



STATE STREET.

James J. Malerba
Executive Vice President
Corporate Controller

Finance
State Street Financial Center – SFC 13-02
One Lincoln Street
Boston, MA 02111

Telephone: 617-664-8697
Facsimile: 617-664-4316
617-319-5763
jjmalerba@statestreet.com

September 28, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington D.C. 20006-2803

Via email: comments@pcaobus.org

Re: Invitation to Comment: *Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements and Related Amendments to PCAOB Standards, PCAOB Rulemaking Docket Matter No. 34*

Dear Board Members:

State Street Corporation (“State Street”) appreciates the opportunity to comment on the PCAOB’s *Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements and Related Amendments to PCAOB Standards* (the concept release). With \$22.76 trillion in assets under custody and administration and \$2.12 trillion in assets under management as of June 30, 2011, State Street is the world’s leading provider of financial services to institutional investors.

We have a number of comments regarding the concept release that we believe need to be addressed in order to achieve the proper balance of ensuring that additional information in the form of auditor communications is both reliable and relevant to the users of financial statements. Our comments below are applicable to all of the alternatives proposed for changing the auditor’s reporting model.

The proposals in the concept release appear to be inconsistent with the FASB and IASB objectives of encouraging more reasoned judgment instead of a prescriptive rules-based approach. We believe that requiring auditors to provide information on the company’s financial reporting process either through the proposed Auditor’s Discussion and Analysis (AD&A) or expanded use of emphasis paragraph alternatives would force independent auditors to consistently hold (or “assume”) the most conservative view on matters of accounting judgment, effectively precluding reasoned judgment that might result in the most appropriate financial reporting outcome.

State Street believes that auditors should not be the original source of disclosure specifically related to management judgments and estimates, or accounting policies and practices, including areas of significant judgment, such as “close calls.” Providing information to investors with respect to our accounting policies and their application is the responsibility of State Street’s management, not the independent auditor. The auditor’s role is to evaluate whether the financial statements taken as a whole are presented fairly in accordance with generally accepted accounting principles (GAAP). Requiring the auditors to disclose this information would create confusion for the readers of financial statements, as they would need to sort through information provided by both management and the independent auditors. The auditor’s responsibility to communicate such matters should be limited to situations in which the financial statements are not in conformity with GAAP in all material respects.

Office of the Secretary
Public Company Accounting Oversight Board

September 28, 2011

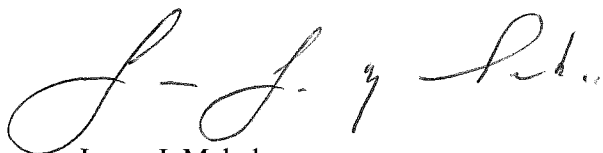
Conceptually, requiring the independent auditors to summarize to investors the same level of detail and context that is provided to a company's Board of Directors would be difficult and potentially misleading. In the absence of appropriate context and two-way communication, we believe that such information would be incomplete, would generate greater confusion, and would not enhance the overall understanding of the readers of the auditor's report and financial statements. Additionally, we note that requiring supplemental reporting such as the proposed AD&A will likely lengthen the time to complete the audit as there may not be sufficient time for the auditor to complete the audit of the financial statements and provide assurance in additional areas and therefore adversely impact filing timelines for large accelerated filers.

We do not object to the concept of requiring auditors to provide assurance on certain information outside the financial statements, provided that the scope of such assurance is clearly defined. However, we are unclear on the incremental benefits to investors from the elevated level of assurance proposed to be provided by auditors over management's discussion and analysis (MD&A), including the critical accounting estimates currently discussed in MD&A, given the likely significant increase in audit procedures and audit-related costs that will ultimately be borne by our company's shareholders.

State Street believes that the current auditor's report ("pass/fail model") clearly communicates the nature of the audit and whether the financial statements are presented fairly, in all material respects, in accordance with GAAP. The concept of clarification of the standard auditor's report would further lengthen the auditor's report unnecessarily without achieving the objective of enhancing communication between auditors and the users of audit reports, thereby compromising the report's effectiveness. With respect to the proposed approach related to the required and expanded use of emphasis paragraphs, we note that existing standards allow auditors to add areas of emphasis at their discretion, based on circumstances. We believe that mandating the requirement for an emphasis paragraph would result in standardized language over time and would therefore not achieve the proposed objective.

We appreciate your consideration of these matters and welcome the opportunity to discuss them with you.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. J. Malerba".

James J. Malerba
Executive Vice President and Corporate Controller