

STATE OF NEBRASKA
Department of Banking & Finance

State Street Bank and Trust Company)	CONSENT
State Street Financial Center,)	
One Lincoln Street)	AGREEMENT
Boston, Massachusetts)	
)	

THIS AGREEMENT is between the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Acting Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 through 8-1123 (Reissue 2012, Supp. 2013) (“Act”) and State Street Bank and Trust Company (“STATE STREET”). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 2012), the DEPARTMENT has investigated the acts of STATE STREET. As a result of such investigation, and being fully advised and informed in the matter, the Acting Director and STATE STREET enter into the following AGREEMENT.

BASIS FOR AGREEMENT

1. STATE STREET is a bank and trust company headquartered in Boston, Massachusetts, and organized under the laws of the State of Massachusetts.
2. STATE STREET contracts to provide services to investment companies or “clients,” including, pursuant to a limited power of attorney, the filing of documents and payment of fees required for authorization of shares sold by the investment companies in Nebraska.
3. STATE STREET’s clients are required to maintain adequate authorized share balances in Nebraska, which may be definite amounts, or indefinite amounts, and to promptly analyze sales data for the netting of exempt sales in order to provide instructions to STATE

STREET regarding the filing for an increase in the authorized shares when needed. Oversales penalty fees are required by Neb. Rev. Stat. § 8-1108.03(1) (Reissue 2012) for shares sold in excess of the authorized amount. These penalty fees may be avoided by filing for an indefinite amount of authorized shares, or by maintaining excess amounts of authorized shares.

4. Neb. Rev. Stat. § 8-1108.03(1) provides, in pertinent part, that

“If an issuer of securities covered by section 8-1108.02 sells securities in this state in excess of the aggregate amount of securities for which a filing fee has been paid, the director may allow the issuer to amend its filing to include the excess securities sold to persons within this state if the issuer pays a filing fee of three-tenths of one percent for the difference between the initial filing fee paid and the filing fee required under this section for the total amount of securities sold. . . . Notices may be amended by submitting an amended notice filing indicating any material changes and paying any fees, pursuant to this Section, that may be required by an increase in the amount of securities covered by the notice.”

5. Some clients of STATE STREET chose to file for definite amounts of authorized shares in Nebraska which in effect required the maintenance of a “buffer” of excess authorized shares adequate to avoid oversales of non-exempt shares. The maintenance of a buffer requires the projection of future sales of non-exempt shares by the fund client and the accounting for the time necessary to process increases of authorized shares. Due to the election by a client to authorize definite amounts of shares instead of indefinite amounts, and unexpected large purchases of shares, the buffer amount of excess authorized shares is required to be monitored to avoid oversales. Where an oversale occurs, such may be remedied with the payment of an oversale penalty fee pursuant to Neb. Rev. Stat. § 8-1108.03(1).

6. STATE STREET maintained a process to identify potential oversales and to communicate warnings to its clients for appropriate instruction to STATE STREET to seek additional authorized shares in Nebraska, when needed. This process did not prevent oversales at all times, which could result either due to inadequate “buffer” amounts being set by fund clients, or unexpected spikes in non-exempt fund sales.

7. On July 28, August 6, and September 9, 2010, the DEPARTMENT requested detailed sales information from STATE STREET for each definite notice filing made by STATE STREET on behalf of its clients. The information provided by STATE STREET showed that, between January 2007 and October 2010, STATE STREET had made two hundred forty-seven (247) filings to authorize additional shares on behalf of its clients at a time when the sales of shares had exceeded the amount of shares authorized for sale resulting in the underpayment of oversales penalty fees in excess of four hundred sixty-two thousand dollars (\$462,000.00). These fees have been assessed to the appropriate funds and collected by the DEPARTMENT.

8. The DEPARTMENT reports that significant resources were expended in calculating the oversale amounts and unpaid oversales penalty fees.

9. STATE STREET agrees to reimburse the DEPARTMENT's costs in this matter.

AGREEMENT

NOW THEREFORE, the parties agree as follows:

1. STATE STREET shall reimburse the DEPARTMENT for the costs of investigation in the amount of twenty five thousand dollars (\$25,000.00) by check or money order, payable to the Nebraska Department of Banking and Finance, within thirty (30) days of the effective date of this AGREEMENT.

2. The DEPARTMENT agrees to close its investigation of STATE STREET and its clients in this matter and to forego any further action on this matter. In the event that STATE STREET fails to comply with the provisions of this Agreement, the DEPARTMENT may commence such action as it deems necessary and appropriate in the public interest.

The effective date of this AGREEMENT will be the date of the Acting Director's signature.

DATED this 28th day of July, 2014.

STATE STREET BANK AND TRUST COMPANY



By: _____
Michael F. Rogers, Executive Vice President

State Street Financial Center
One Lincoln Street
Boston, MA

DATED this 29th day of July, 2014.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**



By: _____
Ray A. Pont, Acting Director

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