



Office of the Comptroller of the Currency

Washington, DC 20219

Interpretive Letter #1146

November 2014

12 CFR 3, Subpart E

September 29, 2014

Adam Clark
President and Chief Executive Officer
The Goldman Sachs Trust Company, N.A.
200 West Street, 40th Floor
New York, NY 10004

Subject: The Goldman Sachs Trust Company, N.A. – Exemption from Internal Ratings-Based and Advanced Measurement Approaches

Dear President Clark:

We are writing to exempt The Goldman Sachs Trust Company, N.A. (“GSTC” or the “Bank”) from calculating its capital requirements in accordance with the *Risk-Weighted Assets—Internal Ratings-Based and Advanced Measurement Approaches* (Basel III Advanced Approaches Framework).¹ Based on the facts and circumstances discussed below, the OCC determines that application of the Basel III Advanced Approaches Framework is not appropriate for GSTC based on the bank’s risk profile and scope of operations.

Discussion

OCC regulations provide that a bank that is subject to the Basel III Advanced Approaches Framework must use that Framework to calculate its capital requirement “unless the Office of the Comptroller of the Currency determines in writing that the application of [the Framework] is not appropriate in light of the bank’s asset size, level of complexity, risk profile, or scope of operations.”² In considering this exemption, the OCC reviewed GSTC’s risk profile, the scope and size of operations of GSTC, and GSTC’s current capital levels and balance sheet.

Based on the facts and circumstances reviewed by OCC supervisory staff, including an evaluation of its risk profile, the OCC has determined that the application of the Basel III Advanced Approaches Framework to GSTC is not appropriate, subject to the conditions below.

Applying the Basel III Advanced Approaches Framework to GSTC would not meaningfully enhance the banking group’s overall risk management because GSTC’s credit risk, operational risk, and other forms of Pillar II (Supervisory Assessments) risk are captured and recorded by GSTC’s affiliates. Additionally, the national charter, in size and business volume, is not

¹ 12 C.F.R., part 3, subpart E.

² 12 C.F.R. § 3.100 (b)(2).

significant in comparison to the organization, and it is governed by a formal Capital and Liquidity Management Policy that adopts guidance provided by OCC Bulletin 2007-21 Supervision of National Trust Banks: Revised Guidance: Capital and Liquidity. Furthermore, as a condition to the OCC's determination, discussed below, GSTC will be required to capture credit and operational loss events as specified by the Basel III Advanced Approaches Framework in the event that the Internal Ratings-Based and Advanced Measurement Approaches become appropriate for GSTC.

Conditions on Approval for the Exemption from the Basel III Capital Framework

The OCC has determined that it will exempt GSTC from the Basel III Capital Framework pursuant to 12 C.F.R. § 3.100 (b)(2),³ subject to the conditions set forth below. GSTC must meet these conditions, unless notified otherwise by the OCC:

1. GSTC will calculate its tier 1 and tier 2 capital under risk-based capital standards set forth in 12 C.F.R. part 3, subpart D, as applicable, as reported in GSTC's Consolidated Reports of Condition and Income (Call Report), and any subsequent revisions thereto.
2. GSTC must continue to capture information on credit and operational loss events as specified by 12 C.F.R. part 3, subpart E. GSTC must be able to provide the OCC with all data submitted to its parent company that the parent company uses to comply with the Basel III Advanced Approaches Framework.
3. GSTC is not required to fill out the FFIEC 101, but must continue to file the FFIEC 031 or 041 reports.
4. GSTC must provide its OCC Examiner-in-Charge with at least 60 days notice of its intent to significantly deviate from or change its business plan or operations.
5. GSTC must provide an annual statement to the OCC that addresses whether the exemption is still appropriate. The annual statement, which must be provided no later than April 1st of each year, must include a description of the Bank's asset size, level of complexity, risk profile, and scope of operations in order to support the continuation of the exemption.
6. The GS Group, as the parent company of the Bank, must ensure capital and liquidity are maintained at adequate levels for GSTC. Failure to maintain adequate levels of capital and liquidity will result in the OCC revoking this exemption.
7. The GS Group, as parent company of the Bank, must ensure the corporate risk management framework is effectively implemented in GSTC.
8. The Bank shall maintain a system to analyze and maintain capital commensurate with the Bank's risk profile, in conformance with OCC Bulletin 2007-21, Supervision of National Trust Banks – Revised Guidance: Capital and Liquidity.

³ Id.

9. The OCC may rescind or modify this exemption if the OCC determines that application of the risk-based capital standards set forth in 12 C.F.R. part 3, subpart D, as applicable, as reported in GSTC's Consolidated Reports of Condition and Income (Call Report), and any subsequent revisions thereto are no longer appropriate for GSTC.

The above-listed conditions of this approval are conditions "imposed in writing by [the OCC] in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818 and, as such, are enforceable under 12 U.S.C. § 1818.

This exemption determination is based on GSTC's information available to the OCC as of September 16, 2014. The OCC may rescind or modify this exemption if the OCC determines that any representation, submission, or information provided by GSTC is not accurate, is not fulfilled, or if GSTC fails to satisfy the conditions set forth above.

This exemption determination and the activities and communications by OCC employees in connection with this determination, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The non-contractual nature of the OCC's communications with GSTC or with any of its affiliates and the OCC's continuing ability to exercise its supervisory, regulatory, and examination authorities are terms and conditions that may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions about the approval or the conditions specified above, please do not hesitate to contact Examiner-in-Charge Carolyn A. Chandler at (212) 790-4044.

Sincerely,

signed

***Toney M. Bland
Senior Deputy Comptroller
Midsize and Community Bank Supervision***