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August 7, 2015

Russell G. Golden
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

**Re: Proposed Accounting Standards Update: Compensation - Stock Compensation (Topic 718) – Improvements to Employee Share-Based Payment Accounting**

Dear Mr. Golden:

State Street Corporation ("State Street") appreciates the opportunity to comment on the proposed Accounting Standards Update - *Compensation-Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting* (the "Proposed ASU"). With $21.8 trillion of assets under custody and administration and $2.37 trillion in assets under management at June 30, 2015, State Street is a leader in providing financial services and products to meet the needs of institutional investors worldwide.

State Street commends the Board in its efforts to reduce cost and complexity in accounting for share-based payments, mostly applicable to stock options. We support the proposed changes to accounting for forfeitures, withholding requirement to qualify for equity classification and the treatment of stock compensation items in the statement of cash flows. These changes provide significant relief to financial statement preparers and maintain the usefulness of financial statements. However, we do not agree with the proposed approach of recognizing excess tax benefits and tax deficiencies from stock awards in the income statement. We do not believe that eliminating additional paid-in capital ("APIC") pools that are currently required to account for excess tax benefit will result in simplification of our financial reporting process nor improve the information provided to our stakeholders and the users of our financial statements. Our system currently tracks the excess tax benefit calculation at the pool level and accordingly we do not see

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significant savings in changing the current workflow. In addition, we do not see the merit of adding volatility in net income that is caused by the market performance of company stock. Furthermore, the APIC pool elimination will require complex analysis in our forecasting process, including difficulties in projecting our annual effective tax rate.

However, to accomplish the Board's simplification objective, we would support a symmetrical equity model wherein all excess tax benefits and tax deficiencies are reflected in equity through APIC. This will result in an approach that better reflects the nature of the transaction wherein the granting of a stock award is a compensation transaction while the exercise of this award together with its related realized tax impact either excess tax benefits or tax deficiencies represents an equity transaction.

We appreciate your consideration of our views described above prior to the issuance of a final standard, and we welcome the opportunity to discuss them with you.

Sincerely,

Sean P. Newth

*Senior Vice President, Chief Accounting Officer and Corporate Controller*