



Comptroller of the Currency
Administrator of National Banks

Northeastern District
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October 15, 2003

**Conditional Approval #605
November 2003**

Mr. William F. Weihs
Director Corporate Financial Planning
Mergers & Acquisitions
State Street Bank and Trust Company
225 Franklin Street, MAO/7
Boston, Massachusetts 02110-2804

Re: Charter proposal, with residency waiver requests, involving the establishment of an uninsured trust company, "State Street Bank and Trust Company of New England, National Association", Hartford, Connecticut, to facilitate the sale of a trust line of business to U.S. Trust Company, National Association, Greenwich, Connecticut.
Control Number: 2003 NE 01 0011

Dear Mr. Weihs:

The Office of the Comptroller of the Currency ("OCC") has reviewed the bank's application to establish a new national trust bank, which will engage solely in fiduciary activities, with the title of **State Street Bank and Trust Company of New England, National Association** (hereinafter, "Bank"), to be located at Goodwin Square, 225 Asylum Street, 29th Floor, Hartford, Connecticut 06103. After a thorough evaluation of all data available, the OCC, today granted preliminary conditional approval.

The OCC also granted waivers for the five proposed directors of the Bank from the residency requirements of 12 U.S.C. § 72. The OCC reserves the right to withdraw these waivers at any time and, at our discretion, to request additional biographical and/or financial information on any member of the board of directors. Approval of the waivers does not alter the citizenship and stock ownership requirements for persons serving as directors of the Bank.

These approvals are granted based on a thorough review of all information available, including the representations and commitments made in the application and by the representatives of the banks. Among others, one representation was that the Bank intends to merge into U.S. Trust Company, National Association no later than eighteen months from opening. In addition, State Street Bank and Trust Company represented that it intends, as soon as practical, and no later than

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eighteen months within the Bank's opening, to initiate appropriate action to terminate the national bank status of its national bank trust subsidiaries, State Street Bank and Trust Company of Connecticut, National Association and State Street Bank and Trust Company of New Hampshire, National Association. As you have represented, until that time, other than continuing to serve as fiduciary, State Street-CT will not conduct any future business and other than continuing to serve as fiduciary during the transition period for the US Trust business and other trust-related activities, State-Street-NH will not conduct any business requiring a national trust charter.

We also made our decision to grant preliminary conditional approval to organize the Bank with the understanding that the proposed Bank will apply for membership in the Federal Reserve System and will not be FDIC-insured.

The Bank's initial Tier 1, net of all organizational and preopening expenses, shall be no less than \$2 million. The manner in which capital is raised must not deviate from that described in the business plan without prior written OCC notification. If the capital for the Bank is not raised within 12 months or if the Bank is not opened for business within 18 months from the preliminary conditional approval date, this approval expires. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

The preliminary approval to organize the Bank is subject to the following conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. § 1818 and, as such, are enforceable under 12 U.S.C. § 1818.

1. At all times, the Bank shall maintain a minimum of \$2 million in Tier 1 capital.
2. If the Bank fails to maintain Tier 1 capital in the amount of \$2 million, the Bank shall be deemed "undercapitalized," for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 applicable to an undercapitalized national bank. For purposes of section 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall include restoration of the Bank's capital so that it is not "undercapitalized" and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operation.
3. The Bank (i) shall give the New York Metro Field Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations¹ and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations.
4. The corporate transactions described in the application must be conducted and concluded in

¹ If such deviation is the subject of an application filed with the OCC, the OCC does not require further notice to the supervisory office.

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the order described and in accordance with the representations made in the application and all subsequent correspondence, including any correspondence with the New York-Metro Field Office.

5. The Bank shall establish and maintain a Fiduciary Audit Committee consistent with the requirements of 12 C.F.R. § 9.9(c).
6. The Bank must notify all potential technology-related vendors in writing of the OCC's examination and regulatory authority under 12 U.S.C. § 1867(c). All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the Bank is subject to the OCC's examination and regulatory authority. The provisions of 12 C.F.R. § 9 would be applicable to any fiduciary activities contracted out to vendors.
7. All transactions between the Bank and any affiliates, foreign or domestic, shall be conducted subject to the applicable provisions of 12 U.S.C. § 371c, and 12 U.S.C. § 371c-1, and other applicable Federal law. The Board of Directors of the Bank annually shall review and approve the service agreements, and any other transactions with foreign and domestic affiliates, including in particular any cost allocation, fee-sharing or tax-sharing provisions in such agreements or other transactions.

Please be advised that the OCC is currently reviewing its capital and liquidity policy with respect to national trust banks. Should there be a change to our policy as a result of the review, we will advise you accordingly. In addition, if the Bank's future fiduciary and related assets increase significantly, or if the Bank assumes additional risk, the OCC may require the Bank to hold additional capital.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke conditional preliminary approval should any interim development be deemed by the OCC to warrant such action.

Please refer to the "Corporate Organization" booklet of the *Comptroller's Licensing Manual* at <http://www.occ.treas.gov> for the instructions on organizing the Bank. The booklet contains all of the steps you must take to receive your charter.

As detailed in the booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are standard requirements that must be met, as applicable, before the Bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the Bank commences

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business. Applicable standard requirements also must be satisfied before the Bank will be allowed to commence business.

Further, the Bank should be particularly attentive to comply with the requirements of 12 C.F.R. § 7.3001 relating to sharing space with other businesses.

The OCC poses no objection to the following persons serving as executive officers and directors of Bank as proposed in the application.

Stefan M. Gavell	Director, Chairman of the Board, President and CEO
John R. Towers	Director
Timothy B. Harbert	Director
James C. Caccivio	Director
William F. Weihs	Director, Chief Operating Officer, Cashier

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business, the Bank must file biographical information with the OCC and receive a letter of no objection from the New York Metro Field Office prior to any new executive officer or director assuming such position.

If the Bank is not opened within one year from the approval date, the preliminary conditional approval will expire.

These decisions and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Please feel free to call me at (212) 790-4055 if you have any questions.

Sincerely,

/s/ Linda Leickel

Linda Leickel
Licensing Analyst

Enclosures: Standard Requirements and Minimum Policies