

STATE STREET CORP  
Form 10-K/A  
March 27, 2017  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
Form 10-K/A  
Amendment No. 1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2016

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 001-07511  
STATE STREET CORPORATION  
(Exact name of registrant as specified in its charter)  
Massachusetts

04-2456637  
(I.R.S. Employer  
Identification No.)

(State or other jurisdiction of incorporation)

One Lincoln Street  
Boston, Massachusetts  
(Address of principal executive office)  
617-786-3000

02111  
(Zip Code)

(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)

(Name of each exchange on  
which registered)

Common Stock, \$1 par value per share

New York Stock Exchange

Depository Shares, each representing a 1/4,000th ownership interest in a share of  
Non-Cumulative Perpetual Preferred Stock, Series C, without par value per share

New York Stock Exchange

Depository Shares, each representing a 1/4,000th ownership interest in a share of  
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D, without par  
value per share

New York Stock Exchange

Depository Shares, each representing a 1/4,000th ownership interest in a share of  
Non-Cumulative Perpetual Preferred Stock, Series E, without par value per share

New York Stock Exchange

Depository Shares, each representing a 1/4,000th ownership interest in a share of  
Non-Cumulative Perpetual Preferred Stock, Series G, without par value per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities  
Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the  
Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the  
Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

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required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No   
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the per share price (\$53.92) at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2016) was approximately \$20.88 billion

The number of shares of the registrant's common stock outstanding as of January 31, 2017 was 381,939,896.

Portions of the following documents are incorporated by reference into Parts of this Report on Form 10-K, to the extent noted in such Parts, as indicated below:

(1) The registrant's definitive Proxy Statement for the 2017 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A on or before May 1, 2017 (Part III).

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STATE STREET CORPORATION  
ANNUAL REPORT ON FORM 10-K/A FOR THE YEAR ENDED  
December 31, 2016

EXPLANATORY NOTE

State Street Corporation is filing this Amendment No. 1 to its Annual Report on Form 10-K for the year ended December 31, 2016 for the sole purpose of correcting the fiscal period referenced in the certifications originally filed as Exhibits 31.1, 31.2 and 32, made with the SEC on February 16, 2017.

This Amendment No. 1 continues to speak as of the date of the original Form 10-K for the year ended December 31, 2016 and the company has not updated or amended the disclosures contained herein to reflect events that have occurred since the original filing, or modified or updated those disclosures in any way other than as described in the preceding paragraph and therefore this Amendment No. 1 should be read in conjunction with the company's filings made with the SEC subsequent to the original Form 10-K filing.

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 ANNUAL REPORT ON FORM 10-K/A FOR THE YEAR ENDED  
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PART I

ITEM 1. BUSINESS

GENERAL

State Street Corporation, referred to as the parent company, is a financial holding company organized in 1969 under the laws of the Commonwealth of Massachusetts. Our executive offices are located at One Lincoln Street, Boston, Massachusetts 02111 (telephone (617) 786-3000). For purposes of this Form 10-K, unless the context requires otherwise, references to "State Street," "we," "us," "our" or similar terms mean State Street Corporation and its subsidiaries on a consolidated basis. The parent company is a source of financial and managerial strength to our subsidiaries. Through our subsidiaries, including our principal banking subsidiary, State Street Bank and Trust Company, referred to as State Street Bank, we provide a broad range of financial products and services to institutional investors worldwide, with \$28.77 trillion of AUCA and \$2.47 trillion of AUM as of December 31, 2016.

As of December 31, 2016, we had consolidated total assets of \$242.70 billion, consolidated total deposits of \$187.16 billion, consolidated total shareholders' equity of \$21.22 billion and 33,783 employees. We operate in more than 100 geographic markets worldwide, including in the U.S., Canada, Europe, the Middle East and Asia.

On the "Investor Relations" section of our corporate website at [www.statestreet.com](http://www.statestreet.com), we make available, free of charge, all reports we electronically file with, or furnish to, the SEC including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments to those reports, as soon as reasonably practicable after those documents have been filed with, or furnished to, the SEC. These documents are also accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). We have included the website addresses of State Street and the SEC in this report as inactive textual references only. Information on those websites is not part of this Form 10-K.

We have Corporate Governance Guidelines, as well as written charters for the Examining and Audit Committee, the Executive Committee, the Executive Compensation Committee, the Nominating and Corporate Governance Committee, the Risk Committee and the Technology Committee of our Board of Directors, or Board, and a Code of Ethics for senior financial officers, a Standard of Conduct for Directors and a Standard of Conduct for our employees. Each of these documents is posted on the "Investor Relations" section of our website under "Corporate Governance."

We provide additional disclosures required by applicable bank regulatory standards, including supplemental qualitative and quantitative information with respect to regulatory capital (including market risk associated with our trading activities), summary results of semi-annual State Street-run stress tests which we conduct under the Dodd-Frank Act and resolution plan disclosures required under the Dodd-Frank Act on the "Investor Relations" section of our website under "Filings and Reports."

We use acronyms and other defined terms for certain business terms and abbreviations, as defined on the acronyms list and glossary included under Item 8, Financial Statements and Supplementary Data, of this Form 10-K.

BUSINESS DESCRIPTION

Overview

We conduct our business primarily through State Street Bank, which traces its beginnings to the founding of the Union Bank in 1792. State Street Bank's current charter was authorized by a special Act of the Massachusetts Legislature in 1891, and its present name was adopted in 1960. State Street Bank operates as a specialized bank, referred to as a trust or custody bank, that services and manages assets on behalf of its institutional clients.

Our clients include mutual funds, collective investment funds and other investment pools, corporate and public retirement plans, insurance companies, foundations, endowments and investment managers.

Additional Information

Additional information about our business activities is provided in the sections that follow. For information about our management of credit and counterparty risk; liquidity risk; operational risk; market risk associated with our trading activities; market risk associated with our non-trading, or asset-and-liability management, activities, primarily composed of interest-rate risk; and capital, as well as other risks inherent in our businesses, refer to "Risk Factors" included under Item 1A, the "Financial Condition" section of Item 7, Management's Discussion and Analysis of

Financial Condition and Results of Operations, or Management's Discussion and Analysis, and our consolidated financial statements and accompanying notes included under Item 8, Financial Statements and Supplementary Data, of this Form 10-K.

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**LINES OF BUSINESS**

We have two lines of business: Investment Servicing and Investment Management.

**Investment Servicing**

Our Investment Servicing line of business performs core custody and related value-added functions, such as providing institutional investors with clearing, settlement and payment services. Our financial services and products allow our large institutional investor clients 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, our role as a global trust and custody bank is generally to aid our clients to efficiently perform services associated with the clearing, settlement and execution of securities transactions and related payments.

Our investment servicing products and services include: custody; product- and participant-level accounting; daily pricing and administration; master trust and master custody; record-keeping; cash management; foreign exchange, brokerage and other trading services; securities finance; our enhanced custody product, which integrates principal securities lending and custody; deposit and short-term investment facilities; loans and lease financing; investment manager and alternative investment manager operations outsourcing; and performance, risk and compliance analytics to support institutional investors.

We provide mutual fund custody and accounting services in the U.S. We offer clients a broad range of integrated products and services, including accounting, daily pricing and fund administration. We service U.S. tax-exempt assets for corporate and public pension funds, and we provide trust and valuation services for daily-priced portfolios.

We are a service provider outside of the U.S. as well. In Germany, Italy, France and Luxembourg, we provide depotbank services (a fund oversight role created by regulation) for retail and institutional fund assets, as well as custody and other services to pension plans and other institutional clients. In the U.K., we provide custody services for pension fund assets and administration services for mutual fund assets. As of December 31, 2016, we serviced approximately \$1.75 trillion of offshore assets in funds located primarily in Luxembourg, Ireland and the Cayman Islands. As of December 31, 2016, we serviced \$1.49 trillion of assets under custody and administration in the Asia/Pacific region, and in Japan, we serviced approximately 93% of the trust assets serviced by non-domestic trust banks.

We are an alternative asset servicing provider worldwide, servicing hedge, private equity and real estate funds. As of December 31, 2016, we serviced approximately \$1.33 trillion of AUCA in such funds.

**Investment Management**

Our Investment Management line of business, through SSGA, provides a broad array of investment management, investment research and investment advisory services to corporations, public funds and other sophisticated investors. SSGA offers passive and active asset management strategies across equity, fixed-income, alternative, multi-asset solutions (including OCIO) and cash asset classes. Products are distributed directly and through intermediaries using a variety of investment vehicles, including ETFs, such as the SPDR® ETF brand.

Additional information about our lines of business is provided under “Line of Business Information” included under Item 7, Management's Discussion and Analysis, and in Note 24 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, of this Form 10-K. Additional information about our non-U.S. activities is provided in Note 25 to the consolidated financial statements included under Item 8 of this Form 10-K.

**COMPETITION**

We operate in a highly competitive environment and face global competition in all areas of our business. Our competitors include a broad range of financial institutions and servicing companies, including other custodial banks, deposit-taking institutions, investment management firms, insurance companies, mutual funds, broker/dealers, investment banks, benefits consultants, business service and software companies and information services firms. As our businesses grow and markets evolve, we may encounter increasing and new forms of competition around the

world.

We believe that many key factors drive competition in the markets for our business. For Investment Servicing, quality of service, economies of scale, technological expertise, quality and scope of sales and marketing, required levels of capital and price drive competition, and are critical to our servicing business. For Investment Management, key competitive factors include expertise, experience, availability of related service offerings, quality of service and performance and price.

Our competitive success may depend on our ability to develop and market new and innovative services, to adopt or develop new technologies, to bring new services to market in a timely fashion at competitive prices, to continue and expand our relationships with existing clients, and to attract new clients.

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**SUPERVISION AND REGULATION**

State Street is registered with the Federal Reserve as a bank holding company pursuant to the Bank Holding Company Act of 1956. The Bank Holding Company Act generally limits the activities in which we and our non-banking subsidiaries may engage to managing or controlling banks and to a range of activities that are considered to be closely related to banking. Bank holding companies that have elected to be treated as financial holding companies may engage in a broader range of activities considered to be "financial in nature." These limits also apply to non-banking entities that we are deemed to "control" for purposes of the Bank Holding Company Act, which may include companies of which we own or control more than 5% of a class of voting shares. The Federal Reserve may order a bank holding company to terminate any activity, or its ownership or control of a non-banking subsidiary, if the Federal Reserve finds that the activity, ownership or control constitutes a serious risk to the financial safety, soundness or stability of a banking subsidiary or is inconsistent with sound banking principles or statutory purposes. The Bank Holding Company Act also requires a bank holding company to obtain prior approval of the Federal Reserve before it acquires substantially all the assets of any bank, or ownership or control of more than 5% of the voting shares of any bank. The parent company has elected to be treated as a financial holding company and, as such, may engage in a broader range of non-banking activities than permitted for bank holding companies and their subsidiaries that have not elected to become financial holding companies. Financial holding companies may engage directly or indirectly in activities that are defined by the Federal Reserve to be financial in nature, either de novo or by acquisition, provided that the financial holding company gives the Federal Reserve after-the-fact notice of the new activities. Activities defined to be financial in nature include, but are not limited to, the following: providing financial or investment advice; underwriting; dealing in or making markets in securities; making merchant banking investments, subject to significant limitations; and any activities previously found by the Federal Reserve to be closely related to banking. In order to maintain our status as a financial holding company, we and each of our U.S. depository institution subsidiaries must be well capitalized and well managed, as defined in applicable regulations and determined in part by the results of regulatory examinations, and must comply with Community Reinvestment Act obligations. Failure to maintain these standards may ultimately permit the Federal Reserve to take enforcement actions against us and restrict our ability to engage in activities defined to be financial in nature. Currently, under the Bank Holding Company Act, we may not be

able to engage in new activities or acquire shares or control of other businesses.

The Dodd-Frank Act, which became law in July 2010, has had, and continues to have, a significant effect on the regulatory structure of the financial markets and supervision of bank holding companies, banks and other financial institutions. The Dodd-Frank Act, among other things: established the FSOC to monitor systemic risk posed by financial institutions; enacted new restrictions on proprietary trading and private-fund investment activities by banks and their affiliates, commonly known as the "Volcker rule" (refer to our discussion of the Volcker rule provided below under "Regulatory Capital Adequacy and Liquidity Standards" in this "Supervision and Regulation" section); created a new framework for the regulation of derivatives and the entities that engage in derivatives trading; altered the regulatory capital treatment of trust preferred and other hybrid capital securities; revised the assessment base that is used by the FDIC to calculate deposit insurance premiums; adopted capital planning and stress test requirements for large bank holding companies, including us; and required large financial institutions to develop plans for their resolution under the U.S. Bankruptcy Code (or other specifically applicable insolvency regime) in the event of material financial distress or failure.

In addition, regulatory change is being implemented internationally with respect to financial institutions, including, but not limited to, the implementation of the Basel III final rule (refer to "Regulatory Capital Adequacy and Liquidity Standards" below in this "Supervision and Regulation" section and under "Capital" in "Financial Condition" included under Item 7, Management's Discussion and Analysis, of this Form 10-K for a discussion of Basel III) and the Alternative Investment Fund Managers Directive (AIFMD), the Bank Recovery and Resolution Directive (BRRD), the European Market Infrastructure Resolution (EMIR), the Undertakings for Collective Investments in Transferable Securities (UCITS) directives, the Markets in Financial Instruments Directive II (MiFID II) and the Markets in Financial

Instruments Regulation (MiFIR) (the majority of the provisions of MiFID II and MiFIR will apply from January 3, 2018) and the E.U. data protection regulation.

Many aspects of our business are subject to regulation by other U.S. federal and state governmental and regulatory agencies and self-regulatory organizations (including securities exchanges), and by non-U.S. governmental and regulatory agencies and self-regulatory organizations. Some aspects of our public disclosure, corporate governance principles and internal control systems are subject to SOX, the Dodd-Frank Act and regulations and rules of the SEC and the NYSE.

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Regulatory Capital Adequacy and Liquidity Standards

Basel III Final Rule

In 2013, U.S. banking regulators jointly issued a final rule implementing the Basel III framework in the U.S. Provisions of the Basel III final rule become effective under a transition timetable which began on January 1, 2014, with full implementation required beginning on January 1, 2019. In 2012, U.S. banking regulators jointly issued a final market risk capital rule to implement the changes to the market risk capital framework in the U.S. The final market risk capital rule became effective and was applicable to State Street on January 1, 2013, and replaced the market risk capital framework associated with Basel I and Basel II.

The Basel III final rule provides for two frameworks: the “standardized” approach, intended to replace Basel I, and the “advanced” approaches, applicable to advanced approaches banking organizations, like State Street, as originally defined under Basel II. The standardized approach modifies the provisions of Basel I related to the calculation of RWA and prescribes new standardized risk weights for certain on- and off-balance sheet exposures.

Among other things, the Basel III final rule does the following:

- Adds new requirements for a minimum common equity tier 1 risk-based capital ratio of 4.5% and a minimum supplementary leverage ratio of 3% for advanced banking organizations;

- Raises the minimum tier 1 risk-based capital ratio from 4% under Basel I and Basel II to 6%;

- Leaves the existing, minimum total capital ratio at 8%;

- Implements the capital conservation and countercyclical capital buffers, referenced below, as well as a G-SIB surcharge included under "Capital" in "Financial Condition" included under Item 7, Management's Discussion and Analysis, of this Form 10-K;

- Implements the previously described standardized approach to replace the calculation of RWA under Basel I; and

- Implements the advanced approaches for the calculation of RWA.

Additionally, beginning January 1, 2018, the SLR rule introduces a higher minimum SLR requirement for the eight U.S. G-SIBs of at least 6% for the insured banking entity (State Street Bank) in order to be well capitalized under the U.S. banking regulators' PCA framework, as well as a requirement of a minimum SLR of 5% for the holding company (State

Street) in order to avoid any limitations on distributions and discretionary bonus payments.

Under the Basel III final rule, a banking organization would be able to make capital distributions, subject to other regulatory constraints, such as regulator review of its capital plans, and discretionary bonus payments without specified limitations, as long as it maintains the required capital conservation buffer of 2.5% plus applicable G-SIB surcharge over the minimum required common equity tier 1 risk-based capital ratio and each of the minimum required tier 1 and total risk-based capital ratios (plus any potentially applicable countercyclical capital buffer). Banking regulators would establish the minimum countercyclical capital buffer, which is initially set by banking regulators at zero, up to a maximum of 2.5% of total risk-weighted assets under certain economic conditions.

Under the Basel III final rule, our total regulatory capital is divided into three tiers, composed of common equity tier 1 capital, tier 1 capital (which includes common equity tier 1 capital), and tier 2 capital. The total of tier 1 and tier 2 capital, adjusted as applicable, is referred to as total regulatory capital.

Common equity tier 1 capital is composed of core capital elements, such as qualifying common shareholders' equity and related surplus; retained earnings; the cumulative effect of foreign currency translation; and net unrealized gains (losses) on debt and equity securities classified as AFS; reduced by treasury stock. Subject to certain phase-in or phase-out provisions, tier 1 capital is composed of common equity tier 1 capital plus additional tier 1 capital composed of qualifying perpetual preferred stock and minority interests. Goodwill and other intangible assets, net of related deferred tax liabilities, are deducted from tier 1 capital. Subject to certain phase-in or phase-out provisions, tier 2 capital is composed primarily of qualifying subordinated long-term debt.

Certain other items, if applicable, must be deducted from tier 1 and tier 2 capital. These items primarily include deductible investments in unconsolidated banking, financial and insurance entities where we hold more than 50% of

the entities' capital; and the amount of expected credit losses that exceeds recorded allowances for loan and other credit losses. Expected credit losses are calculated for wholesale credit exposures by formula in conformity with the Basel III final rule.

As required by the Dodd-Frank Act, we and State Street Bank, as advanced approaches banking organizations, are subject to a permanent "capital floor", also referred to as the Collins Amendment, in the assessment of our regulatory capital adequacy, including a capital conservation buffer and a countercyclical capital buffer (both buffers are more

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fully described above in this "Supervision and Regulation" section). From January 1, 2015 going forward, our risk-based capital ratios for regulatory assessment purposes are the lower of each ratio calculated under the standardized approach and the advanced approaches.

### Global Systemically Important Bank

In addition to the Basel III final rule, the Dodd-Frank Act requires the Federal Reserve to establish more stringent capital requirements for large bank holding companies, including State Street. On August 14, 2015, the Federal Reserve published a final rule on the implementation of capital requirements that impose a capital surcharge on U.S. G-SIBs. The surcharge requirements within the final rule began to phase in on January 1, 2016 and will be fully effective on January 1, 2019. The eight U.S. banks deemed to be G-SIBs, including State Street, are required to calculate the G-SIB surcharge according to two methods, and be bound by the higher of the two:

• Method 1: Assesses systemic importance based upon five equally-weighted components: size, interconnectedness, complexity, cross-jurisdictional activity and substitutability;

• Method 2: Alters the calculation from Method 1 by factoring in a wholesale funding score in place of substitutability and applying a 2x multiplier to the sum of the five components

As part of the Basel III final rule, the Federal Reserve published estimated G-SIB surcharges for the eight U.S. G-SIBs based on relevant data from 2012 to 2014. Method 2 is identified as the binding methodology for State Street and the applicable surcharge on January 1, 2016 was calculated to be 1.5%. Assuming completion of the phase-in period for the capital conservation buffer, and a countercyclical buffer of 0%, the minimum capital ratios as of January 1, 2019, including a capital conservation buffer of 2.5% and G-SIB surcharge of 1.5% in 2019, would be 10.0% for tier 1 risk-based capital, 12.0% for total risk-based capital, and 8.5% for common equity tier 1 capital, in order for State Street to make capital distributions and discretionary bonus payments without limitation. Further, if State Street fails to exceed the 2% leverage buffer applicable to all U.S. G-SIBs under the Basel III final rule, it will be subject to increased restrictions (depending upon the extent of the shortfall) regarding capital distributions and discretionary executive bonus payments. Not all of our competitors have similarly been designated as systemically important, and therefore some of our competitors may not be subject to the same additional capital requirements.

### Total Loss-Absorbing Capacity (TLAC)

On December 15, 2016, the Federal Reserve released its final rule on TLAC, LTD and clean holding company requirements for U.S. domiciled G-SIBs, such as State Street, that are intended to improve the resiliency and resolvability of certain U.S. banking organizations through new enhanced prudential standards. The TLAC final rule imposes: (1) TLAC requirements (i.e., combined eligible tier 1 regulatory capital and eligible LTD); (2) separate eligible LTD requirements; and (3) clean holding company requirements designed to make short-term unsecured debt (including deposits) and most other ineligible liabilities structurally senior to eligible LTD.

Among other things, the TLAC final rule requires State Street to comply with minimum requirements for external TLAC and external LTD, plus an external TLAC buffer. Specifically, State Street must hold (1) combined eligible tier 1 regulatory capital and eligible LTD in the amount equal to at least 21.5% of total risk-weighted assets (using an estimated G-SIB method 1 surcharge of 1%) and 9.5% of total leverage exposure, as defined by the SLR final rule, and (2) qualifying external LTD equal to the greater of 7.5% of risk-weighted assets (using an estimated G-SIB method 2 surcharge of 1.5%) and 4.5% of total leverage exposure, as defined by the SLR final rule.

State Street must comply with the TLAC final rule starting on January 1, 2019.

### Liquidity Coverage Ratio and Net Stable Funding Ratio

In addition to capital standards, the Basel III final rule introduced two quantitative liquidity standards: the LCR and the NSFR.

In 2014, U.S. banking regulators issued a final rule to implement the BCBS' LCR in the United States. The LCR is intended to promote the short-term resilience of internationally active banking organizations, like State Street, to improve the banking industry's ability to absorb shocks arising from market stress over a 30 calendar day period and improve the measurement and management of liquidity risk.

The LCR measures an institution's HQLA against its net cash outflows. The LCR began being phased in on January 1, 2015, at 80%, with full implementation beginning on January 1, 2017.

We report LCR to the Federal Reserve daily. As of December 31, 2016, our LCR was in excess of 100%. In addition, in December 2016, the Federal Reserve issued a final rule requiring large banking organizations, including us, to publicly disclose certain qualitative and quantitative information about their LCR. We must comply with the disclosure requirements beginning on April 1, 2017.

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Compliance with the LCR has required that we maintain an investment portfolio that contains an adequate amount of HQLA. In general, HQLA investments generate a lower investment return than other types of investments, resulting in a negative impact on our net interest revenue and our net interest margin. In addition, the level of HQLA we are required to maintain under the LCR is dependent upon our client relationships and the nature of services we provide, which may change over time. For example, if the percentage of our operational deposits relative to deposits that are not maintained for operational purposes increases, we would expect to require less HQLA in order to maintain our LCR. Conversely, if the percentage of our operational deposits relative to deposits that are not maintained for operational purposes decreases, we would expect to require additional HQLA in order to maintain our LCR.

In October 2014, the BCBS issued final guidance with respect to the NSFR. In the second quarter of 2016, the OCC, Federal Reserve and FDIC issued a proposal to implement the NSFR in the U.S. that is largely consistent with the BCBS guidance. The proposal would require banking organizations to maintain an amount of available stable funding, which is calculated by applying standardized weightings to its equity and liabilities based on their expected stability, that is no less than the amount of its required stable funding, which is calculated by applying standardized weightings to its assets, derivatives exposures, and certain other off-balance sheet exposures based on their liquidity characteristics. If adopted as proposed, the requirements would apply to us and our depository institution subsidiaries beginning January 1, 2018.

Failure to meet current and future regulatory capital requirements could subject us to a variety of enforcement actions, including the termination of State Street Bank's deposit insurance by the FDIC, and to certain restrictions on our business, including those that are described above in this "Supervision and Regulation" section.

For additional information about our regulatory capital position and our regulatory capital adequacy, as well as current and future regulatory capital requirements, refer to "Capital" in "Financial Condition" included under Item 7, Management's Discussion and Analysis, and Note 16 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, of this Form 10-K.

Capital Planning, Stress Tests and Dividends

Pursuant to the Dodd-Frank Act, the Federal Reserve has adopted capital planning and stress test requirements for large bank holding companies, including us, which form part of the Federal Reserve's

annual CCAR framework. CCAR is used by the Federal Reserve to evaluate our management of capital, the adequacy of our regulatory capital and the potential requirement for us to maintain capital levels above regulatory minimums. Under the Federal Reserve's capital plan final rule, we must conduct periodic stress testing of our business operations and submit an annual capital plan to the Federal Reserve, taking into account the results of separate stress tests designed by us and by the Federal Reserve.

The capital plan must include a description of all of our planned capital actions over a nine-quarter planning horizon, including any issuance of debt or equity capital instruments, any capital distributions, such as payments of dividends on, or purchases of, our stock, and any similar action that the Federal Reserve determines could affect our consolidated capital. The capital plan must include a discussion of how we will maintain capital above the minimum regulatory capital ratios, including the minimum ratios under the Basel III final rule that are phased in over the planning horizon, and serve as a source of strength to our U.S. depository institution subsidiaries under supervisory stress scenarios. The capital plan requirements mandate that we receive no objection to our plan from the Federal Reserve before making a capital distribution. These requirements could require us to revise our stress-testing or capital management approaches, resubmit our capital plan or postpone, cancel or alter our planned capital actions. In addition, changes in our strategy, merger or acquisition activity or unanticipated uses of capital could result in a change in our capital plan and its associated capital actions, including capital raises or modifications to planned capital actions, such as purchases of our stock, and may require resubmission of the capital plan to the Federal Reserve for its non-objection if, among other reasons, we would not meet our regulatory capital requirements after making the proposed capital distribution.

For additional information regarding capital planning and stress test requirements and restrictions on dividends, refer to "Capital Planning, Stress Tests and Dividends" in this "Supervision and Regulation" section and Item 5, Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase of Equity Securities, in Part II of this Form 10-K.

In addition to its capital planning requirements, the Federal Reserve has the authority to prohibit or to limit the payment of dividends by the banking organizations it supervises, including us and State Street Bank, if, in the Federal Reserve's opinion, the payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization. All of these policies and other requirements could affect our ability to pay

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dividends and purchase our stock, or require us to provide capital assistance to State Street Bank and any other banking subsidiary.

In June 2016, we received the results of the Federal Reserve's review of our 2016 capital plan in connection with its 2016 annual CCAR process. The Federal Reserve did not object to the capital actions we proposed in our 2016 capital plan and, in July 2016, our Board approved a new common stock purchase program authorizing the purchase of up to \$1.4 billion of our common stock through June 30, 2017. As of December 31, 2016, we purchased approximately 9.0 million shares of our common stock at an average per-share cost of \$72.66 and an aggregate cost of approximately \$650 million under this program. Our 2016 capital plan included an increase, subject to approval by our Board, to our quarterly stock dividend to \$0.38 per share from \$0.34 per share, beginning in the third quarter of 2016.

The Federal Reserve, under the Dodd-Frank Act, requires us to conduct semi-annual State Street-run stress tests. Under this rule, we are required to publicly disclose the summary results of our State Street-run stress tests under the severely adverse economic scenario. In October 2016, we provided summary results of our 2016 mid-cycle State Street-run stress tests on the "Investor Relations" section of our corporate website. The rule also subjects us to an annual supervisory stress test conducted by the Federal Reserve.

The Dodd-Frank Act also requires State Street Bank to conduct an annual stress test. State Street Bank must submit its 2017 annual State Street Bank-run stress test to the Federal Reserve by April 5, 2017.

In September 2016, the Federal Reserve proposed revisions to the capital plan and stress test requirements that would, among other things, reduce the de minimis threshold for additional capital distributions that a firm may make during a capital plan cycle without seeking the Federal Reserve's prior approval. The proposal would also establish a one-quarter "blackout period" while the Federal Reserve is conducting CCAR during which firms would not be permitted to submit de minimis exception notices or prior approval requests for additional capital distributions.

**The Volcker Rule**

In December 2013, U.S. regulators issued final regulations to implement the Volcker rule. The Volcker rule prohibits banking entities, including us and our affiliates, from engaging in certain prohibited proprietary trading activities, as defined in the final Volcker rule regulations, subject to exemptions for market-making related activities, risk-mitigating hedging, underwriting and certain other activities.

The Volcker rule also requires banking entities to either restructure or divest certain ownership interests in, and relationships with, covered funds (as such terms are defined in the final Volcker rule regulations).

The Volcker rule became effective in July 2012, and the final implementing regulations became effective in April 2014. We were required to bring our activities and investments into conformance with the Volcker rule and its final regulations by July 21, 2015, with the exception of certain activities and investments. Under a 2016 conformance period extension issued by the Federal Reserve, all investments in and relationships with investments in a covered fund made or entered into after December 31, 2013 by a banking entity and its affiliates, and all proprietary trading activities of those entities, were required to be in conformance with the Volcker rule and