

October 31, 2021

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**Mr. Michael Campanelli**  
New York Department of Financial Services  
One State Street  
New York, NY 12257

Via e-mail: Michael.Campanelli@dfs.ny.gov

**RE: Comments on the Proposed Sixteenth Amendment to Insurance Regulation 172 (11 NYCRR 83)**

Dear Mr. Campanelli,

State Street Global Advisors, the asset management business of State Street Corporation (NYSE: STT), welcomes the opportunity to favorably comment on the New York Department of Financial Services (“Department”) proposed sixteenth amendment to 11 NYCRR 83 (“Proposal” or “Regulation 172”) relative to financial statement filings and accounting practices and procedures.

For four decades, State Street Global Advisors has served the world’s governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, exchange-traded funds (“ETFs”), and environmental, social and governance (“ESG”) investing, we are always inventing new ways to invest. As a result, we have become the world’s fourth-largest asset manager with US \$3.9 trillion under our care<sup>1</sup>.

We applaud the Department’s approach and support its proposal to treat the shares of certain highly-rated fixed-income exchange traded funds as bonds for the purpose of a domestic insurer’s risk-based capital (“RBC”) report. As we commented previously in our November 30, 2020 letter in response to the Department’s initial proposal, many insurers in New York already use ETFs as part of their portfolio; as of December 31, 2020, ETF usage by New York domiciled insurers exceeded \$4.09 billion<sup>2</sup>. This proposal strikes an appropriate balance of providing New York insurers the certainty and clarity necessary to allow them to treat reserve investments in certain fixed-income ETFs as investments in bonds rather than as equities while also imposing high-thresholds of eligibility criteria that ensures robust investor protections, transparency, and access to liquidity.

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<sup>1</sup> Assets under management as of September 30, 2021 includes approximately \$60 billion of assets with respect to SPDR® products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

<sup>2</sup> NAIC via S&P Global Market Intelligence (December 31, 2020). Figure is a sum of fixed-income ETFs, equity ETFs, and other ETFs.

Fixed-income ETFs are becoming mainstream components of insurance companies portfolios and provide a way for insurers of all sizes to achieve access to bond investment exposure, ultimately benefitting insurers' policy-holders.

State Street Global Advisors appreciates the efforts by the Department in putting forth this Proposal, and we thank you for your consideration of our perspective. We would welcome the opportunity to further discuss any specific questions the Department may have around bond-like regulatory treatment of certain fixed-income ETFs and are happy to provide additional information if necessary.

Respectfully,

A handwritten signature in blue ink that reads "Ben Woloshin". The signature is fluid and cursive, with the first name "Ben" being particularly prominent.

Ben Woloshin