	2,539	2,459
Other assets	18,016	17,139
Total assets	\$222,582	\$216,827
<b>Liabilities:</b>		
Deposits:		
Noninterest-bearing	\$44,445	\$59,229
Interest-bearing—U.S.	19,201	7,148

As of December 31,	2012	2011
(In millions, except per share amounts)		
Interest-bearing—Non-U.S.	100,535	90,910
Total deposits	164,181	157,287
Securities sold under repurchase agreements	8,006	8,572
Federal funds purchased	399	656
Other short-term borrowings	4,502	4,766
Accrued expenses and other liabilities	17,196	18,017
Long-term debt	7,429	8,131
Total liabilities	201,713	197,429
Commitments and contingencies (note 10 of Annual Report on Form 10-K)		
<b>Shareholders' equity:</b>		
Preferred stock, no par: 3,500,000 shares authorized;		
Series C, 5,000 shares issued and outstanding	489	—
Series A, 5,001 shares issued and outstanding	—	500
Common stock, \$1 par: 750,000,000 shares authorized; 503,900,268 and 503,965,849 shares issued	504	504
Surplus	9,667	9,557
Retained earnings	11,751	10,176
Accumulated other comprehensive loss	360	(659)
Treasury stock, at cost (45,238,208 and 16,541,985 shares)	(1,902)	(680)
Total shareholders' equity	20,869	19,398
Total liabilities and shareholders' equity	\$222,582	\$216,827

## Capital

The management of both regulatory and economic capital involves key metrics evaluated by State Street's management to assess whether the actual level of capital is commensurate with State Street's risk profile, is in compliance with all regulatory requirements, and is sufficient to provide the financial flexibility to undertake future strategic business initiatives.

State Street's capital management process focuses on risk exposures, regulatory capital requirements, the evaluations of the major independent credit rating agencies that assign ratings to State Street's public debt and State Street's capital position relative to peers. State Street's Asset, Liability and Capital Committee ("ALCCO") oversee the management of capital, and is responsible for ensuring capital adequacy with respect to regulatory requirements, internal targets and the expectations of the major independent credit rating agencies. ALCCO reports into State Street's Management Risk and Capital Committee ("MRAC")

The Federal Reserve is the primary regulator of State Street, including SSBT, for regulatory capital purposes. Both SSC and SSBT are subject to minimum capital requirements established by the Federal Reserve and defined in the Federal Deposit Insurance Corporation Improvement Act of 1991. SSC and SSBT must meet the regulatory capital thresholds for "well capitalized" in order for the parent company, SSC, to maintain its status as a financial holding company.

The following table presents Basel I regulatory capital ratios and related regulatory guidelines for SSC and SSBT as of December 31:

**Basel I Regulatory Capital Ratios and Related Regulatory Guidelines for State Street and SSBT**

Basel I Regulatory Capital Ratios:	Regulatory guidelines		SSC		SSBT	
	Minimum	Well capitalized	2012	2011	2012	2011
Tier 1 risk-based capital	4%	6%	19.1%	18.8%	17.3%	17.6%
Total risk-based capital	8	10	20.6	20.5	19.1	19.6
Tier 1 leverage ratio <sup>2</sup>	4	5	7.1	7.3	6.3	6.7

State Street defines economic capital as the capital required to protect holders of senior debt, and obligations higher in priority, against unexpected economic losses over a one year period at a level consistent with the solvency of a firm with the target “Aa3/AA-” senior bank debt rating. Economic capital requirements are one of several important measures used by SSC management and the Board to assess the adequacy of capital levels in relation to SSC’s risk profile. Due to the evolving nature of quantification techniques, SSC expects to periodically refine the methodologies, assumptions, and data used to estimate economic capital requirements, which could result in a different amount of capital needed to support its business activities.

### Liquidity

State Street’s custody business generates deposits. Clients place deposits with State Street’s worldwide branches and subsidiaries consistent with their investment strategy, and such deposits help facilitate payment and settlement activities associated with client investment portfolios. These client deposits are the primary source of liquidity and funding for State Street’s consolidated balance sheet. Having grown over time, these deposits have allowed State Street to reduce its reliance on wholesale funding.

If incremental funding is required, State Street has the ability to source funding at market rates of interest from wholesale investors in the capital markets. On-balance sheet liquid assets are also an integral component of State Street’s liquidity management strategy. These assets provide liquidity through maturities of the assets, but more importantly, provide State Street with the ability to raise funds by pledging the securities as collateral for borrowings or through outright sales. SSBT is also a member of the Federal Home Loan Bank of Boston, and this membership allows for advances of liquidity in varying terms against high-quality collateral (mainly in the form of mortgage securities), which helps facilitate asset-and-liability management of depository institutions. Each of these sources of liquidity is used in State Street’s management of its daily cash needs, and is available in a crisis scenario should it be necessary to accommodate potential large, unexpected demand for funds.

<sup>2</sup> Regulatory guideline for “well capitalized” applies only to SSBT.

#### D. Descriptions of Derivative and Hedging Activities

State Street uses derivative financial instruments, including forwards, futures, swaps, options and other instruments with similar characteristics, to support client needs in its role as a financial intermediary and to manage its own interest-rate and foreign currency risk. These activities are generally intended to manage potential earnings volatility and to generate trading revenue. In addition, State Street provides services related to derivatives in its role as both a manager and a servicer of financial assets. Clients use derivatives to manage the financial risks associated with their investment goals and business activities. With the growth of cross-border investing, State Street's clients have an increasing need for foreign exchange forward contracts to meet future settlement objectives and to manage the currency risk in their international investment portfolios. As an active participant in the foreign exchange markets, State Street provides foreign exchange forward contracts and options in support of these client needs. In undertaking these activities, State Street assumes positions in the foreign exchange markets using derivative financial instruments, including foreign exchange forward contracts and foreign exchange options. In the aggregate, positions are matched closely to minimize currency and interest-rate risk.

Foreign exchange contracts involve an agreement to exchange one currency for another currency at an agreed-upon rate and settlement date. Foreign exchange contracts generally consist of foreign exchange forward and spot contracts, option contracts and cross-currency swaps. Future cash requirements, if any, related to foreign exchange contracts are represented by the gross amount of currencies to be exchanged under each contract unless we and the counterparty have agreed to pay or to receive the net contractual settlement amount on the settlement date.

State Street uses a variety of risk management tools and methodologies to measure, monitor and manage the market risk associated with our trading activities. One such risk-management measure is value-at-risk ("VaR"). VaR is an estimate of potential loss for a given period within a stated statistical confidence interval. State Street uses a risk-measurement system to estimate VaR daily. State Street has adopted standards for estimating VaR and maintains regulatory capital for market risk in accordance with federal regulatory capital guidelines.

Derivative financial instruments are also subject to credit and counterparty risk, which is defined as the risk of financial loss if a borrower or counterparty is either unable or unwilling to repay borrowings or settle a transaction in accordance with the underlying contractual terms. State Street manages credit and counterparty risk by performing credit reviews, maintaining individual counterparty limits, entering into netting arrangements and requiring the receipt of collateral. Collateral requirements are determined after a comprehensive review of the creditworthiness of each counterparty, and the requirements are monitored and adjusted daily. Collateral is generally held in the form of cash or highly liquid U.S. government securities. State Street may be required to provide collateral to a counterparty in connection with entry into derivative financial instruments. Collateral received and collateral provided in connection with derivative financial instruments is recorded in accrued expenses and other liabilities and other assets, respectively, in SSC's consolidated statement of condition.

Pursuant to SSC accounting and Treasury guidelines, on the date on which a derivative contract is entered, State Street designates the derivative as:

- a hedge of the fair value of a recognized fixed-rate asset or liability or of an unrecognized firm commitment;
- a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized variable-rate asset or liability;
- a foreign currency fair value or cash flow hedge;
- a hedge of a net investment in a non-U.S. operation; or
- a derivative utilized in either trading activities or in asset and liability management activities that is not accounted for as a hedge of an asset or liability.

#### E. Memberships in Material Payment, Clearing, and Settlement Systems

In order to facilitate its business and support client needs for core custody services, State Street maintains memberships with and participates in global payment, clearing and settlement systems, also known as financial market utilities. State Street's material relationships, mainly through SSBT, include participation in six central securities depositories, four direct payment systems and one foreign exchange net settlement system.

##### State Street Memberships in Material Payment, Clearing, and Settlement Systems

	Payment, Clearing, and Settlement system	Description of the service
<i>Central securities depositories</i>	Fedwire Securities Service	A national securities book entry system that is owned and operated by the Federal Reserve; conducts real-time transfers of securities and related funds, on an individual and gross basis
	Depository Trust Clearing Corporation, which includes Depository Trust Company ("DTC"), National Securities Clearing Corporation ("NSCC") & Fixed Income Clearing Corporation ("FICC")	Provides clearing, settlement, and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, money market instruments, and over-the-counter derivatives
	CDS Clearing and Depository Services Inc. ("CDS")	Canada's national securities depository, clearing and settlement hub. It provides a gateway between Canada and the U.S. to meet the increasing demand for cross-border clearing and settlement of depository-eligible securities



	Payment, Clearing, and Settlement system	Description of the service
	CREST (operated by Euroclear U.K. & Ireland Limited)	Central securities depository for U.K. markets and Irish stocks. CREST operates an electronic settlement system to settle international securities
	Euroclear	International central securities depository and settlement services for cross-border transactions involving bonds, equities, derivatives, and investment funds
	Clearstream	International central securities depository and securities settlement system
<i>Direct payment systems</i>	Fedwire Funds Service	A realtime gross settlement system and wire transfer services provider that is owned and operated by the Federal Reserve Banks
	Clearing House Interbank Payment System ("CHIPS")	Large-value wire transfer payment system with real-time final settlement of payments
	Clearing House Automated Payment System ("CHAPS")	U.K. interbank payment system for large value sterling payments
	Large Value Transfer System ("LVTS")	Real time, electronic wire transfer system in Canada that processes large-value or time-critical payments quickly and continuously throughout the day
<i>Foreign exchange (FX) settlement system</i>	Continuous Linked Settlement ("CLS")	Multi-currency cash settlement system that settles payment instructions related to trades in FX spot contracts, FX forwards, FX options, FX swaps, non-deliverable forwards, credit derivatives and seventeen major currencies

## F. Description of Non-U.S. Operations

Including the U.S., State Street operates in 29 countries and provides services in more than 100 geographic markets with more than 29,660 employees worldwide as of December 31, 2012. By leveraging the strength of a global network and an integrated technology infrastructure, State Street provides its clients with a worldwide platform for growth, creating custom-tailored solutions that can support investment strategies in virtually any market.

### Global Custody

State Street is one of the few custody service providers with the ability to provide a truly global service offering to institutional investors. Its clients are typically large institutions, with a need to access multiple global markets each day. They may also have investment decision makers in multiple jurisdictions. State Street has established a global footprint and integrated service delivery model to meet the global needs of its clients. While State Street's clients transact primarily in mature financial markets with liquid currencies, State Street offers services in 108 global markets, some of which are less mature and emerging. As demonstrated in the table presented below, State Street's top 10 custody markets by transaction value are mostly in mature markets, accounting for nearly 99 percent of all transaction volume in USD

equivalent. To support its global activity, State Street executes, on average, more than 160,000 transactions worldwide each day.

The following table presents the top 10 markets for the custody business, based on transaction dollar volume per market, for the month of December 2012, and as a percentage of State Street's global transactions.

#### Top 10 Markets for State Street's Custody Business

Market	Full-Year 2012 Transaction Value (in millions)	% of Global Transactions
United States	\$62,277,150	78.4%
UK	\$7,046,322	8.9%
Europe	\$4,639,145	5.8%
Canada	\$3,886,142	4.9%
Japan	\$470,784	0.6%
Australia	\$261,644	0.3%
Hong Kong	\$137,865	0.2%
Switzerland	\$118,131	0.1%
Brazil	\$74,679	0.1%
South Korea	\$70,090	0.1%
All Others	\$463,148	0.6%
<b>Grand Total</b>	<b>\$79,445,104</b>	<b>100.0%</b>

The following table presents financial information with respect to assets held under custody and administration by the Global Custody business across geographic areas.

#### Geographic Mix of Assets Under Custody and Administration<sup>3</sup>

As of December 31, (In billions)	2012	2011	2010
United States	\$17,711	\$15,745	\$15,889
Other Americas	752	622	599
Europe / Middle East / Africa	4,801	4,400	4,067
Asia / Pacific	1,107	1,040	972
<b>Total</b>	<b>\$24,371</b>	<b>\$21,807</b>	<b>\$21,527</b>

#### Investment Management

Investment Management provides services under the SSgA brand in 47 countries and operates in 27 global locations with 17 sales centers and 10 investment centers (which include both sales and investment professionals). The investment centers are supported by trading desks located in Boston,

<sup>3</sup> Geographic mix is based on the location at which the assets are custodied or serviced.

London and Hong Kong.

The following table presents financial information with respect to assets held under management by the Investment Management business across geographic areas.

#### Geographic Mix of Assets Under Management

As of December 31 (in billions )	2012	2011	2010
United States	\$1,394	\$1,285	\$1,425
Other Americas	39	30	29
Europe / Middle East / Africa	351	320	341
Asia / Pacific	302	210	215
<b>Total</b>	<b>\$2,086</b>	<b>\$1,845</b>	<b>\$2,010</b>

#### G. Material Supervisory Authorities

State Street's U.S. and non-U.S. operations are subject to an extensive regulatory framework. The Federal Reserve is the primary federal banking agency responsible for regulating State Street and its subsidiaries, including SSBT, for its U.S. and non-U.S. operations. SSBT is a member of the Federal Reserve System and is an FDIC-insured depository institution. In addition to supervision and regulation by the Federal Reserve, SSBT is subject to supervision and regulation by the Massachusetts Division of Banks, the FDIC, and the regulatory authorities of those states and countries in which a branch of SSBT is located. State Street's non-U.S. banking subsidiaries are subject to regulation by the regulatory authorities of the countries in which they are located.

SSgA Ltd. and SSgA FM act as investment advisers to investment companies registered under the Investment Company Act of 1940, and are registered as investment advisers with the SEC. A major portion of investment management activities are conducted by SSBT, which is subject to supervision primarily by the Federal Reserve with respect to these activities.

State Street's businesses are also regulated extensively by non-U.S. governments, securities exchanges, self-regulatory organizations, central banks and regulatory bodies, especially in those jurisdictions in which State Street maintains an office.

The following table lists key regulatory authorities for State Street's Material Entities:

#### Key Regulatory Authorities for State Street's Material Entities

Legal Entity	Primary Regulatory Authority	Secondary Regulatory Authority
State Street Corporation	Federal Reserve	N/A

Legal Entity	Primary Regulatory Authority	Secondary Regulatory Authority
State Street Bank and Trust Company	Federal Reserve Massachusetts Division of Banks	FDIC
State Street Bank and Trust Company, London Branch	Federal Reserve Massachusetts Division of Banks	Prudential Regulatory Authority (PRA) Financial Conduct Authority (FCA)
State Street Bank and Trust Company, Toronto Branch	Federal Reserve Massachusetts Division of Banks	Office of the Superintendent of Financial Institutions
State Street Trust Company Canada	Office of the Superintendent of Financial Institutions	N/A
State Street Bank Luxembourg S.A.	Commission de Surveillance du Secteur Financier (CSSF)	Luxembourg Central Bank
State Street Bank GmbH	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	German Central Bank
State Street Bank S.p.A.	Banca d'Italia Commissione Nazionale per le Società e la Borsa (CONSOB)	N/A
State Street International (Ireland) Limited	N/A	N/A
State Street Custodial Services (Ireland) Limited	Central Bank of Ireland	N/A
State Street Fund Services (Ireland) Limited	Central Bank of Ireland	N/A
State Street Services (Poland) Limited Sp. z o.o.	N/A	N/A
State Street Syntel Services Private Limited	N/A	N/A
Statestreet HCL Services (India) Private Limited	N/A	N/A
SSgA Funds Management, Inc.	Securities and Exchange Commission Commodity Futures Trading Commission	N/A

Legal Entity	Primary Regulatory Authority	Secondary Regulatory Authority
State Street Global Advisors Limited	Financial Conduct Authority (FCA)	Securities and Exchange Commission

## H. Principal Officers

The following table lists the principal officers of SSC and SSBT, all of whom are appointed by the Board.

### Principal Officers of SSC and SSBT

Name	Position
Joseph L. Hooley	Chairman, President and Chief Executive Officer
Joseph C. Antonellis	Vice Chairman
Michael W. Bell	Executive Vice President and Chief Financial Officer
Jeffrey N. Carp	Executive Vice President, Chief Legal Officer and Secretary
John L. Klinck, Jr.	Executive Vice President
Andrew Kuritzkes	Executive Vice President and Chief Risk Officer
James J. Malerba	Executive Vice President, Corporate Controller and Chief Accounting Officer
Peter O'Neill	Executive Vice President
James S. Phalen	Executive Vice President
Scott F. Powers	President and Chief Executive Officer of State Street Global Advisors
Alison A. Quirk	Executive Vice President
Michael F. Rogers	Executive Vice President

## I. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning

State Street leveraged existing processes and procedures to guide the preparation and approval of the Resolution Plan. State Street has designated its Executive Vice President of Finance as its Resolution Officer. The Resolution Officer manages a dedicated Resolution executive team responsible for the development, maintenance and annual filing of the Resolution Plan and implementation of related initiatives.

### Preparation and Approval of Initial Submission of Resolution Plan

State Street designed a project governance structure which included the dedicated Resolution Project team consisting of State Street employees, as well as engaging external consultants and external legal counsel. Members of the Resolution Project team also worked directly with business partners in State Street's Core Business Lines and Material Entities, including SSBT. Senior business leaders reviewed the analyses of Core Business Lines and Critical Operations. Additionally, Material Entity boards of directors or management boards (where applicable) reviewed respective Material Entity analyses.

After carefully reviewing the 165(d) Rule and related guidance presented by the Federal Reserve and the FDIC, State Street developed the Resolution Plan with input from members representing the Core Business Lines and Material Entities. SSC's and SSBT's Management Risk and Capital Committee ("MRAC") is responsible for the overall Resolution Plan, including assessing interconnectedness, strategic options, Material Entities, Core Business Lines, and Critical Operations. MRAC approved the Resolution Plan prior to a review by the Risk & Capital Committee (the "RCC"). The RCC reviewed the Resolution Plan and recommended approval of the submission to the Boards of Directors of SSC and SSBT, which provided their final approval. Throughout the development of the Resolution Plan, ongoing updates were provided to each of the governing committees and to State Street's Dodd-Frank Steering Committee on a regular basis. The committees provided strategic direction and strategies for addressing impediments to resolution, as necessary.

MRAC and the Boards of Directors of SSC and SSBT approved the Resolution Plan before its initial submission to the Federal Reserve and the FDIC.

## [Continuing Governance of the Resolution Plan](#)

In 2013, the Resolution Plan Governance Committee was formed with the appointment of executives representing Core Business Lines, Global Operations, Global Treasury, Finance, and Legal. The membership of this committee also includes the Global Executive Sponsors and Global Program Lead. This committee reports into the MRAC.

The ongoing management of the Resolution Plan project will be the responsibility of a centralized Recovery and Resolution Planning Office ("RRP Office") led by the Global Program Lead reporting to the Resolution Officer. The dedicated Resolution Project team will be responsible for managing the Resolution Plan process, which includes updating the Resolution Plan at least annually or more frequently, if required, providing the Board of Governors of the Federal Reserve and the FDIC with a notice within 45 days of any event that materially affects the Resolution Plan and coordinating with the regulatory authorities on matters related to resolution planning.

The ongoing governance and oversight of the Resolution Plan will leverage State Street's existing governance model and committee structure and will, therefore, be embedded in the existing processes within State Street. All new products and services not currently offered by State Street, significant variations to or extensions of existing products, the formation of subsidiaries or establishment of branches, and dispositions or corporate restructuring projects are subject to the approval of management. The Resolution Officer will notify the Global Executive Sponsors and Global Program Lead of any material events at State Street, including corporate restructuring, the establishment or elimination of legal entities, new product or service introduction, entry into a new market or jurisdiction, product or service introduction to a new client type, and merger and acquisition activities. The Resolution Officer will ensure that such activities are communicated to the RRP Office in a timely manner. In addition, the MRAC and the boards of directors of SSC and SSBT will be required to approve the Resolution Plan annually prior to submission.

## J. Description of Material Management Information Systems

State Street maintains comprehensive management information systems (“MIS”) to enable its businesses to have timely access to accurate management information in areas of risk management, accounting, finance, operations and regulatory reporting.

State Street employs a variety of systems in its infrastructure to manage risk exposure. The ability of State Street to identify, manage and monitor its risk is critical to the soundness of the company. This includes systems for the accumulation of risk exposure information and data, managing and monitoring counterparty limits, managing and monitoring market risk exposure, monitoring interest rate risk, managing operational risk and risk assessment model management and assessing operational performance. State Street uses a number of general ledger, budgeting and expenses, tax management and global data warehousing applications for finance and accounting purposes. State Street also uses internet-based applications and applications from the Federal Reserve to manage and ensure compliance with regulatory reporting.

State Street’s MIS is shared globally, across Core Business Lines and Material Entities. All systems and infrastructure designed and developed by the State Street Information Technology Organization are owned by SSBT, and where State Street uses third-party systems, the contracting legal entity is the legal owner or the licensor of the system. State Street has highlighted in the Resolution Plan the key MIS associated with risk management, accounting, financial and regulatory reporting and described key internal reports.

Key risk management reports that State Street utilizes to manage business on a business-as-usual basis can be broadly categorized into:

- *Management executive reporting:* This reporting includes executive-level summaries and dashboards used to highlight high-level summaries, updates and open decisions.
- *Monitoring and exception reporting:* This reporting provides information to monitor daily activities for business-as-usual purposes and raise exceptions, if any, to senior management.
- *Risk reporting:* This reporting provides information primarily used to monitor credit, interest, market, and operational risk and highlights risk limit breaches, if any, to senior management.
- *Operational reporting:* This reporting provides business-as-usual information to manage and monitor operational metrics across the core businesses at State Street.
- *Regulatory reporting:* This reporting provides key information as set forth by requirements of the regulatory authorities governing the business/ legal entity.



State Street also maintains a Business Continuity Plan for its business operations, applications and systems to ensure continuity of operations in the event of a business interruption. The Global Continuity Services team is responsible for managing State Street's corporate-wide business continuity program and ensures that detailed and comprehensive continuity plans are in place for all Core Business Lines and Critical Operations through support from various business lines throughout the organization.

## **K. High-Level Description of Resolution Strategy**

As required by the 165(d) and IDI Rules, the Resolution Plan considers strategies for a hypothetical resolution of SSC under the U.S. Bankruptcy Code and of SSBT under the FDIA. The Resolution Plan describes multiple options for resolving State Street in a manner that would substantially mitigate the risks that State Street's failure would have serious adverse effects on U.S. or global financial stability, and, as required by the 165(d) Rule, the resolution strategies contemplate that State Street's failure could occur under baseline, adverse and severely adverse economic conditions.

The Resolution Plan contemplates strategies involving the failure of one or more State Street legal entities and include recapitalization strategies and sale strategies for each of State Street's Core Business Lines, which State Street believes would be attractive acquisition targets for a single or multiple third-party buyers, which could include global, national or regional financial institutions, private equity or other buyers of financial assets. Under one resolution strategy, State Street's global custody business would be maintained as an integrated business in a sale transaction, in order to minimize disruption to clients and the U.S. and global financial systems and to maximize the value of the basket of interconnected and synergistic services that State Street offers today; Material Entities that are sufficiently self-sustaining and able to continue operations in the ordinary course of business would not need to be placed into resolution proceedings. Sale transactions with a third-party buyer could be executed rapidly, over the course of a weekend, or on a delayed basis, utilizing the FDIC's traditional bank resolution powers to charter a bridge bank as an interim step to a sale to a third-party buyer. If State Street could not be resolved through the contemplated sales strategies, State Street's Core Business Lines, Material Entities and other assets and liabilities would be wound down in an orderly fashion under the U.S. Bankruptcy Code, the FDIA and other applicable resolution regimes. As an alternative to a sale strategy, State Street believes that in certain loss scenarios it may be possible for SSC to recapitalize SSBT and for SSBT and its branches and subsidiaries to avoid resolution proceedings and to continue to operate on a going-concern basis.

State Street's resolution strategies are designed to ensure that key components of State Street's businesses would be able to continue their operations during the period immediately following the failure of SSC and SSBT, minimizing any disruption to clients' access to their securities, funds and other property and permitting the ongoing processing of client and counterparty transactions, and thereby minimizing the risk of serious adverse effects on U.S. or global financial stability.