BNY MELLON

The Bank of New York Mellon Corporation
225 Liberty Street
New York, New York 10286

Prospectus for the employees of the European Economic Area ("EEA") (direct or indirect) subsidiaries of The Bank of New York Mellon Corporation in relation to The Bank of New York Mellon Corporation's equity incentive plans

Pursuant to Article 23 of the Law of June 16, 2006 on the public offerings of securities and the admission to trading of securities on a regulated market, the Belgian Financial Services and Markets Authority has approved this prospectus on March 8, 2016. This prospectus was established by the issuer and the issuer is responsible for this prospectus. The prospectus has been approved in connection with the operations proposed to the investors. The approval represents neither an assessment of the transaction's opportunity or quality nor the authentication of the financial and accounting information presented or more generally the issuer's position, by the Belgian Financial Services and Markets Authority.

This prospectus will be made available to the respective employees of the (direct or indirect) subsidiaries of The Bank of New York Mellon Corporation located in the EEA jurisdictions in which offerings under the respective equity incentive plans are considered public offerings. At the time of approval of this prospectus, these jurisdictions are Belgium, Ireland, Luxembourg, the Netherlands, and the United Kingdom. This prospectus will be made available on the intranet of The Bank of New York Mellon Corporation and free paper copies will be available to the employees upon request by contacting the Human Resources Department of their employer.

An investment in the shares as described in this prospectus is subject to risks. An investor faces the risk of losing a part or all of his invested capital. Before participating in the equity incentive plans of The Bank of New York Mellon Corporation, prospective investors should carefully read the entire prospectus, containing a description of the offer and the risk factors, with special attention to the risk factors (see Part I (Summary), p. 6 to p. 14 and Part II (Risk Factors), p. 15). Their decision should solely be based on the information contained in the prospectus.

Note to the prospectus

This prospectus was established in accordance with the principles laid down in the Belgian Law of June 16, 2006 on the public offerings of securities and the admission to trading of securities on a regulated market, as amended, in Directive 2003/71/EC of November 4, 2003, as amended, and in the Commission Regulation 809/2004 of April 29, 2004, as amended.

This prospectus contains, among other things, a summary conveying the essential characteristics of, and risks associated with, the issuer and the offered securities. More detailed information concerning the issuer and the securities to be offered is reflected in the exhibits attached to this prospectus. The documents referred to in the relevant chapters are attached as annexes to this prospectus.

Company responsible for the prospectus

The responsibility for this prospectus is assumed by The Bank of New York Mellon Corporation, a company incorporated and existing under the laws of the State of Delaware, U.S.A., with its principal executive offices at 225 Liberty Street, New York, New York 10286, U.S.A., represented by its Board of Directors. The Bank of New York Mellon Corporation ensures, having taken all reasonable care, that the information contained in this prospectus is, to the best of its knowledge, in accordance with the facts and that the prospectus does not contain omissions likely to affect the import of this prospectus.

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EXHIBIT V	**DEFINITIVE PROXY STATEMENT ON FORM DEF 14A** FILED BY THE BANK OF NEW YORK MELLON CORPORATION ON MARCH 13, 2015
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I. Summary

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

SECTION A — INTRODUCTION AND WARNINGS		
A.1	**Warning to the reader**	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or States party to the European Economic Area Agreement, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have presented the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

SECTION B — ISSUER

B.1	**Legal and commercial name of the issuer**	The Bank of New York Mellon Corporation (the "Company" or "BNY Mellon").
B.2	**Domicile and legal form of BNY Mellon, the legislation under which the issuer operates and its country of incorporation**	BNY Mellon is a corporation incorporated under the laws of the State of Delaware, U.S.A., with its principle executive offices at 225 Liberty Street, New York, New York 10286, U.S.A.
B.3	**Description of the nature of BNY Mellon's current operations and its principal activities**	
BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. It provides financial services for institutions, corporations and individual investors, delivering investment management and investment services in 35 countries and more than 100 markets.		
B.4a	**Recent trends**	On January 21, 2016, BNY Mellon declared a quarterly common stock dividend of $0.17 per common share. This cash dividend was paid on February 12, 2016 to shareholders of record as of the close of business on February 2, 2016. In February 2016, BNY Mellon issued $1.0 billion of senior medium-term notes maturing in 2021 at an annual interest rate of 2.5%.
B.5	**Organizational structure**	BNY Mellon is the parent company of the BNY Mellon group. BNY Mellon generally holds, directly or indirectly, the capital and voting rights of each of its subsidiaries.
B.6	**Interests in BNY Mellon's capital**	Not applicable. Pursuant to its Q&A, the European Securities and Markets Authority considers that Item 18 of Annex I of the Commission Regulation 809/2004 of April 29, 2004 (the "Prospectus Regulation") is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.
B.7	**Financial information concerning BNY Mellon for the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013**	

(dollar amounts in millions, except per common share amounts and unless otherwise noted)	**2015**	2014	2013
Year ended Dec. 31			
Fee revenue	**$ 11,999**	$ 12,558	$ 11,715
Net securities gains	**83**	91	141

Income from consolidated investment management funds	**86**	163	183
Net interest revenue	**3,026**	2,880	3,009
Total revenue	**15,194**	15,692	15,048
Provision for credit losses	**160**	(48)	(35)
Noninterest expense	**10,799**	12,177	11,306
Income from continuing operations before income taxes	**4,235**	3,563	3,777
Provision for income taxes	**1,013**	912	1,592
Net income	**3,222**	2,651	2,185
Net (income) attributable to noncontrolling interests *(a)*	**(64)**	(84)	(81)
Net income applicable to shareholders of The Bank of New York Mellon Corporation	**3,158**	2,567	2,104
Preferred stock dividends	**(105)**	(73)	(64)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 3,053**	$ 2,494	$ 2,040
Earnings per diluted common share applicable to common shareholders of The Bank of New York Mellon Corporation:			
Net income applicable to common stock	**$ 2.71**	$ 2.15	$ 1.73
At Dec. 31			
Interest-earning assets	**$ 338,955**	$ 317,646	$ 305,169
Assets of operations	**392,379**	376,021	363,244
Total assets	**393,780**	385,303	374,516
Deposits	**279,610**	265,869	261,129
Long-term debt	**21,547**	20,264	19,864
Preferred stock	**2,552**	1,562	1,562
Total The Bank of New York Mellon Corporation common shareholders' equity	**35,485**	35,879	35,935
At Dec. 31			
Assets under management *(in billions) (b)*	**$ 1,625**	$ 1,686	$ 1,557
Assets under custody and/or administration *(in trillions) (c)*	**28.9**	28.5	27.6
Market value of securities on loan *(in billions) (d)*	**277**	289	235

(a) Primarily attributable to noncontrolling interests related to consolidated investment management funds.

(b) Excludes securities lending cash management assets and assets managed in the Investment Services business. In 2015, prior periods' AUM was restated to reflect the reclassification of Meriten Investment Management GmbH from the Investment Management business to the Other segment. Also excludes assets under management related to Newton's private client business that was sold in 2013.

(c) Includes the assets under custody and/or administration ("AUC/A") of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of $1 trillion at Dec. 31, 2015, $1.1 trillion at Dec. 31, 2014, $1.2 trillion at Dec. 31, 2013 and $1.1 trillion at Dec. 31, 2012 and Dec. 31, 2011.

(d) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as an agent, beginning in 2013, on behalf of CIBC Mellon clients, which totaled $55 billion at Dec. 31, 2015, $65 billion at Dec. 31, 2014 and $62 billion at Dec. 31, 2013.

(dollar amounts in millions, except per common share amounts and unless otherwise noted)	**2015**	2014	2013
Net income basis:			
Return on common equity *(a)*	**8.6 %**	6.8%	5.9%
Non-GAAP adjusted *(a)(b)*	**9.5**	8.1	8.3
Return on tangible common equity – Non-GAAP *(a)(b)*	**19.7**	16.0	15.3
Non-GAAP adjusted *(a)(b)*	**20.7**	17.6	19.7
Return on average assets	**0.82**	0.67	0.60
Pre-tax operating margin *(b)*	**28**	23	25
Non-GAAP adjusted *(a)(b)*	**31**	28	28
Fee revenue as a percentage of total revenue excluding net securities gains	**79**	80	79
Percentage of non-U.S. total revenue *(c)*	**36**	38	37
Net interest margin (on a fully taxable equivalent basis)	**0.98**	0.97	1.13
Cash dividends per common share	**$ 0.68**	$ 0.66	$ 0.58
Common dividend payout ratio	**25 %**	31% *(d)*	34% *(d)*

Common dividend yield	**1.6 %**	1.6 %	1.7 %
Closing stock price per common share	**$ 41.22**	$ 40.57	$ 34.94
Market capitalization *(in billions)*	**44.7**	45.4	39.9
Book value per common share – GAAP *(a)*	**32.69**	32.09	31.46
Tangible book value per common share – Non-GAAP *(a)(b)*	**15.27**	14.70	13.95
Full-time employees	**51,200**	50,300	51,100
Year-end common shares outstanding *(in thousands)*	**1,085,343**	1,118,228	1,142,250
Average total equity to average total assets	**10.2 %**	10.2 %	10.6 %
Capital ratios at Dec. 31 *(e)*			
CET1 ratio *(a)(f)(g)*	**10.8 %**	11.2 %	14.5 %
Tier 1 capital ratio *(f)(g)*	**12.3**	12.2	16.2
Total (Tier 1 plus Tier 2) capital ratio *(f)(g)*	**12.5**	12.5	17.0
Leverage capital ratio *(g)*	**6.0**	5.6	5.4
BNY Mellon shareholders' equity to total assets ratio *(a)*	**9.7**	9.7	10.0
BNY Mellon common shareholders' equity to total assets ratio *(a)*	**9.0**	9.3	9.6
BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP *(a)*	**6.5**	6.5	6.8
Estimated CET1 ratio, fully phased-in – Non-GAAP *(a)(f)(h)*:			
Standardized Approach	**10.2**	10.6	10.6
Advanced Approach	**9.5**	9.8	11.3
Estimated SLR, fully phased-in – Non-GAAP *(a)(i)*	**4.9**	4.4	N/A

(a) See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 125 of the Annual Report (Exhibit IV) for the reconciliation of Non-GAAP measures.

(b) Non-GAAP excludes net income attributable to noncontrolling interests of consolidated investment management funds, M&I, litigation and restructuring charges, amortization of intangible assets, the impairment charge related to a recent court decision, the gains on the sales of our investment in Wing Hang Bank Limited ("Wing Hang") and our One Wall Street building, the benefit primarily related to a tax carryback claim, the charge related to investment management funds, net of incentives, and the net charge related to the disallowance of certain foreign tax credits, if applicable.

(c) Includes fee revenue, net interest revenue and income from consolidated investment management funds, net of net income attributable to noncontrolling interests.

(d) The common dividend payout ratio was 25% for 2014 after adjusting for increased litigation expense, and 26% for 2013 after adjusting for the net impact of the U.S. Tax Court's decisions regarding certain foreign tax credits.

(e) See "General" on page 4 of the Annual Report (Exhibit IV) for a clarification of the references to Basel I and Basel III used throughout this Annual Report.

(f) Risk-based capital ratios at Dec, 31, 2015 reflect the adoption of new accounting guidance related to Consolidations (ASU 2015-02). See Note 2 of the Annual Report (Exhibit IV) for additional information. At Dec. 31, 2014, risk-based capital ratios include the net impact of the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in prior periods' risk-based ratios. The leverage capital ratio was not impacted.

(g) At Dec. 31. 2015 and Dec. 31, 2014, the CET1, Tier 1 and Total risk-based consolidated regulatory capital ratios are based on Basel III components of capital, as phased-in, and credit risk asset risk-weightings using the U.S. capital rules' advanced approaches framework (the "Advanced Approach"). The leverage capital ratio at these dates is based on Basel III's definition of Tier 1 capital, as phased-in, and quarterly average total assets. The capital ratios prior to Dec. 31, 2014 are based on Basel I rules (including Basel I Tier 1 common in the case of the CET1 ratio). For additional information on these ratios, see "Capital" beginning on page 58 of the Annual Report (Exhibit IV).

(h) The estimated fully phased-in CET1 ratios (Non-GAAP) are based on our interpretation of the U.S. capital rules, which are being gradually phased-in over a multi-year period. For additional information on these ratios, see "Capital" beginning on page 58 of the Annual Report (Exhibit IV).

(i) The estimated fully phased-in SLR (Non-GAAP) is based on our interpretation of the U.S. capital rules. When the SLR becomes effective, we expect to maintain an SLR of over 5%. The minimum required SLR is 3% and a 2% buffer, in addition to the minimum, that is applicable to U.S. global systemically important banks ("G-SIBs"). For additional information on these Non-GAAP ratios, see "Capital" beginning on page 58 of the Annual Report (Exhibit IV).

B.8	**Pro forma financial information**	Not applicable. There are no significant gross changes as defined in Item 20.2 of Annex I of the Prospectus Regulation.
B.9	**Profit forecast**	Not applicable. This prospectus does not contain any profit forecast.

B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. There are no qualifications in the auditors' report.
B.11	**Working capital statement**	Not applicable. BNY Mellon's working capital is sufficient for its present requirements.

SECTION C — SECURITIES

C.1	**Type and class of the securities being offered, including the security identification code**	The shares of BNY Mellon having a par value of US$ 0.01 per share (the "Shares") offered pursuant to this prospectus can be either authorized but unissued Shares or treasury Shares, and are or will be, after their issuance, listed on the New York Stock Exchange (the "NYSE"). The ticker symbol for the Company's Shares is "BK." The ISIN Code of the Company's Shares is US0640581007.
C.2	**Currency of the securities issue**	The United States Dollar is the currency of the securities issue.
C.3	**Number of shares issued**	As of January 31, 2016, 1,075,800,941 Shares were outstanding.
C.4	**Rights attached to the securities**	A participant shall have no rights as a shareholder by virtue of his or her participation in the offer until the date of the issuance of the Shares acquired under the offer (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). Once the Shares are issued an employee participating in the offer will have the rights of a normal shareholder, including dividend and voting rights.
C.5	**Transferability restrictions**	Employees eligible to participate in the offer are also subject to The Bank of New York Mellon's Personal Securities Trading Policy, of which they have received a copy. Additional copies can be obtained through the Company's intranet site. In addition, during identified restricted periods, a limited group of employees may not engage in transactions in Company stock or may not be permitted to change their contributions to The Bank of New York Mellon Corporation Employee Stock Purchase Plan (the "ESPP"). The employees concerned will receive separate communications by e-mail if these restrictions apply to them. Finally, certain employees identified as material risk takers may be subject to additional holding periods after they vest in their restricted stock units or other awards received under The Bank of New York

		Mellon Corporation Long-Term Incentive Plan, as Amended and Restated through February 24, 2014 (the "LTIP").
C.6	**Admission to trading on a regulated market**	As noted in Element C.1 above, the Shares are listed on the NYSE.
C.7	**Dividend policy**	Subject to approval of the Board of Directors of BNY Mellon, dividends are typically paid on BNY Mellon's common stock quarterly in February, May, August and November.

SECTION D — RISKS

D.1	**Key risks related to the Company or its industry**	The risks related to the Company's business can be summarized as follows: • An information security event or technology disruption that results in a loss of confidential information or impacts the Company's ability to provide services to its clients may materially adversely affect the Company's business and results of operations. • If the Company's technology or that of a third party or vendor fails, or if the Company neglects to update its technology, develop and market new technology to meet its clients' needs or protect its intellectual property, the Company's business may be materially adversely affected. • The Company is subject to extensive government regulation and supervision and has been impacted by the significant amount of rulemaking since the 2008 financial crisis. These rules and regulations have, and in the future may, compel the Company to change how it manages its businesses, which could have a material adverse effect on its business, financial condition and results of operations. In addition, these rules and regulations have increased the Company's compliance and operational risks and costs. • Failure to satisfy regulatory standards, including "well capitalized" and "well managed" status or capital adequacy and liquidity rules more generally, could result in limitations on the Company's activities and adversely affect its business and financial condition. • Regulatory actions or litigation could materially adversely affect the Company's results of operations or harm its businesses or reputation. • The Company's businesses may be negatively affected by adverse publicity, government scrutiny or other reputational harm.

		• New lines of business, new products and services or strategic project initiatives may subject the Company to additional risks, and the failure to implement these initiatives could affect the Company's results of operations. • The Company's strategic transactions present risks and uncertainties and could have an adverse effect on its business, results of operations and financial condition. • The Company's business may be materially adversely affected by operational risk. • A failure or circumvention of the Company's controls and procedures could have a material adverse effect on its business, reputation, results of operations and financial condition. • The Company is subject to competition in all aspects of its business, which could negatively affect its ability to maintain or increase its profitability. • The Company's risk management framework may not be effective in mitigating risk and reducing the potential for losses. • Change or uncertainty in monetary, tax and other governmental policies may impact the Company's businesses, profitability and ability to compete. • The Company is subject to political, economic, legal, operational and other risks that are inherent in operating globally and which may adversely affect its business. • The Company's business may be adversely affected if it is unable to attract and retain employees. • Acts of terrorism, natural disasters, pandemics and global conflicts may have a negative impact on the Company's business and operations. • Weakness in financial markets and the economy generally may materially adversely affect the Company's business, results of operations and financial condition. • Market volatility may adversely impact the Company's business, financial condition and results of operations and its ability to manage risk. • Ongoing concerns about the financial stability of certain countries, the failure or instability of any of the Company's significant global counterparties, or a breakup of the European Union or Eurozone could have a material adverse effect on the Company's business and

results of operations.

- Continuing low or volatile interest rates could have a material adverse effect on the Company's profitability.

- The Company may experience write-downs of securities that it owns and other losses related to volatile and illiquid market conditions, reducing its earnings and impacting its financial condition.

- The Company is dependent on fee-based business for a substantial majority of its revenue and its fee-based revenues could be adversely affected by a slowing in market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences.

- The Company's FX revenue may be adversely affected by decreases in market volatility and the cross-border investment activity of its clients.

- The failure or perceived weakness of any of the Company's significant counterparties, many of whom are major financial institutions and sovereign entities, and the Company's assumption of credit and counterparty risk, could expose it to loss and adversely affect its business.

- The Company has credit, regulatory and reputational risks as a result of its tri-party repo collateral agency services, which could adversely affect its business and results of operations.

- Any material reduction in the Company's credit ratings or the credit ratings of the Company's principal bank subsidiaries, The Bank of New York Mellon or BNY Mellon, N.A., could increase the cost of funding and borrowing to the Company and the Company's rated subsidiaries and have a material adverse effect on the Company's results of operations and financial condition and on the value of the securities it issues.

- The Company's business, financial condition and results of operations could be adversely affected if it does not effectively manage its liquidity.

- The Company could incur charges through provision expense if its reserves for credit losses, including loan reserves, are inadequate.

- Tax law changes or challenges to the Company's tax positions with respect to historical transactions may adversely affect its net income, effective tax rate and its overall results of operations and financial condition.

- Changes in accounting standards governing the preparation of the

		Company's financial statements and future events could have a material impact on its reported financial condition, results of operations, cash flows and other financial data. • The Company is a non-operating holding company, and as a result, is dependent on dividends from its subsidiaries, including its principal subsidiary banks, to meet its obligations, including its obligations with respect to its securities, and to provide funds for payment of dividends to its stockholders and stock repurchases. • The Company's ability to return capital to shareholders is subject to the discretion of its Board of Directors and may be limited by U.S. banking laws and regulations, including those governing capital and the approval of the Company's capital plan, applicable provisions of Delaware law or the Company's failure to pay full and timely dividends on its preferred stock.
D.3	**Key risks related to the Shares**	The risks related to the participation itself in the ESPP, The Bank of New York Mellon Corporation Stock Accumulation Plan (the "SAP") and the LTIP, together referred to as the "Plans", and the acquisition of Shares thereunder, can be summarized as follows: • Participation in the Plans is subject to the same risks as inherent to any investment in shares (such as a change of the stock exchange price of the shares) and a participant in the Plans therefore potentially faces the risk of losing a part or all of his invested capital. • Participation in the Plans is subject to a currency risk (e.g., US$/EUR or US$/Sterling pound) that could adversely affect the value derived from the participation in the Plan. • The possible tax and/or social security consequences of the participation in the Plans could adversely affect the value derived from the participation in the Plans. • Under the Plans, there may be certain restrictions with respect to the withdrawal of Shares which may lead to a certain restriction on the liquidity thereof.

SECTION E — OFFER		
E.1	**Net proceeds and expenses**	Assuming that all 5,514,600 Shares offered under the ESPP pursuant to this prospectus would be purchased by the employees participating in the ESPP, then the proceeds would, taking into account a Share price on February 25, 2016 of US$ 35.33 and the applicable rules regarding the price paid for Shares under the ESPP, amount to US$ 185,089,277. The

		Company has incurred legal costs of approximately US$ 55,000 to implement this prospectus in order to offer securities under the Plans to eligible employees of its subsidiaries in the European Economic Area.
E.2a	**Reasons for the offer**	The purpose of the ESPP and SAP is to provide an opportunity for the Company's eligible employees and the eligible employees of the Company's subsidiaries and affiliates to purchase shares of the Company's common stock through payroll deductions and thereby have an additional incentive to contribute to the Company's success. The purposes of the LTIP are to promote the growth and profitability of the Company and its affiliates, to provide officers, other employees and non-employee directors of the Company and its affiliates with the incentive to achieve long-term corporate objectives, to attract and retain officers, other employees and non-employee directors of outstanding competence, and to provide such individuals with an opportunity to acquire Shares and cash awards.
E.3	**Description of the terms and conditions of the offer**	**The below description of the terms and conditions of the offer is only intended to be a very high level summary of those terms and conditions. The reader is strongly encouraged to read the ESPP, SAP and LTIP as attached under Exhibits I, II and III to this prospectus.** <u>ESPP</u> The ESPP is administered by the Company's Human Resources and Compensation Committee (the "<u>HRCC</u>"). The HRCC has the authority and responsibility for the administration of the ESPP and it may delegate to one or more individuals the day-to-day administration of, and other responsibilities relating to, the ESPP. All of the Company's full-time and certain part-time U.S. domestic salaried employees or those of any subsidiary or affiliate on the Offering Date (as defined below) are eligible to participate in the ESPP, unless otherwise determined by the HRCC or its delegate. Certain non-U.S. full-time or part-time salaried employees, as specified by the HRCC or its delegate, may also participate in the ESPP. There will be monthly "<u>Purchase Periods</u>" for the purchase of Shares under the ESPP. The first business day of each Purchase Period is an "<u>Offering Date</u>" and the last business day of each Purchase Period that is also a trading day is a "<u>Purchase Date</u>". An eligible employee may participate in the ESPP during any Purchase Period by filing a payroll deduction authorization form by the enrollment deadline established for the Purchase Period. A participant may authorize a payroll deduction between 1% and 10%, or such other percentage as specified by the HRCC prior to the commencement of a Purchase Period, in whole percentages, of the employee's eligible compensation to be deducted for each pay period ending during the Purchase Period to be applied at the end of the Purchase Period to the purchase of common stock.

		Under procedures established by the HRCC or its delegate, a participant may discontinue payroll deductions under the ESPP at any time during a Purchase Period. The purchase price of Shares purchased under the ESPP will be 95%, which is referred to as the "Designated Percentage", of the fair market value of the Company's common stock on the Purchase Date. For purposes of the ESPP, the fair market value shall mean the closing price of a Share in the NYSE Composite Transactions on the relevant date, or, if no sale shall have been made on such exchange on that date, the closing price in the NYSE Composite Transactions on the last preceding day on which there was a sale. However, the HRCC may change the Designated Percentage with respect to any future Purchase Period, but not below 85%. On each Purchase Date, subject to certain limitations, a participant automatically purchases that number of full or fractional Shares which the accumulated payroll deductions credited to the participant's account at that time shall purchase at the applicable purchase price (the "Purchase Price"). No purchase rights granted under the ESPP shall be assignable or transferable by a participant other than by will or by the laws of descent and distribution. The ESPP shall continue in effect until the earlier of its termination by the Company's Board of Directors or the date on which all of the Shares available for issuance under the ESPP have been issued. SAP The Bank of New York Mellon Corporation Stock Accumulation Plan (the "SAP") was adopted by the HRCC of the Company's Board of Directors on October 13, 2008 as a sub-plan of the ESPP. The SAP is a tax preferential employee share plan operated solely in the United Kingdom, pursuant to which employees of participating companies are able to acquire Shares in the Company. All eligible employees of participating companies who are U.K. resident taxpayers and who have been employed by a participating company at all times during any qualifying period will be eligible to acquire Shares under the SAP. The Company will invite eligible employees to purchase Shares (the "Partnership Shares") worth up to £1,800 per tax year (or 10% of their annual pre-tax salary, if lower) through payroll deductions from their pre-tax earnings, subject to a minimum contribution of £10. All amounts deducted from the salaries of participating employees will be delivered by the participating company to the Capita Asset Services Ltd. (the "Trustees") who will use the contributions to purchase Shares on the NYSE. The price paid for each Partnership Share will be determined by reference to the market value of the Company's Shares on the date of

		acquisition. For purposes of the SAP, the market value shall mean, as long as the Shares are listed on the NYSE, (i) if all the Shares are acquired for allocation to participants by the Trustees within a certain timeframe, as further defined in the SAP, the average of prices paid by the Trustees for those Shares; or (ii) in any other case, the closing price of a Share on the NYSE on the last day the London Stock Exchange is open for trade prior to the acquisition date or award date, as further determined in the SAP. Participating employees can withdraw their Partnership Shares from the trust administered by the Trustees (the "Trust") at any time. In the event that income tax or National Insurance contributions (the "NICs") are payable, the Trustees will sell all or a portion of the Partnership Shares, unless the participating employee provides them with sufficient funds to pay the tax liability in advance. The Partnership Shares must be held in the Trust for at least three years in order for the participating employee to benefit from favourable tax and NICs treatment. The Partnership Shares must be held in the Trust for at least five years in order to be sold or transferred to the participating employee free of income tax and NICs liability. Where the employment of a participating employee is terminated, the individual will be entitled to retain any Partnership Shares which he or she has acquired. The Company may, in its absolute discretion, also offer other types of awards to participating employees under the SAP. A description of these other award types follows. (i) Free Shares The Company may choose to award Shares worth up to £3,600 at no cost to eligible employees (the "Free Shares"), which may be subject to the satisfaction of performance criteria. Free Shares cannot be withdrawn from the Trust prior to the end of a holding period of three years. If the Free Shares are withdrawn once the holding period has expired but less than five years after acquisition, income tax and NICs will be payable, albeit on a favourable basis. (ii) Matching Shares Upon a participating employee entering into an agreement to acquire Partnership Shares, the Company can agree to award "Matching Shares" worth up to £3,600 to the participating employee at no cost, determined as a ratio of 2:1 to the number of Partnership Shares which the participating employee acquires. The Company has the discretionary right to vary this ratio on each occasion that the Company agrees to award "Matching Shares". Matching Shares cannot be withdrawn from the Trust prior to the end of the holding period of three years. If the Matching Shares are withdrawn once the holding period has expired, but less than five years after acquisition, income tax and NICs will be payable, albeit on a favourable basis.

		<u>LTIP</u> Employees of the Company and the Company's affiliates (or former employees, if the award is granted within 12 months of termination of employment and with respect to the final year of service), along with Company's non-employee directors, are eligible to receive awards under the LTIP. Except in the case of awards to non-employee directors, the LTIP will be administered by the HRCC. In the case of awards to non-employee directors, the LTIP will be administered by the Company's (or its delegate) Board of Directors in its entirety. The types of awards which the HRCC has authority to grant are stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units, deferred stock units and other stock-based awards and cash awards. Employees are eligible to receive all types of awards under the LTIP. Non-employee directors are eligible to receive awards under the LTIP other than "incentive stock options." Restricted stock units awarded by the HRCC will be subject to such restrictions (which may include restrictions on the right to transfer or encumber the units while subject to restriction) as the HRCC may impose and will be subject to forfeiture in whole or in part if certain events (which may, in the discretion of the HRCC, include termination of employment and/or performance-based events) specified by the HRCC occur prior to the lapse of the restrictions. The restricted stock unit agreement between the Company and the awardee will set forth the number of restricted stock units awarded to the awardee, the restrictions imposed thereon, the duration of such restrictions, the events the occurrence of which would cause a forfeiture of the restricted stock units in whole or in part and such other terms and conditions as the HRCC in its discretion deems appropriate. The HRCC is authorized, subject to limitations under applicable law, to grant such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, the Company's Shares, as deemed by the HRCC to be consistent with the purposes of the LTIP, including, without limitation, purchase rights, Shares awarded without restrictions or conditions, convertible securities, exchangeable securities or other rights convertible or exchangeable into Shares, as the HRCC in its discretion may determine. For purposes of the LTIP, the fair market value shall mean the closing price of a Share in the NYSE Composite Transaction on the relevant date, or, if no sale shall have been made on such exchange on that date, the closing price in the NYSE Composite Transaction on the last preceding day on which there was a sale. No awards may be granted under the LTIP subsequent to February 24, 2024.
E.4	**Description of material interest to**	Not applicable. There are no such interests.

	the offer including conflict of interests	
E.5	**Name of the entity offering to sell the security**	The Bank of New York Mellon Corporation.
E.6	**Maximum dilution**	Assuming that the Shares offered would all be newly issued, the holdings of a shareholder of BNY Mellon currently holding 1% of the total outstanding share capital of BNY Mellon as of January 31, 2016, i.e., 10,758,009 Shares, and who is not an eligible employee participating in the offer, would be diluted as indicated in the following table:
E.7	**Estimated expenses charged to the investor by the issuer or offeror**	Not applicable. There are no such expenses.

	Percentage of the total outstanding Shares	Total number of outstanding Shares
Before the issuance of Shares under the ESPP (as of January 31, 2016)	1.000%	1,075,800,941
After issuance of 5,514,600 Shares under the ESPP	0.9949%	1,081,315,541

II. Risk factors

(a) The risk factors to be taken into consideration when participating in the Plans consist, on the one hand, of risks related to the participation of the Plans itself, and, on the other hand, risks related to the Company's business.

The risks related to the participation itself in the Company's Plans can be summarized as follows:

- Participation in the Plans is subject to the same risks as inherent to any investment in shares (such as a change of the stock exchange price of the shares) and a participant in the Plans therefore potentially faces the risk of losing a part or all of his invested capital.

- Participation in the Plans is subject to a currency risk (e.g., US$/EUR or US$/Sterling pound) that could adversely affect the value derived from the participation in the Plans.

- The possible tax and /or social security consequences of the participation in the Plans could adversely affect the value derived from the participation in the Plans.

- Under the Plans, there may be certain restrictions with respect to the withdrawal of Shares which may lead to a certain restriction on the liquidity thereof.

(b) Information concerning the risk factors related to the Company's business, that may affect future business or results of the Company, is reported in the Company's Annual Report on pages 95 to 121 (Exhibit IV).

III. Information on the offer and dilution resulting therefrom

A. Information concerning the offer

A.1. Description of the offer

General information

BNY Mellon, a Delaware corporation, with its principle executive offices at 225 Liberty Street, New York, New York 10286, United States of America, is providing eligible employees (and, in the case of awards under the LTIP to former employees if the award is granted within 12 months of termination of employment and with respect to the final year of service) of its (direct or indirect) subsidiaries in Europe the opportunity to acquire Shares under the following equity incentive plans :

- the ESPP;
- the SAP; and
- the LTIP.

The Company's Shares are listed on the NYSE under the ticker symbol "BK".

The main features of the ESPP, the SAP, and the LTIP are described hereafter. The following description is only a summary. The awards are consequently subject to the actual terms and conditions of the ESPP, the SAP, and the LTIP, the full text of which is enclosed in Exhibits I, II, and III respectively.

ESPP

Background and Purpose

The ESPP was adopted by the Company's Board of Directors on March 11, 2008 and was approved by the Company's shareholders on April 8, 2008. The purpose of the ESPP is to provide an opportunity for the Company's eligible employees and the eligible employees of the Company's subsidiaries and affiliates to purchase shares of the Company's common stock through payroll deductions and thereby have an additional incentive to contribute to the Company's success. The aggregate number of shares that may be issued and sold under the ESPP is 7,500,000 shares of common stock, subject to proportionate adjustment in the event of stock splits and similar events.

Administration

The ESPP is administered by the HRCC. The HRCC has the authority and responsibility for the administration of the ESPP and it may delegate to one or more individuals the day-to-day administration of, and other responsibilities relating to, the ESPP. Computershare (successor to BNY Mellon Shareowner Services) ("Computershare") is currently the stock plan administrator for the ESPP. The HRCC or its delegate has full power and authority to promulgate any rules and regulations that it deems necessary for the proper administration of the ESPP, to interpret the provisions and supervise the administration of the ESPP, to establish required ownership levels for subsidiaries and affiliates, to identify eligible employees or the parameters by which they shall be identified, to make factual determinations relevant to ESPP entitlements and to take all necessary or advisable actions in connection with administration of the ESPP.

Eligibility of Employees

All of the Company's full-time and certain part-time U.S. domestic salaried employees or those of any subsidiary or affiliate on the Offering Date (as defined below) are eligible to participate in the ESPP, unless otherwise determined by the HRCC or its delegate. Certain non-U.S. full-time or part-time salaried employees, as specified by the HRCC or its delegate, may also participate in the ESPP.

Purchase Periods and Payroll Deductions

There will be monthly "Purchase Periods" for the purchase of Shares under the ESPP. The first business day of each Purchase Period is an "Offering Date" and the last business day of each Purchase Period that is also a trading day is a "Purchase Date". The first Purchase Period for the eligible employees in Belgium, Ireland, Luxembourg, the Netherlands and the United Kingdom began on May 1, 2009 and ended on May 31, 2009. Subsequent Purchase Periods run consecutively following the expiration of the preceding Purchase Period. The HRCC or its delegate has the power to change the commencement date or duration of the Purchase Periods.

An eligible employee may participate in the ESPP during any Purchase Period by filing a payroll deduction authorization form by the enrollment deadline established for the Purchase Period. A participant may authorize a payroll deduction between 1% and 10%, or such other percentage as specified by the HRCC prior to the commencement of a Purchase Period, in whole percentages, of the employee's eligible compensation (base rate of cash remuneration, determined prior to any contractual reductions and excluding bonuses, overtime pay, severance, all other forms of special pay or compensation or amounts received from deferred compensation plans) to be deducted for each pay period ending during the Purchase Period and credited to a bookkeeping account (or, if required under applicable law, a dedicated bank account established in the name of all local participants) to be applied at the end of the Purchase Period to the purchase of common stock. In Belgium, a dedicated bank account is opened with The Bank of New York Mellon SA/NV, with registered office at Rue Montoyerstraat 46, B-1000 Brussels. No interest will be credited on payroll deductions, except when required by local law or as determined by the HRCC or its delegate.

Under procedures established by the HRCC or its delegate, a participant may discontinue payroll deductions under the ESPP at any time during a Purchase Period. If a participant discontinues participation during a Purchase Period, his or her accumulated payroll deductions will remain in the ESPP for the purchase of common stock at the end of the Purchase Period, and as soon as administratively practicable no further payroll deductions will be made from his or her pay during such Purchase Period or future Purchase Periods. A participant's withdrawal will not have any effect upon his or her eligibility to elect to participate in any succeeding Purchase Period.

Purchase of Common Stock

The purchase price of Shares purchased under the ESPP will be 95%, which is referred to as the "Designated Percentage", of the fair market value of the Company's common stock on the Purchase Date. For purposes of the ESPP, the fair market value shall mean the closing price of a Share in the NYSE Composite Transactions on the relevant date, or, if no sale shall have been made on such exchange on that date, the closing price in the NYSE Composite Transactions on the last preceding day on which there was a sale. However, the HRCC may change the Designated Percentage with respect to any future Purchase Period, but not below 85%.

On each Purchase Date, subject to certain limitations, a participant automatically purchases that number of full or fractional Shares which the accumulated payroll deductions credited to the participant's account at that time shall purchase at the applicable Purchase Price. Unless and until otherwise determined by the HRCC or its delegate, all Shares purchased under the ESPP shall be deposited, in book-entry form or otherwise, directly to an account established in the name of the participant. On a quarterly basis, the Company will deliver to the participant a record of the Shares purchased. Rights to purchase, which are granted to participants, may not be voluntarily or involuntarily assigned, transferred, pledged, or otherwise disposed of in any way, and during the participant's lifetime may be exercised only by the participant.

The maximum number of Shares which may be purchased for any employee for any Purchase Period is limited to US$ 25,000 divided by the fair market value of a Share as of the last day of the Purchase Period, reduced by the number of Shares purchased by an employee during any previous Purchase Periods ending in the same calendar year.

Dividends

If the Company's Board of Directors declares a dividend, the participants will be entitled to dividends on shares held in their ESPP account. Any dividends on shares so held in the ESPP account on the record date for the dividend (less any taxes required to be withheld) will be used automatically to purchase more shares on the participant's behalf (unless otherwise prohibited under local law). These shares are currently purchased by Computershare on the open market and credited to the participant's book entry account based on the average price paid. The 5 percent discount does not apply to shares purchased with dividends.

Termination of Employment

Participation in the ESPP will discontinue as of the date of termination of employment of a participating employee, whether by death, retirement, disability or otherwise unless otherwise prohibited under local law. In the event of a participating employee's termination of employment prior to the expiration of a Purchase Period, all amounts credited to the participant's stock purchase account will remain in the ESPP for purchase of Shares at the end of the Purchase Period.

BNY Mellon's Personal Securities Trading Policy - Restricted Periods

Employees eligible to participate in the ESPP are also subject to BNY Mellon's Personal Securities Trading Policy, of which they have received a copy. Additional copies can be obtained through the Company's intranet website.

In addition, during identified restricted periods, a limited group of employees may not engage in transactions in Company stock or may not be permitted to change their contributions to the ESPP. The employees concerned will receive separate communications by e-mail if these restrictions apply to them.

Stock split – stock dividend – combination or recapitalization of stock

If a stock split, stock dividend, combination or recapitalization of the stock occurs during a purchase period, appropriate adjustments will be made in the formula for determining the purchase price and the number of shares to be purchased. The HRCC or the Board of Directors also may adjust the number or kind of shares to be purchased or the purchase price to reflect any reorganization, recapitalization, spin-off, split-up, rights offering or reduction of the outstanding shares. In the event of an asset sale, merger or consolidation involving the Company, the Board of Directors may advance the purchase date of the then current purchase period to precede consummation of the transaction or may provide for the purchase on the regular purchase date of securities of the successor corporation.

Amendment and Termination

The Company's Board of Directors may amend or terminate the ESPP at any time, provided that without stockholder approval no amendment may (a) increase the total number of Shares that may be issued and sold under the ESPP, other than for adjustments provided for in the ESPP, or (b) otherwise be made if shareholder approval is required by the rules of any stock exchange on which the common stock is listed. The HRCC may suspend the ESPP at any time.

If on the last day of a Purchase Period the number of Shares purchasable by employees is greater than the number of Shares remaining available under the ESPP, the HRCC will allocate the available Shares among the participating employees in such manner as it deems equitable.

Shareholder's rights

A participant shall have no rights as a shareholder by virtue of his or her participation in the ESPP until the date of the issuance of the Shares purchased pursuant to the exercise of the Participant's purchase rights under the ESPP (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

Transferability

No purchase rights granted under the ESPP shall be assignable or transferable by a participant other than by will or by the laws of descent and distribution.

Term of the ESPP

The ESPP shall continue in effect until the earlier of its termination by the Company's Board of Directors or the date on which all of the Shares available for issuance under the ESPP have been issued.

SAP

Background

The SAP was adopted by the HRCC of the Company's Board of Directors on October 13, 2008 as a sub-plan of the ESPP.

The SAP is a tax preferential employee share plan operated solely in the United Kingdom, pursuant to which employees of participating companies are able to acquire Shares in the Company. The Company obtained the approval of HM Revenue & Customs to commence operation of the SAP in the United Kingdom in 2009. All Shares acquired by participating employees will be held in the Trust administered by the Trustees. Provided that certain conditions are met, the Shares acquired under the SAP will benefit from favourable income tax and NICs treatment in the United Kingdom.

Offer of Partnership Shares

All eligible employees of participating companies who are U.K. resident taxpayers and who have been employed by a participating company at all times during any qualifying period will be eligible to acquire Shares under the SAP.

The Company will invite eligible employees to purchase Shares (the "Partnership Shares") worth up to £1,800 per tax year (or 10% of their annual pre-tax salary, if lower) through payroll deductions from their pre-tax earnings, subject to a minimum contribution of £10. A participating employee is entitled to stop (or re-start) the deductions or withdraw from the SAP at any time by giving notice in writing.

All amounts deducted from the salaries of participating employees will be delivered by the participating company to the Trustees who will use the contributions to purchase Shares on the NYSE. The contributions will be accumulated either in a one month period once a year or over 12 monthly periods each year prior to being used to purchase the Partnership Shares (the "Accumulation Period").

The price paid for each Partnership Share will be determined by reference to the market value of the Company's Shares on the date of acquisition. For purposes of the SAP, the market value shall mean, as long as the Shares are listed on the NYSE, (i) if all Shares are acquired for allocation to participants by the Trustees within a certain timeframe, as further defined in the SAP, the average of the prices paid by the Trustees for those Shares; or (ii) in any other case, the closing price of a Share on the NYSE on the last day the London Stock Exchange is open for trade prior to the acquisition date or award date, as further determined in the SAP. As the price of the Shares is quoted in US dollars, the contributions will be converted into US dollars at the prevailing exchange rate at the time of purchase.

Participating employees can withdraw their Partnership Shares from the Trust at any time. In the event that income tax or NICs are payable, the Trustees will sell all or a portion of the Partnership Shares, unless the participating employee provides them with sufficient funds to pay the tax liability in advance. The Partnership Shares must be held in the Trust for at least three years in order for the participating employee to benefit from favourable tax and NICs treatment. The Partnership Shares must be held in the Trust for at least five years in order to be sold or transferred to the participating employee free of income tax and NICs liability.

Where the employment of a participating employee is terminated, the individual will be entitled to retain any Partnership Shares which he or she has acquired. However, the individual will generally be liable to pay income tax and NICs on the transfer of the Partnership Shares out of the Trust if these Shares have not been held in the Trust for at least five years. If the participating employee ceases to be employed during an Accumulation Period, any money held by the Trustee but not yet used to purchase Partnership Shares will be refunded to the individual (subject to the deduction of income tax and NICs).

Other Types of Shares which may be Offered

The Company may, in its absolute discretion, also offer other types of awards to participating employees under the SAP. A description of these other award types follows.

(i) Free Shares

The Company may choose to award Free Shares worth up to £3,600 at no cost to eligible employees, which may be subject to the satisfaction of performance criteria. If performance criteria are used, they will apply to all eligible employees.

Free Shares cannot be withdrawn from the Trust prior to the end of a holding period of three years. If the Free Shares are withdrawn once the holding period has expired but less than five years after acquisition, income tax and NICs will be payable, albeit on a favourable basis. To satisfy the tax and NICs liability, the Trustees will sell all or a portion of the Free Shares, unless the participating employee provides them in advance with sufficient funds to pay the tax liability. No tax or NICs liability will arise on the transfer of the Free Shares to the participating Employees if the Free Shares are held in the Trust for at least five years.

(ii) Matching Shares

Upon a participating employee entering into an agreement to acquire Partnership Shares, the Company can agree to award "Matching Shares" worth up to £3,000 (£3,600 as of April 6, 2014) to the participating employee at no cost, determined as a ratio of 2:1 to the number of Partnership Shares which the participating employee acquires. The Company has the discretionary right to vary this ratio on each occasion that the Company agrees to award "Matching Shares".

Matching Shares cannot be withdrawn from the Trust prior to the end of the holding period of three years. If the Matching Shares are withdrawn once the holding period has expired, but less than five years after acquisition, income tax and NICs will be payable, albeit on a favourable basis. To satisfy the tax and NICs liability, the Trustees will sell all or a portion of the Matching Shares, unless the participating employee provides them in advance with sufficient funds to pay the tax liability. No tax or NICs liability will arise on the transfer of the shares to the participating employees if the Matching Shares are held in the Trust for at least five years.

LTIP

Background and Purpose

On March 11, 2008, the Company's Board of Directors approved the LTIP and the Company's shareholders approved the LTIP on April 8, 2008. The LTIP was subsequently amended and restated on February 25, 2011, and the Company's stockholders approved this amendment and restatement at its annual shareholders meeting on April 12, 2011, and was again amended and restated on February 24, 2014, and the Company's stockholders approved this amendment and restatement at its annual shareholders meeting on April 8, 2014. The purposes of the LTIP are to promote the growth and profitability of the Company and its affiliates, to provide officers, other employees and non-employee directors of the Company and its affiliates with the incentive to achieve long-term corporate objectives, to attract and retain officers, other employees and non-employee directors of outstanding competence, and to provide such individuals with an opportunity to acquire Shares.

The aggregate number of Shares which may be issued under the LTIP (subject to the counting, substitution and adjustment provisions of the LTIP) following the amendment and restatement of the Plan on April 8, 2014 was 48,395,574 (18,395,574 as of February 24, 2014 plus 30,000,000 additional shares following shareholder approval of the amendment and restatement). Of that total, the maximum aggregate number of Shares which may be issued in connection with awards pursuant to which a participant is not required to pay the fair market value for the Shares represented thereby, measured as of the grant date, is as calculated in Section 2.4 of the LTIP. For purposes of the LTIP, the fair market value shall mean the closing price of a Share in the NYSE Composite Transaction on the relevant date, or, if no sale shall have been made on such exchange on that date, the closing price in the NYSE Composite Transaction on the last preceding day on which there was a sale. No awards may be granted under the LTIP subsequent to February 24, 2024.

Eligibility of Employees

Employees of the Company and the Company's affiliates (or former employees, if the award is granted within 12 months of termination of employment and with respect to the final year of service), along with the Company's non-employee directors, are eligible to receive awards under the LTIP.

Administration

Except in the case of awards to non-employee directors, the LTIP will be administered by the HRCC. Computershare is currently the stock plan administrator. In the case of awards to non-employee directors, the LTIP will be administered by the Company's (or its delegate) Board of Directors in its entirety.

The HRCC or its delegates has full authority, in their discretion, to interpret the LTIP and to determine the persons who will receive awards and the number of Shares to be covered by each award. In determining the eligibility of any participant, as well as in determining the number of Shares to be covered by an award and the type of awards to be made to such individuals, the HRCC will consider the position and responsibilities of the person being considered, the nature and value of the person's services, the person's present and/or potential contribution to the Company's success and such other factors as the HRCC may deem relevant.

The types of awards which the HRCC has authority to grant are stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units, deferred stock units and other stock-based awards and cash awards. Employees are eligible to receive all types of awards under the LTIP. Non-employee directors are eligible to receive awards under the LTIP other than "incentive stock options". In the discretion of the HRCC, Shares, or other types of awards authorized under the LTIP, may be used in connection with, or to satisfy the Company's obligations or the obligations of any of the Company's subsidiaries under, other compensation or incentive plans, programs or arrangements of the Company or any of the Company's subsidiaries for eligible participants.

Restricted Stock Units

Restricted stock units awarded by the HRCC will be subject to such restrictions (which may include restrictions on the right to transfer or encumber the units while subject to restriction) as the HRCC may impose and will be subject to forfeiture in whole or in part if certain events (which may, in the discretion of the HRCC, include termination of employment and/or performance-based events) specified by the HRCC occur prior to the lapse of the restrictions. The restricted stock unit agreement between the Company and the awardee will set forth the number of restricted stock units awarded to the awardee, the restrictions imposed thereon, the duration of such restrictions, the events the occurrence of which would cause a forfeiture of the restricted stock units in whole or in part and such other terms and conditions as the HRCC in its discretion deems appropriate.

In the case of awards to employees, the restriction period applicable to restricted stock units will be not less than three years in the case of a time-based restriction, with no more frequent than ratable vesting over such period or, in the case of a performance-based restriction, one year, except that up to the sum of (i) the number of shares not subject to the minimum vesting period immediately prior to stockholder approval of the amendment and restatement of the LTIP (as of February 24, 2014, 4,212,779 such shares were available, subject to the counting, adjustment and substitution provisions of the LTIP) and (ii) ten percent (10%) of those additional shares available for awards of restricted stock units and other awards pursuant to which participants are not required to pay the fair market value, applicable following stockholder approval of the amendment and restatement of the LTIP as provided in Section 2.4 of the LTIP, may be granted as restricted stock units with no minimum vesting period. Restricted stock units may include the right to receive dividend equivalents. During the two and one-half months following the end of the year in which vesting occurs, the awardee shall be paid the number of Shares equal to the number of restricted stock units vested. In its discretion, the HRCC may determine that the Company's obligation shall be paid in cash equal to the number of restricted stock units vested multiplied by the fair market value of a Share on such date, or part in Shares and part in cash.

Other Stock-Based Awards and Cash Awards

The HRCC is authorized, subject to limitations under applicable law, to grant such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, the Company's Shares, as deemed by the HRCC to be consistent with the purposes of the LTIP, including, without limitation, purchase rights, Shares awarded without restrictions or conditions, convertible securities, exchangeable securities or other rights convertible or exchangeable into Shares, as the HRCC in its discretion may determine. Other stock-based awards, excepting purchase rights, may include the right to receive dividends or dividend equivalents, as applicable. In addition, the HRCC is authorized, subject to limitations under applicable law, to grant cash awards under the LTIP.

The HRCC shall determine the terms and conditions of other stock-based awards, subject to the same three-year and one-year minimum vesting requirements applicable to restricted stock units, as applicable; provided, such minimum vesting provisions do not apply to certain awards made to participants as annual incentive compensation as described in the LTIP. Any Shares or securities delivered pursuant to a purchase right granted under the LTIP shall be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, Shares, or other property or any combination thereof, as the HRCC shall determine. However, the value of such consideration shall not be less than the fair market value of such Shares or other securities on the date of grant of the purchase right.

Additional Rights in Certain Events

The LTIP provides for certain additional rights upon the occurrence of a change in control, as defined in the LTIP or the award agreement, unless the agreement between the Company and the awardee otherwise provides. Unless otherwise provided in the award agreement, such an event will be as defined in the LTIP.

Unless the agreement between the Company and the awardee otherwise provides, in the event the employment of a participant is terminated by the Company or any of the Company's affiliates without cause within two years following a change in control, all restrictions applicable to stock options, stock appreciation rights, restricted stock and restricted stock units, deferred stock units and other stock-based awards under the LTIP will lapse and such awards will fully vest. Unless the agreement between the Company and the awardee provides otherwise, upon the occurrence of any change in control, all performance criteria and other conditions to payment of performance share units and other awards under which payments are subject to performance conditions shall be deemed to be achieved or fulfilled on a pro rata basis for the number of whole months elapsed from the commencement of the performance period through the date of the change in control at the actual performance level achieved or, if not determinable, in the manner specified by the HRCC.

Possible Anti-Takeover Effect

The provisions of the LTIP providing for the possible acceleration of the exercise date of stock options, the lapse of restrictions applicable to restricted stock, restricted stock units, deferred stock units and other stock-based awards following the occurrence of a change in control, and the deemed achievement of performance goals on a pro rata basis based upon actual performance following a change in control may be considered as having an anti-takeover effect.

Miscellaneous

The maximum aggregate number of Shares which shall be available for the grant of stock options and stock appreciation rights to any one individual under the LTIP during any calendar year shall be limited to 4,000,000. The Company's Board of Directors may amend or terminate the LTIP at any time, except that the Board of Directors may not terminate any outstanding award and except that no amendment may be made without the approval of the Company's stockholders if (i) the effect of the amendment is to make any changes in the class of employees eligible to receive incentive stock options or increase the number of shares subject to the LTIP or for which incentive stock options may be granted under the LTIP or (ii) if stockholder approval of the amendment is required by the rules of any stock exchange on which the Shares may then be listed or for stock options, stock appreciation rights, performance share units, cash awards and other awards granted under the LTIP to qualify as "performance based compensation" as then defined in the regulations under Section 162(m) of the Code. Unless approved by stockholders, repricing of stock options, stock appreciation rights and other purchase rights is not permitted and the purchase price of any such award may not be reduced after grant except to reflect stock splits and similar events. This prohibition applies to direct and indirect repricing, whether through amendment, cancellation, or replacement in exchange for another award or cash payment.

A.2 Use of proceeds

The proceeds, if any, of the offers under the Plans will be used by the Company for general corporate purposes.

A.3 Costs related to the sale of Shares

If a participant seeks to sell Shares acquired under the ESPP, he/she will be charged a transaction fee of US$ 20.00 per transaction (with an additional US$ 5.00 per transaction for limit orders), plus a trading fee of US$ 0.06 per Share sold, plus a fee payable to the U.S. Securities and Exchange Commission ("SEC") equal to US$ 21.80 per million dollars (as of trade date February 10, 2016, this fee payable to the SEC will amount to US$ 0.0000218 per dollar of gross proceeds, rounded up to the next cent). In addition to the above, a foreign currency check fee of US$ 10 (per transaction) and an international wire fee of US$ 25 (per transaction) may be due.

If a participant seeks to sell Shares acquired under the LTIP, he/she will be charged a transaction fee of US$ 30.00 per transaction (with an additional US$ 5.00 per transaction for limit orders), plus a trading fee of US$ 0.06 per Share sold, plus a fee payable to the SEC equal to US$ 21.80 per million dollars (as of trade date February 10, 2016, this fee payable to the SEC will amount to US$ 0.0000218 per dollar of gross proceeds, rounded up to the next cent). In addition to the above, a foreign currency check fee of US$ 10 (per transaction) and an international wire fee of US$ 25 (per transaction) may be due.

Please note that Computershare and the Company reserve the right to change the fees at any time.

More information on real-time trading and limit orders can be obtained by contacting Computershare at 001 201 680-6864.

If a participant seeks to sell shares acquired under the SAP, a flat fee of Sterling pound 20.00 will be charged (per transaction).

Information concerning the offer, including offer statistics, the method and expected timetable and admission to trading details, is set forth in The Bank of New York Mellon Corporation Employee Stock Purchase Plan (Exhibit I), The Bank of New York Mellon Corporation Stock Accumulation Plan (Exhibit II), The Bank of New York Mellon Corporation Long-Term Incentive Plan (Exhibit III), and in the Company's Annual Report (Exhibit IV).

B. Maximum Dilution

The Shares under the ESPP are offered to approximately 7,800 eligible employees of certain EEA subsidiaries of the Company as of February 26, 2016. Further, employees who elect to participate in the ESPP may contribute 1% to 10% of their eligible compensation towards the purchase of Shares, with the maximum number of Shares that can be acquired during any offering period equal to the number of Shares determined by dividing US$ 25,000 by the fair market value of a Share on the applicable offering date, reduced by the aggregate purchase price of any Shares purchased during any offering period(s) which occurred during the same calendar year.

The fair market value of the Shares on February 25, 2016 was US$ 35.33. Assuming eligible EEA employees would purchase during each Purchase Period one-twelfth of the total number of Shares they were entitled to purchase during a calendar year at the purchase price applicable on February 25, 2016 (i.e., US$ 35.33), each such eligible employee would be entitled to purchase a maximum of 707 Shares under the ESPP assuming no other ESPP limitations are exceeded. Assuming that all of the eligible EEA employees would each purchase 707 Shares in the offer, the maximum number of Shares offered under the ESPP pursuant to this prospectus amounts to approximately 5,514,600 Shares.

Based on the above assumptions, the holdings of a stockholder of the Company currently holding 1% of the total outstanding share capital of the Company as of January 31, 2016 (i.e., 10,758,009 Shares), and who is not an employee participating in the offer, would be diluted as indicated in the following table:

	Percentage of the total outstanding shares	Total number of outstanding shares
Before the offering	1.00%	1,075,800,941
After issuance of 5,514,600 Shares under the ESPP	0.9949 %	1,081,315,541

IV. Key information on the Company's financial condition, capitalization and indebtedness, working capital and risk factors

A. Statutory auditors

The statutory auditors of the Company over the fiscal years ended on December 31, 2013, ended on December 31, 2014 and ended on December 31, 2015 were KPMG LLP, 500 Grant Street, Suite 2500, Pittsburgh, PA 15219, U.S.A. The accounts for such years, prepared in accordance with the U.S. GAAP, were audited, and the audit reports contained no qualification.

B. Share capital

As of June 30, 2015, the aggregate market value of the Company's Shares held by non-affiliates of the Company was US$ 46,364,551,489.

As of January 31, 2016, 1,075,800,941 shares of the Company's Shares were outstanding.

There are no shareholders in the Company that, directly or indirectly, singly or jointly, exercise or are capable of exercising control over the Company.

Based on filings made under Section 13(d) and 13(g) of the Exchange Act reporting ownership of shares and percent of class as of December 31, 2015, as of February 12, 2016, the only persons known by the Company to be beneficial owners of more than 5% of its common stock were as follows:

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Class
BlackRock, Inc.[1] 55 East 52nd Street New York, NY 10055	64,416,216	5.9%
The Vanguard Group[2] 100 Vanguard Blvd. Malvern, PA 19355	60,106,066	5.49%
T. Rowe Price Associates, Inc.[3] 100 E. Pratt Street Baltimore, MD 21202	56,990,243	5.2%

(1) Based on a review of the Schedule 13G filed on February 10, 2016 by BlackRock, Inc. The Schedule 13G discloses that BlackRock, Inc. had sole voting power as to 55,385,286 shares, shared voting power as to 39,348 shares, sole dispositive power as to 64,376,868 shares and shared dispositive power as to 39,348 shares.

(2) Based on a review of the Schedule 13G filed on February 10, 2016 by The Vanguard Group. The Schedule 13G discloses that The Vanguard Group had sole voting power as to 2,038,466 shares, shared voting power as to 111,800 shares, sole dispositive power as to 57,942,823 shares and shared dispositive power as to 2,163,243 shares.

(3) Based on a review of the Schedule 13G filed on February 12, 2016 by T. Rowe Price Associates, Inc. The Schedule 13G discloses that T. Rowe Price Associates, Inc. had sole voting power as to 17,533,444 shares and sole dispositive power as to 56,913,143 shares.

For the fiscal year ended on December 31, 2015, no third parties have attempted a public takeover bid on the Company, by purchase or exchange of Shares of the Company.

C. Key financial data

The key financial data (in U.S. GAAP) of the Company as reported in the Company's Annual Report filed on February 26, 2016 (Exhibit IV) are set forth hereafter.

Consolidated Income Statement

	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Fee and other revenue			
Investment services fees:			
Asset servicing	**$ 4,187**	$ 4,075	$ 3,905
Clearing services	**1,375**	1,335	1,264
Issuer services	**978**	968	1,090

(in millions)	2015	2014	2013
	Year ended Dec. 31,		
Treasury services	**555**	564	554
Total investment services fees	**7,095**	6,942	6,813
Investment management and performance fees	**3,438**	3,492	3,395
Foreign exchange and other trading revenue	**768**	570	674
Financing-related fees	**220**	169	172
Distribution and servicing	**162**	173	180
Investment and other income	**316**	1,212	481
Total fee revenue	**11,999**	12,558	11,715
Net securities gains — including other-than-temporary impairment	**82**	92	146
Noncredit-related portion of other-than-temporary impairment (recognized in other comprehensive income)	**(1)**	1	5
Net securities gains	**83**	91	141
Total fee and other revenue	**12,082**	12,649	11,856
Operations of consolidated investment management funds			
Investment income	**115**	503	548
Interest of investment management fund note holders	**29**	340	365
Income from consolidated investment management funds	**86**	163	183
Net interest revenue			
Interest revenue	**3,326**	3,234	3,352
Interest expense	**300**	354	343
Net interest revenue	**3,026**	2,880	3,009
Provision for credit losses	**160**	(48)	(35)
Net interest revenue after provision for credit losses	**2,866**	2,928	3,044
Noninterest expense			
Staff	**5,837**	5,845	6,019
Professional, legal and other purchased services	**1,230**	1,339	1,252
Software	**627**	620	596
Net occupancy	**600**	610	629
Distribution and servicing	**381**	428	435
Furniture and equipment	**280**	322	337
Sub-custodian	**270**	286	280
Business development	**267**	268	317
Other	**961**	1,031	1,029
Amortization of intangible assets	**261**	298	342
Merger and integration, litigation and restructuring charges	**85**	1,130	70
Total noninterest expense	**10,799**	12,177	11,306
Income			
Income before income taxes	**4,235**	3,563	3,777
Provision for income taxes	**1,013**	912	1,592
Net income	**3,222**	2,651	2,185
Net (income) attributable to noncontrolling interests (includes $(68), $(84) and $(80) related to consolidated investment management funds, respectively)	**(64)**	(84)	(81)
Net income applicable to shareholders of The Bank of New York Mellon	**3,158**	2,567	2,104
Preferred stock dividends	**(105)**	(73)	(64)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 3,053**	$ 2,494	$ 2,040

Net income applicable to common shareholders of The Bank of New York Mellon Corporation used for the earnings per share calculation *(in millions)*	Year ended Dec. 31,		
	2015	2014	2013
Net income applicable to common shareholders of The Bank of New York Mellon	**$ 3,053**	$ 2,494	$ 2,040
Less: Earnings allocated to participating securities	**43**	43	37
Change in the excess of redeemable value over the fair value of	**N/A**	N/A	1
Net income applicable to the common shareholders of The Bank of New York Mellon Corporation after required adjustment for the calculation of basic and diluted earnings per common share	**$ 3,010**	$ 2,451	$ 2,002

Average common shares and equivalents outstanding of The Bank of New York Mellon Corporation *(in thousands)*	Year ended Dec. 31,		
	2015	2014	2013
Basic	**1.104.719**	1.129.897	1.150.689
Common stock equivalents	**17,290**	20,037	16,874
Less: Participating securities	**(9,498)**	(12,454)	(13,122)
Diluted	**1.112.511**	1.137.480	1.154.441
Anti-dilutive securities *(a)*	**28,736**	43,735	75,847

Earnings per share applicable to the common shareholders of The Bank of New York Mellon Corporation *(b)* *(in dollars)*	Year ended Dec. 31,		
	2015	2014	2013
Basic	**$ 2.73**	$ 2.17	$ 1.74
Diluted	**$ 2.71**	$ 2.15	$ 1.73

(a) Represents stock options, restricted stock, restricted stock units and participating securities outstanding but not included in the computation of diluted average common shares because their effect would be anti-dilutive.

(b) Basic and diluted earnings per share under the two-class method are determined on the net income applicable to common shareholders of The Bank of New York Mellon Corporation reported on the income statement less earnings allocated to participating securities, and the change in the excess of redeemable value over the fair value of noncontrolling interests, if applicable.

See accompanying Notes to Consolidated Financial Statements which can be found in Exhibit IV, the Company's Annual Report.

Consolidated Comprehensive Income Statement

	Year ended Dec. 31,		
(in millions)	**2014**	2013	2012
Net income *(a)*	**$ 2,651**	$ 2,185	$ 2,515
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	**(806)**	192	130
Unrealized gain (loss) on assets available-for-sale:			
Unrealized gain (loss) arising during the period	**413**	(889)	1,007
Reclassification adjustment	**(58)**	(74)	(106)
Total unrealized gain (loss) on assets available-for-sale	**355**	(963)	901
Defined benefit plans:			
Prior service cost arising during the period	**2**	(1)	57
Net gain (loss) arising during the period	**(479)**	429	(190)
Foreign exchange adjustment	**(1)**	—	—
Amortization of prior service credit, net loss and initial obligation included in net periodic benefit cost	**77**	126	104
Total defined benefit plans	**(401)**	554	(29)
Net unrealized gain (loss) on cash flow hedges	**(15)**	9	1
Total other comprehensive income (loss), net of tax *(b)*	**(867)**	(208)	1,003
Net (income) attributable to noncontrolling interests	**(84)**	(81)	(78)
Other comprehensive (income) loss attributable to noncontrolling interests	**125**	(41)	(19)
Net comprehensive income	**$ 1,825**	$ 1,855	$ 3,421

(a) Results for both years ended Dec. 31, 2013 and Dec. 31, 2012 were restated to reflect the retrospective application of adopting new accounting guidance in 2014 related to our investments in qualified affordable housing projects (ASU 2014-01). See Note 2 of the Notes to Consolidated Financial Statements of the Annual Report (Exhibit IV) for additional information.

(b) Other comprehensive income (loss) attributable to The Bank of New York Mellon Corporation shareholders was $(742) million for the year ended Dec. 31, 2014, $(249) million for the year ended Dec. 31, 2013 and $984 million for the year ended Dec. 31, 2012.

See accompanying Notes to Consolidated Financial Statements which can be found in Exhibit IV, the Company's Annual Report.

Consolidated Balance Sheet

	Dec. 31,	
(dollars in millions, except per share amounts)	**2014**	2013
Assets		
Cash and due from:		
Banks	**$ 6,970**	$ 6,460
Interest-bearing deposits with the Federal Reserve and other central banks	**96,682**	104,359
Interest-bearing deposits with banks	**19,495**	35,300
Federal funds sold and securities purchased under resale agreements	**20,302**	9,161
Securities:		
Held-to-maturity (fair value of $21,127 and $19,443)	**20,933**	19,743
Available-for-sale	**98,330**	79,309
Total securities	**119,263**	99,052
Trading assets	**9,881**	12,098
Loans (includes $21 and $ -, at fair value)	**59,132**	51,657
Allowance for loan losses	**(191)**	(210)
Net loans	**58,941**	51,447
Premises and equipment	**1,394**	1,655
Accrued interest receivable	**607**	621
Goodwill	**17,869**	18,073
Intangible assets	**4,127**	4,452
Other assets (includes $1,916 and $1,728, at fair value) *(a)*	**20,490**	20,566

Subtotal assets of operations *(a)*	**376,021**	363,244
Assets of consolidated investment management funds, at fair value:		
Trading assets	**8,678**	10,397
Other assets	**604**	875
Subtotal assets of consolidated investment management funds, at fair value	**9,282**	11,272
Total assets *(a)*	**$ 385,303**	$ 374,516
Liabilities		
Deposits:		
Noninterest-bearing (principally U.S. offices)	**$ 104,240**	$ 95,475
Interest-bearing deposits in U.S. offices	**53,236**	56,640
Interest-bearing deposits in Non-U.S. offices	**108,393**	109,014
Total deposits	**265,869**	261,129
Federal funds purchased and securities sold under repurchase agreements	**11,469**	9,648
Trading liabilities	**7,434**	6,945
Payables to customers and broker-dealers	**21,181**	15,707
Commercial paper	**—**	96
Other borrowed funds	**786**	663
Accrued taxes and other expenses *(a)*	**6,903**	6,996
Other liabilities (including allowance for lending-related commitments of $89 and $134, also includes $451 and $503, at fair value) *(a)*	**5,025**	4,827
Long-term debt (includes $347 and $321, at fair value)	**20,264**	19,864
Subtotal liabilities of operations *(a)*	**338,931**	325,875
Liabilities of consolidated investment management funds, at fair value:		
Trading liabilities	**7,660**	10,085
Other liabilities	**9**	46
Subtotal liabilities of consolidated investment management funds, at fair value	**7,669**	10,131
Total liabilities *(a)*	**346,600**	336,006
Temporary equity		
Redeemable noncontrolling interests	**229**	230
Permanent equity		
Preferred stock – par value $0.01 per share; authorized 100,000,000 shares; issued 15,826 and	**1,562**	1,562
Common stock – par value $0.01 per share; authorized 3,500,000,000 shares; issued 1,290,222,821 and 1,268,036,220 shares	**13**	13
Additional paid-in capital	**24,626**	24,002
Retained earnings *(a)*	**17,683**	15,952
Accumulated other comprehensive loss, net of tax	**(1,634)**	(892)
Less: Treasury stock of 171,995,262 and 125,786,430 common shares, at cost	**(4,809)**	(3,140)
Total The Bank of New York Mellon Corporation shareholders' equity *(a)*	**37,441**	37,497
Nonredeemable noncontrolling interests of consolidated investment management funds	**1,033**	783
Total permanent equity *(a)*	**38,474**	38,280
Total liabilities, temporary equity and permanent equity *(a)*	**$ 385,303**	$ 374,516

See accompanying Notes to Consolidated Financial Statements which can be found in Exhibit IV, the Company's Annual Report.

Quarterly and annual reports will be published respectively in the Company's Quarterly Reports on Form 10-Q and the Company's Annual Report on Form 10-K, which are available on the Company's website (www.bnymellon.com, under the "Investors Relations - Financial Reports - SEC filings" captions).

Additional information, such as the credit ratings of the Company, can be found in the Company's Annual Report (Exhibit IV).

The cost of the stock-based compensation for U.S. GAAP accounting purposes is elaborated upon in the Company's Annual Report (Exhibit IV). In addition, the Company has incurred legal costs of approximately US$ 55,000 to implement this prospectus in order to offer securities under the Plans to eligible employees of its subsidiaries in the EEA.

Information concerning the Company's financial condition, including selected financial data, information on capitalization and indebtedness and a description of the risk factors is set forth in the Company's Annual Report (Exhibit IV).

The reasons for the offer and the use of proceeds are described in III.A above.

Information on the Company's capitalization and indebtedness and stockholder's equity is set forth in the Company's Annual Report (Exhibit IV). For detailed information related to the Company's Capital, please refer to the section entitled "Capital" on pages 58-64 of the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included in its Annual Report (Exhibit IV). For detailed information related to the Company's indebtedness, please refer to the long-term debt and debt issuance paragraphs included in the section entitled "Liquidity and dividends" on pages 52-56 of the Company's MD&A included in its Annual Report (Exhibit IV) and Note 13 – Long-term debt to the Company's consolidated financial statements on pages 178-179 of its Annual Report (Exhibit IV). For detailed information related to stockholder's equity, please refer to Note 15 – Shareholders' equity to the Company's consolidated financial statements on pages 180-183 of its Annual Report (Exhibit IV).

V. Information on the Company

A. Company history and activities

BNY Mellon is a global investments company, headquartered in New York, New York. With its subsidiaries, BNY Mellon has been in business since 1784. The Company was incorporated as a Delaware corporation for an unlimited period of time. The Company has its principal executive offices at 225 Liberty Street, New York, New York 10286, U.S.A. (telephone number +1 (212) 495-1784). As of December 31, 2015, the Company and its subsidiaries had approximately 51,200 full-time employees.

The Shares of the Company are publicly traded on the NYSE. The ticker symbol for the Company's Shares is "BK." The ISIN Code of the Company's Shares is US0640581007.

The Company is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, the Company delivers informed investment management and investment services in 35 countries and more than 100 markets.

Investment Management: is comprised of asset management and wealth management business. It encompasses 13 affiliated investment management boutiques that deliver a diversified portfolio of focused investment strategies over our distribution network to institutional and retail clients across North America, EMEA and Asia-Pacific. Our multiboutique model is designed to deliver the best elements of investment focus and infrastructure scale to benefit clients. The investment management boutiques offer a broad range of equity, fixed income, alternative/overlay and cash products. In addition to the investment subsidiaries, this business includes BNY Mellon Investment Management EMEA Limited, BNY Mellon Investment Management Hong Kong and

BNY Mellon Investment Management Singapore, which are responsible for managing and distributing locally registered investment products, and the Dreyfus Corporation and its affiliates, which are responsible for U.S. investment management and distribution of retail mutual funds, separately managed accounts and annuities. BNY Mellon Wealth Management offers private banking, discretionary portfolio management and tax, wealth and estate planning services to high and ultra-high net worth individuals, families and family offices as well as to charitable gift programs, endowments and foundations. We provide these services through an extensive network of more than 35 U.S. locations and offices in London, Hong Kong, Toronto and the Cayman Islands.

Investment Services: provides global custody and related services, government clearing, global collateral services, corporate trust and depositary receipt and clearing services, as well as global payment/working capital solutions to global financial institutional clients. Our comprehensive suite of financial solutions includes: global custody, global fund services, securities lending, investment manager outsourcing, performance and risk analytics, alternative investment services, securities clearance, collateral management, corporate trust, American and global depositary receipt programs, cash management solutions, payment services, liquidity services and other linked revenues, principally foreign exchange, global clearing and execution, managed account services and global prime brokerage solutions. Our clients include corporations, public funds and government agencies, foundations and endowments; global financial institutions including banks, broker-dealers, asset managers, insurance companies and central banks; financial intermediaries and independent registered investment advisors; hedge fund managers; and funds that we manage through our Investment Management business. We help our clients service their financial assets through a network of offices and service delivery centers in 35 countries across six continents.

The Other segment primarily includes credit-related services; the leasing portfolio; corporate treasury activities, including the Company's investment securities portfolio; the derivatives business; our equity investment in Wing Hang prior to the sale in 2014; a 33.9% equity interest in ConvergEx Group; business exits, including the results of Meriten, and Newton’s private client business in 2013; and corporate overhead.

B. Particular provisions of the bylaws

The Company's annual meeting of shareholders is held for the purpose of electing directors and conducting other business as may properly come before the meeting and is held each year. The last annual shareholders' meeting was held on April 14, 2015.

C. Board of Directors (as per February 26, 2016)

Name	*Age*
Nicholas M. Donofrio	70
Joseph J. Echevarria	59
Edward P. Garden	54
Jeffrey A. Goldstein	60
Gerald L. Hassell	64
John M. Hinshaw	45
Edmund F. “Ted” Kelly	70
Richard J. Kogan	74

John A. Luke, Jr.	67
Mark A. Nordenberg	67
Catherine A. Rein	73
William C. Richardson	75
Samuel C. Scott III	71
Wesley W. von Schack	71

D. Executive Committee and Other Executive Officers (as per February 26, 2016)

Name	*Function*
Gerald L. Hassell*	Chairman and Chief Executive Officer
Michael Cole-Fontayn	Executive Vice President and Chairman, Europe, the Middle East and Africa
Thomas P. (Todd) Gibbons*	Vice Chairman and Chief Financial Officer
Mitchell E. Harris*	Senior Executive Vice President and Chief Executive Officer, Investment Management
Monique R. Herena*	Senior Executive Vice President and Chief Human Resources Officer
Suresh Kumar	Senior Executive Vice President and Chief Information Officer
Kurtis R. Kurimsky*	Vice President, Controller
Stephen D. Lackey	Executive Vice President and Chairman, Asia Pacific
J. Kevin McCarthy*	Senior Executive Vice President and General Counsel
Michelle M. Neal*	President, BNY Mellon Markets Group
Karen B. Peetz*	President
Brian T. Shea*	Vice Chairman and Chief Executive Officer, Investment Services
Douglas H. Shulman	Senior Executive Vice President and Global Head of Client Service Delivery
James. S. Wiener*	Senior Executive Vice President and Chief Risk Officer

* Designated as an Executive Officer

To the extent that such activity is required to be disclosed in Exhibits IV or V, for at least the previous five years, none of the directors or executive officers of the Company has:

(a) been convicted in relation to fraudulent offences;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity as directors or executive officers of the Company; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships between any of the directors and the executive officers listed above.

As indicated in the Company's Annual Report (Exhibit IV), the Company has adopted guidelines regarding corporate governance, including a Code of Conduct posted on our website at www.bnymellon.com/ethics/codeofconduct.pdf and a Directors' Code of Conduct, posted on our website at www.bnymellon.com/governance/directorscodeofconduct.pdf. Both the items are available in print (free of charge) to any shareholder who requests a copy. Requests should be sent by email to investorrelations@bnymellon.com or by mail to Investor Relations at The Bank of New York Mellon Corporation, 225 Liberty Street, New York, NY 10286.

Information on the Company, including its history and development, a business overview, its organizational structure and information concerning its property, is set forth in the Company's Annual Report (Exhibit IV).

VI. Operating and financial review and prospects

Information concerning the Company's operating results, its liquidity and capital resources and trends, among other things, is set forth in the Company's Annual Report (Exhibit IV).

VII. Directors, senior management and employees

Information concerning the Company's directors and senior management, their remuneration, Board practices, the Company's employees and share ownership is set forth in the Company's Annual Report (Exhibit IV) and in the Company's Definitive Proxy Statement as filed on March 13, 2015 (Exhibit V)[1].

VIII. Major shareholders and related party transactions

Information concerning major shareholders of the Company, related party transactions and information concerning interests of experts and advisers is set forth in the Company's Definitive Proxy Statement as filed on March 13, 2015 (Exhibit V)[1].

IX. Additional information

More detailed information about the Company, including information about its charter documents, and its businesses, as well as the contact information for certain subsidiaries of the Company, is available on the Company's website (www.bnymellon.com).

The Annual Report on Form 10-K for the Company and its predecessors for fiscal years ending December 31, 2015, December 31, 2014 and December 31, 2013, as well as Quarterly Reports on

[1] The Company's Definitive Proxy Statement of 2016 was not yet filed at the date of approval of this prospectus; once filed, it will be made available on the Company's website (www.bnymellon.com, under the "Investor Relations - Financial Reports - SEC filings" captions).

Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended, are also made available on the Company's website (www.bnymellon.com, under the "Investor Relations - Financial Reports - SEC filings" captions) after the Company electronically files such materials with, or furnishes them to, the SEC.

Required filings by the Company's officers and directors and certain third parties with respect to transactions or holdings in Company shares are also made available on the Company's website, as are statements for the Company's shareholder meetings. These filings may also be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The SEC also maintains an internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Information about the Company's Board of Directors and Board Committees, including Committee charters, is available on the Company's website (www.bnymellon.com, under the "Investor Relations – Corporate Governance" captions). This information is also available in print (free of charge) to any shareholder who requests it from the Company's Investor Relations department.

EXHIBITS

EXHIBIT I
THE BANK OF NEW YORK MELLON CORPORATION EMPLOYEE STOCK PURCHASE PLAN

THE BANK OF NEW YORK MELLON CORPORATION
EMPLOYEE STOCK PURCHASE PLAN

1. *Purpose.*

The purpose of this Employee Stock Purchase Plan (the "Plan") is to provide an opportunity for employees of The Bank of New York Mellon Corporation (the "Company") and its Subsidiaries and Affiliates, to purchase common stock of the Company (the "Common Stock") and thereby to have an additional incentive to contribute to the success of the Company.

2. *Administration.*

The Human Resources and Compensation Committee of the Board of Directors of the Company (the "Board"), including any successor committee, or such other committee of the Board as the Board may from time to time appoint to administer the Plan (the "Committee") will have the authority and responsibility for the day-to-day administration of the Plan, the authority and responsibility specifically provided in this Plan and any additional duties, responsibility and authority delegated to the Committee by the Board, which may include any of the functions assigned to the Board in this Plan. The Committee may delegate to one or more individuals the day-to-day administration of, and other responsibilities relating to, the Plan. The Committee shall have full power and authority to promulgate any rules and regulations which it deems necessary for the proper administration of the Plan, to establish required ownership levels for Subsidiaries and Affiliates, to identify eligible Employees or the parameters by which they shall be identified, to interpret the provisions and supervise the administration of the Plan, to make factual determinations relevant to Plan entitlements and to take all action in connection with administration of the Plan as it deems necessary or advisable. Decisions of the Board and the Committee shall be final and binding upon all Participants and other persons having or claiming an interest in the Plan. Any decision reduced to writing and signed by all of the members of the Committee shall be fully effective, as if it had been made at a meeting of the Committee duly held. The Company shall pay all expenses incurred in the administration of the Plan. No Board or Committee member shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

3. *Eligibility.*

3.1 *Employees.* Any individual classified as a U.S. domestic salaried employee by the Company or a Subsidiary or Affiliate on its payroll records (an "Employee") and regularly employed on a basis of at least 20 hours per week by the Company or by any Subsidiary or Affiliate on an Offering Date, as defined in Section 5.2, shall be eligible to participate in the Plan with respect to the Purchase Period, as defined in Section 5.2, commencing on such Offering Date, unless otherwise determined by the Committee or its delegate. Any individual classified as a non-U.S. employee by the Company or a Subsidiary or Affiliate on its payroll records shall not be eligible to participate in the Plan unless otherwise determined by the Committee or its delegate. The Committee or its delegate may also impose an eligibility period and other restrictions with respect to participation on any prospective Offering Date, including restrictions on eligibility and participation of Employees to facilitate compliance with federal or state securities laws or foreign laws.

3.2 *Subsidiaries and Affiliates.* For purposes of the Plan, the term "Subsidiary" shall mean any corporation (other than the Company) in which the Company owns, directly or indirectly, more than 50% (or higher ownership level established by the Committee) of the voting power and the term "Affiliate" shall mean any limited partnership, limited liability company or other organization in which the Company owns more than 50% (or higher ownership level established by the Committee) of the voting power.

4. *Participation and Withdrawal.*

4.1 *Enrollment.* An Employee who is eligible to participate in the Plan in accordance with Section 3 may become a participant in the Plan (a "Participant") beginning with the first pay period ending in a Purchase Period by filing, during the enrollment period prior to an applicable Offering Date prescribed by the Committee or its delegate, a completed payroll deduction authorization and Plan enrollment form provided by the Company or by following an interactive voice response ("IVR"), electronic or other enrollment process as prescribed by the Committee or its delegate. Unless otherwise determined by the Committee or its delegate, an Employee who does not follow the prescribed procedures to enroll on or before the enrollment deadline preceding the Offering Date for a Purchase Period may not participate in the Plan with respect to that Purchase Period. Participation may be conditioned on an eligible Employee's consent to transfer and process personal data and on acknowledgment and agreement to Plan terms and other specified conditions not inconsistent with the Plan.

4.2 *Payroll Deductions.*

(a) *Authorization.* An eligible Employee may authorize payroll deductions at the rate of any whole percentage of the Employee's Eligible Compensation, as defined in Section 4.2(c), not to exceed 10% or such greater percentage as specified by the Committee. All payroll deductions may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions unless required under local law. No interest shall be paid or credited to the Participant with respect to such payroll deductions except where required by local law as determined by the Committee or its delegate. A separate bookkeeping account for each Participant shall be maintained by the Company under the Plan, and the amount of each Participant's payroll deductions shall be credited to such account. A Participant may not make any additional payments into such account. Payroll deductions made with respect to employees paid in currencies other than U.S. dollars shall be converted to U.S. dollars as of each Purchase Date, as defined in Section 5.2, using the then applicable exchange rate, as determined by the Committee or its delegate; provided, however, that the Committee or its delegate may determine, with respect to any Purchase Period, that payroll deductions shall be converted to U.S. dollars based on an average or median exchange rate applicable for the relevant Purchase Period.

(b) *Increases or Decreases.* Subject to such limitations, if any, as prescribed by the Committee or its delegate, a Participant may prospectively decrease his or her rate of payroll deductions at any time by filing a new payroll deduction authorization and Plan enrollment form or by following IVR, electronic or other procedures prescribed by the Committee or its delegate. A Participant may not increase his or her rate of payroll deductions during a Purchase Period but may increase such rate only effective on the first payroll date following the next Purchase Date by filing a new payroll deduction authorization and Plan enrollment form or by following IVR, electronic or other procedures prescribed by the Committee or its delegate. If a Participant has not followed such procedures to change the rate of payroll deductions, the rate of payroll deductions shall continue at the originally elected rate throughout the Purchase Period and future Purchase Periods unless reduced to reflect a change by the Committee in the maximum permissible rate.

(c) *Eligible Compensation.* For purposes of this Plan, "Eligible Compensation" shall mean the base rate of cash remuneration of an Employee as it appears on the books and records of the Company, Subsidiary or Affiliate for services rendered, determined prior to any contractual reductions, including, but not limited to, those related to contributions under a "qualified cash or deferred arrangement" (as determined under Section 401(k) of the Internal Revenue Code of 1986, as amended ("Code") and its applicable regulations), any executive deferred compensation plan, or under a "cafeteria plan" (as defined under Section 125 of the Code and its applicable regulations), or reductions for qualified transportation benefits under Section 132(f) of the Code. Eligible Compensation shall not include bonuses, overtime pay, severance, all other forms of special pay or compensation, or amounts received from any deferred compensation plan. The Committee shall have the authority to determine, and to approve the inclusion or deletion of any or all forms of compensation (such as overtime or commissions) in or from the definition of, Eligible Compensation and may change the definition on a prospective basis.

4.3 *Withdrawal.*

(a) *Discontinuance.* Under procedures established by the Committee or its delegate, a Participant may discontinue payroll deductions under the Plan at any time during a Purchase Period by completing and filing a new payroll deduction authorization and Plan enrollment form with the Company or by following IVR, electronic or other procedures prescribed by the Committee or its delegate. If a Participant has not followed such procedures to discontinue the payroll deductions, the rate of payroll deductions shall continue at the originally elected rate throughout the Purchase Period and future Purchase Periods unless reduced to reflect a change by the Committee in the maximum permissible rate.

(b) *Effect of Discontinuance.* If a Participant discontinues participation during a Purchase Period, his or her accumulated payroll deductions will remain in the Plan for purchase of shares as specified in Section 6 on the following Purchase Date, but the Participant will not again participate until he or she re-enrolls in the Plan.

4.4 *Termination of Employment.* In the event any Participant's employment with the Company and its Subsidiaries and Affiliates is terminated for any reason (including death) prior to the expiration of a Purchase Period, the Participant's participation in the Plan shall discontinue; provided, however, all amounts credited to the Participant's account shall remain in the Plan for purchase of shares as specified in Section 6 on the following Purchase Date. Whether a termination of employment (for reasons other than death) has occurred shall be determined by the Committee or its delegate. The Committee or its delegate also may establish rules regarding when leaves of absence or changes of employment status will be considered to be a termination of employment, and the Committee or its delegate may establish termination of employment procedures for this Plan which are independent of similar rules established under other benefit plans of the Company and its Subsidiaries and Affiliates.

5. *Offering.*

5.1 *Authorized Shares.* (a) The maximum number of shares of Common Stock which may be issued pursuant to the Plan shall be 7,500,000 shares. The shares which may be issued under the Plan may be either authorized but unissued shares or treasury shares or partly each, as determined from time to time by the Board. If on any Purchase Date the number of shares otherwise purchasable by Participants is greater than the number of shares then remaining available under the Plan, the Committee shall allocate the available shares among the Participants on a basis as it deems equitable.

5.2 *Purchase Periods.* Each purchase period (a "Purchase Period") shall be determined by the Committee or its delegate. Unless otherwise determined by the Committee or its delegate, the duration of each Purchase Period shall be one month. Unless otherwise determined by the Committee or its delegate, (i) the first Purchase Period shall commence on September 1, 2008; and (ii) subsequent Purchase Periods shall run consecutively after the termination of the preceding Purchase Period. The Committee shall have the power to change the commencement date or duration of future Purchase Periods, without shareholder approval, and without regard to the expectations of any Participants. For purposes of the Plan, the term "Offering Date" shall mean the first business day of each Purchase Period, and the term "Purchase Date" shall mean the last business day of each Purchase Period which is also a trading day.

5.3 *Purchase Price.* The price for each option to purchase shall be 95% (the "Designated Percentage") of the Fair Market Value of Common Stock on the Purchase Date on which the Common Stock is purchased. The Committee may change the Designated Percentage with respect to any future Purchase Period, but not below 85%. For purposes of the Plan, the term "Fair Market Value" shall mean the closing price of a share of Common Stock in the New York Stock Exchange Composite Transactions on the relevant date, or, if no sale shall have been made on such exchange on that date, the closing price in the New York Stock Exchange Composite Transactions on the last preceding day on which there was a sale.

5.4 *$25,000 Limitation.* Notwithstanding any other provision of the Plan to the contrary, no Participant in the Plan shall be granted an option which permits the Participant to accrue options to purchase Common Stock at a rate which exceeds $25,000 of Fair Market Value of Common Stock in any calendar year.

6. *Purchase of Stock.*

On each Purchase Date, a Participant shall automatically exercise the option to purchase the total number of full and fractional shares of Common Stock which the accumulated payroll deductions credited to the Participant's account at that time shall be able to purchase at the applicable price specified in Section 5.3. Notwithstanding the preceding sentence:

(a) The number of shares which may be purchased by any Participant on the first Purchase Date to occur in any calendar year may not exceed the number of shares determined by dividing $25,000 by the Fair Market Value of a share of Common Stock on the Purchase Date; and

(b) The number of shares which may be purchased by a Participant on any subsequent Purchase Date in the same calendar year shall not exceed the number of shares determined by performing the calculation below:

> Step One: Multiply the number of shares purchased by the Participant on each previous Purchase Date in the same calendar year by the Fair Market Value of a share of Common Stock on such Purchase Dates.
>
> Step Two: Subtract the amount(s) determined in Step One from $25,000.
>
> Step Three: Divide the remainder amount determined in Step Two by the Fair Market Value of a share of Common Stock on the Purchase Date for which the calculation is being performed. The quotient thus obtained is the maximum number of shares which may be purchased by the Participant on such Purchase Date.

To the extent any payroll deductions are not used on the Purchase Date for the purchase of shares of Common Stock, they shall be refunded without interest to the Participant.

7. ***Payment and Delivery.***

Unless otherwise determined by the Committee or its delegate, all shares purchased under the Plan shall be deposited directly to an account established in the name of the Participant with Mellon Investor Services, LLC, or its successor or other entity chosen by the Committee from time to time ("MIS"). Upon the exercise of an option on each Purchase Date, the Company or MIS shall deliver (by electronic or other means) to the Participant a record of the Common Stock purchased. The Committee or its delegate may require or permit shares purchased under the Plan to be deposited directly with any other broker or agent designated by the Committee or its delegate, and the Committee may utilize electronic or automated methods of share transfer. The Committee or its delegate may also require that all dividends received on the full and fractional shares acquired under the Plan be applied to the purchase of additional shares, without any discount on the Fair Market Value of such shares, and automatically reinvested in a dividend reinvestment plan or program maintained by the Company, including a program maintained under the Plan.

The Company shall retain the amount of payroll deductions used to purchase Common Stock as full payment for the Common Stock, and the Common Stock shall then be fully paid and non-assessable. No Participant shall have any voting, dividend, or other shareholder rights with respect to shares subject to any option granted under the Plan until the shares subject to the option have been purchased and delivered to the Participant as provided in this Section 7.

8. ***Recapitalization.***

8.1 *Stock Splits and Dividends.* If a dividend or other distribution shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of the Common Stock then subject to any outstanding options, the number of shares of the Common Stock subject to the share limit provided in Section 6 and the number of shares which may be issued under the Plan under Section 5.1 but are not then subject to outstanding stock options shall be adjusted by adding thereto the number of shares of the Common Stock which would have been distributable thereon if such shares had been outstanding on the date fixed for determining the shareholders entitled to receive such stock dividend or distribution. In addition, the terms relating to the purchase price with respect to the option shall be appropriately adjusted, and the Committee shall take any further actions which, in the exercise of its discretion, may be necessary or appropriate under the circumstances.

8.2 *Reorganizations.* The Board or the Committee, if it so determines in the exercise of its sole discretion, also may adjust the number and kind of shares specified in Section 5.1, as well as the price per share covered by each outstanding option, the number of shares subject to any individual option and the share limit of Section 6, in the event the Company effects one or more reorganizations, recapitalizations, spin-offs, split-ups, rights offerings or reductions of shares of its outstanding Common Stock.

8.3 *Effect of Determinations.* The determinations of the Board or the Committee under this Section 8 shall be final, conclusive and binding on all parties.

9. ***Merger, Liquidation, Other Company Transactions.***

9.1 *Liquidation or Dissolution.* In the event of the proposed liquidation or dissolution of the Company, the Purchase Period then in progress will terminate immediately prior to the consummation of such liquidation or dissolution, unless otherwise provided by the Board in its sole discretion, and all outstanding options shall automatically terminate and the amounts of all payroll deductions will be refunded without interest to the Participants.

9.2 *Merger or Consolidation.* In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger or consolidation of the Company with or into another corporation, then in the sole discretion of the Board, (1) each option shall be assumed, or an equivalent option shall be substituted, by the successor corporation or parent or subsidiary of such successor corporation or (2) a date established by the Board on or before the date of consummation of such merger, consolidation or sale shall be treated as a Purchase Date, and all outstanding options shall be deemed exercised on such date.

10. ***Transferability.***

Options granted to Participants may not be voluntarily or involuntarily assigned, transferred, pledged, or otherwise disposed of in any way, and, except as provided in Section 4.4, are exercisable during the Participant's lifetime only by the Participant. Any attempted assignment, transfer, pledge, or other disposition shall be null and void and without effect. If a Participant in any manner attempts to transfer, assign or otherwise encumber his or her rights or interest under the Plan, such act shall be treated as an election by the Participant to discontinue participation in the Plan pursuant to Section 4.3.

11. ***Amendment or Termination of the Plan.***

The Board may, in its sole discretion, insofar as permitted by law, terminate the Plan, or revise or amend it in any respect whatsoever, except that, no such revision or amendment may be made without approval of the shareholders if shareholder approval is required by the rules of any stock exchange on which the Common Stock is listed or if such revision or amendment would increase the number of shares subject to the Plan, other than an adjustment under Section 8 of the Plan. The Committee may, in its discretion, suspend the Plan.

12. ***Committee Rules For Non-U.S. Jurisdictions.***

12.1 *Local Laws.* The Committee or its delegate may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Committee or its delegate is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock or stock certificates which vary with local requirements.

12.2 *Sub-plans.* The Committee may also adopt sub-plans applicable to particular subsidiaries or affiliates. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 5.1, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. The Committee may also adopt sub-plans applicable to predecessor company plans, on such terms as it may specify.

13. ***Compliance with Legal and Exchange Requirements.***

The Company shall not be under any obligation to issue Common Stock upon the exercise of any option unless and until the Company has determined that: (i) it and the Participant have taken all actions required to register the Common Stock under the Securities Act of 1933, or to perfect an exemption from the registration requirements thereof; (ii) any applicable listing requirement of any stock exchange on which the Common Stock is listed has been satisfied; and (iii) all other applicable provisions of state, federal and applicable foreign law have been satisfied.

14. ***Governmental Approvals.***

This Plan and the Company's obligation to sell and deliver shares of its stock under the Plan in any jurisdiction shall be subject to the approval of any governmental authority required in connection with the Plan or the authorization, issuance, sale, or delivery of stock hereunder in such jurisdiction.

15. ***No Enlargement Of Employee Rights.***

Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the employ of the Company or any Subsidiary or Affiliate or to interfere with the right of the Company or any Subsidiary or Affiliate to discharge any Employee at any time. It is not intended that any rights or benefits provided under this Plan shall be considered part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long service awards, pension, retirement or similar payments.

16. ***Withholding Taxes.***

In the event that the Company or any Subsidiary or Affiliate is required to withhold any federal, state, local or foreign taxes in respect of any compensation or other income realized by the Participant, the Company or such Subsidiary or Affiliate may deduct from any payments of any kind otherwise due to such Participant, including without limitation the proceeds of any sale of Common Stock for the account of the Participant, the aggregate amount of such federal, state, local or foreign taxes required to be withheld. If such payments are insufficient to satisfy such federal, state, local or foreign taxes, the Participant will be required to pay to the Company or such Subsidiary or Affiliate, or make other arrangements satisfactory to the Company or such Subsidiary or Affiliate regarding payment to the Company or such Subsidiary or Affiliate of, the aggregate amount of any such taxes.

17. ***Governing Law.***

This Plan shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of law principles.

18. ***Severability.***

If any provision of the Plan shall be held illegal or invalid in any jurisdiction, such illegality or invalidity shall not affect the remaining provisions of the Plan in such jurisdiction, or any provision of the Plan in any other jurisdiction, and the Plan shall be construed and applied in such jurisdiction as if the invalid provision had never been contained herein.

19. ***Effective Date.***

This Plan shall be effective March 11, 2008, the date of its adoption by the Board, subject to approval of the shareholders of the Company at the 2008 Annual Meeting.

EXHIBIT II
THE BANK OF NEW YORK MELLON CORPORATION STOCK ACCUMULATION PLAN

TRUST DEED and RULES

of the

THE BANK OF NEW YORK MELLON CORPORATION

STOCK ACCUMULATION PLAN

DATED
June 2009

Approved by HM Revenue & Customs on
2009
under reference A102766

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

TRUST DEED and
RULES OF THE
THE BANK OF NEW YORK MELLON CORPORATION
STOCK ACCUMULATION PLAN

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TRUST DEED

THIS TRUST DEED is made the day of June 2009

BETWEEN

(1) The Bank of New York Mellon Corporation (incorporated in the State of Delaware under no. 5881587) whose principal office is at One Wall Street, New York, New York 10286, United States of America (**"the Company"**);

(2) Those Participating Companies set out at Schedule B to this Deed; and

(3) Capita IRG Trustees Limited (incorporated in England and Wales under registration no: 2729260) whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU **("the Trustees")**

together the **"Original Parties".**

WHEREAS

(A) The Company wishes to establish a share incentive plan approved in accordance with the provisions of Schedule 2 to ITEPA.

(B) The Plan shall constitute an employees' share scheme as that term is defined in section 1166 of the Companies Act 2006 for the provision by the Company of funds for the acquisition by the Trustees of Shares or any shares representing the same.

(C) The Company has adopted the Plan in accordance with Rule 12.2 of the Employee Stock Purchase Plan (**"ESPP"**) approved pursuant to a stockholders resolution dated 8 April 2008.

(D) The Trustees have agreed to be the first trustees of the Plan.

NOW THIS DEED WITNESSETH as follows:

1. DEFINITIONS AND INTERPRETATION

The words and expressions used in this Deed shall where the context permits, have the meaning set out in Rule 1 of the Schedule A to this Deed.

2. OBJECT OF THE TRUST

The purpose of this Deed is to establish a trust for the Plan that satisfies Schedule 2 to ITEPA.

3. THE PLAN

The Plan consists of this Deed and the attached Schedule A. The definitions in the Rules apply to this Deed. The Company from time to time determines which of parts A to D of the Rules shall have effect. Where the Company determines that part B shall have effect it shall also specify whether there is to be an Accumulation Period of up to twelve months, which shall apply equally to all Qualifying Employees in the Plan.

4. DECLARATION OF TRUST

The Company and the Trustees have agreed that all the Shares and other assets that are transferred to the Trustees are to be held on the trusts declared by this Deed, and subject to the terms of the Rules. When Shares or assets are transferred to the Trustees by the Company with the intention of being held as part of the Plan they shall be held upon the trusts and provisions of this Deed and the Rules.

The Trustees shall hold the Trust Fund upon the following trusts namely:

(a) as to Unawarded Shares to allocate those Shares in accordance with the terms of this Deed and the Rules;

(b) as to Shares which have been awarded to a Participant upon trust for the benefit of that Participant on the terms and conditions set out in the Rules;

(c) as to Partnership Share Money upon trust to acquire Shares for the benefit of the contributing Qualifying Employee in accordance with the Rules or to appropriate Unawarded Shares to such Qualifying Employee; and

(d) as to Surplus Assets upon trust to use them to acquire further Shares to be held on the trusts declared in (a) above, at such time during the Trust Period and on such terms as the Trustees in their absolute discretion think fit.

The income of Unawarded Shares and Surplus Assets shall be accumulated by the Trustees and added to, and held upon the trusts applying to, Surplus Assets.

The income of Plan Shares and Partnership Share Money shall be dealt with in accordance with the Rules.

The perpetuity period in respect of the trusts and powers declared by this Deed and the Rules shall be the period of eighty years from the date of this Deed.

5. NUMBER OF TRUSTEES

Unless a corporate Trustee is appointed, there shall always be at least two Trustees. Where there is no corporate Trustee, and the number of Trustees falls below two, the continuing Trustee has the power to act only to achieve the appointment of a new Trustee.

6. INFORMATION

The Trustees shall be entitled to rely without further enquiry on all information supplied to them by the Company and Participating Companies for the purposes of the Plan. In particular, but without prejudice to the generality of the foregoing, any notice given by the Company or a Participating Company to the Trustees in respect of the eligibility of any person to become or remain a Participant in the Plan shall be conclusive in favour of the Trustees.

7. RESIDENCE OF TRUSTEES

At all times the Trustees shall be a body of persons resident in the UK pursuant to paragraph 71(1) of Schedule 2. The Company shall immediately remove any Trustee who ceases to be so resident and, if necessary, appoint a replacement.

8. CHANGE OF TRUSTEES

The Company has the power to appoint or remove any Trustee for any reason. the Company shall execute a deed to effect the change of Trustee. Any Trustee may resign on one month's notice given in writing to the Company, provided that there will be at least two Trustees or a corporate Trustee immediately after the retirement.

9. INVESTMENT AND DEALING WITH TRUST ASSETS

(a) Save as otherwise provided for by the Plan the Trustees shall not sell or otherwise dispose of Plan Shares.

(b) The Trustees shall obey any directions given by a Participant in accordance with the Rules in relation to his Plan Shares and any rights and income relating to those Shares. In the absence of any such direction, or provision by the Plan, the Trustees shall take no action.

(c) The Company and the Participating Companies shall, as soon as practicable after deduction from Salary, pass the Partnership Share Money to the Trustees who will put the money into an account with:

(i) a person falling within section 991(2)(b) of ITA 2007;

(ii) a building society; or

(iii) an institution falling within section 991(2)(c) of ITA 2007,

until it is either used to acquire Partnership Shares (or appropriate Unawarded Shares) on the Acquisition Date, or, in accordance with the Plan, returned to the individual from whose Salary the Partnership Share Money has been deducted.

(d) The Trustees shall pass on any interest arising on this invested money to the individual from whose Salary the Partnership Share Money has been deducted.

(e) The Trustees may either retain or sell Unawarded Shares at their absolute discretion. The proceeds of any sale of Unawarded Shares shall form part of Surplus Assets.

(f) The Trustees shall have all the powers of investment of a beneficial owner in relation to Surplus Assets.

(g) The Trustees shall be under no duty to invest Surplus Assets.

(h) The Trustees shall not be under any liability to the Participating Companies or to current or former Qualifying Employees by reason of a failure to diversify investments, which results from the retention of Plan or Unawarded Shares.

(i) The Trustees may allow any Shares to be registered in the name of an appointed nominee provided that such Shares shall be registered in a designated account. Such registration shall not divest the Trustees of their responsibilities under this Deed or Schedule 2.

(j) The Trustees may at any time, and shall if the Company so directs, revoke any delegation made under this Clause or require any Plan assets held by another person to be returned to the Trustees, or both.

(k) The Trustees may place the documents of title to any securities for the time being in its possession that relate to the Plan or the trusts hereof in any bank or safe deposit. At any time when there is more than one Trustee, the Trustees shall be entitled to procure that any one or more of them may be registered as proprietor of any property held by them upon the trusts of this deed.

(l) The Trustees shall treat Participants fairly and equally in exercising their powers under Part 8 of Schedule 2 in relation to the acquisition of any Dividend Shares.

10. LOANS TO TRUSTEES

The Trustees shall have the power to borrow money for the purpose of:

(a) acquiring Shares; and

(b) paying any other expenses properly incurred by the Trustees in administering the Plan,

on such terms as it thinks fit.

11. SHARES FROM QUALIFYING SHARE OWNERSHIP TRUSTS

Where Shares are transferred to the Trustees by a qualifying transfer in accordance with paragraph 78(1) of Schedule 2, they shall award such Shares only as Free and Matching Shares, and in priority to other available Shares.

12. TRUSTEES' OBLIGATIONS UNDER THE PLAN

Notice of Award of Free and Matching Shares

12.1 As soon as practicable after Free and Matching Shares have been awarded to a Participant, the Trustees shall give the Participant a notice stating:

(a) the number and description of those Shares;

(b) their Initial Market Value on the Award Date; and

(c) the Holding Period applicable to them.

Notice of Award of Partnership Shares

12.2 As soon as practicable after any Partnership Shares have been awarded to a Participant, the Trustees shall give the Participant a notice stating:

(a) the number and description of those Shares;

(b) the amount of money applied by the Trustees in acquiring those Shares on behalf of the Participant; and

(c) the Market Value at the Acquisition Date.

Notice of Dividend Shares

12.3 As soon as practicable after Dividend Shares have been acquired on behalf of a Participant, the Trustees shall give the Participant a notice stating:

(a) the number and description of those Shares;

(b) their Market Value on the Acquisition Date;

(c) the Holding Period applicable to them; and

(d) any amount not reinvested and carried forward for acquisition of further Dividend Shares.

Maintenance of Trust Records

12.4 The Trustees shall maintain proper records and in particular:

(a) The Trustees shall make proper arrangements for the preparation and preservation of all necessary accounts (including the accounts of individual employees) records and other documents necessary to carry out their obligations concerning the proper administration of the Plan. The Participating Companies hereby undertake to make available to the Trustees all facilities and information necessary to ensure that full compliance is made with the provisions of the Plan.

(b) For the purposes of Rules 5.3 to 5.5, the Trustees shall maintain records of any Participant who in any Tax Year has been awarded shares under another plan approved under Schedule 2 and established by the Company or a Connected Company.

(c) Without limitation to the generality of the foregoing the Trustees shall maintain such records as may be necessary for the purposes of their own PAYE and NICs obligations or the PAYE and NICs obligations of the Employer Company (being the company of which the Participant is an employee at the time when any Plan Shares to which the Participant is entitled cease to be subject to the Plan and to whom the PAYE regulations, within the meaning of section 685 of ITEPA, at that time apply).

(d) The Trustees shall submit to the Company such reports or other information as it may reasonably require for ensuring that the Plan is properly administered. Without prejudice to the generality of the foregoing, the Trustees shall submit to the Company copies of all documents including the annual returns which have been supplied to the Board of HM Revenue & Customs within twenty-one days of their being so supplied.

(e) The Company and its proper officers shall at all times be entitled on service of proper notice to inspect all accounts documents and records whatsoever maintained by the Trustees for the purposes of the Plan. The Company may at any time and at its absolute discretion audit or cause to be audited those accounts documents and records.

13. RESTRICTIONS DURING THE HOLDING PERIOD

13.1 During the Holding Period the Trustees shall not dispose of any Free, Matching or Dividend Shares (whether by transfer to the employee or otherwise) unless the Participant has at that point ceased to be in Relevant Employment except as allowed by the following paragraphs of Schedule 2:

(a) paragraph 37(1) (power of Trustees to accept general offers etc.);

(b) paragraph 77(1) (power of Trustees to raise funds to subscribe for rights issue);

(c) paragraph 79(1) (meeting PAYE obligations); and

(d) paragraph 90(8) (termination of plan: early removal of Shares with participant's consent).

PAYE Liability etc.

13.2 This Rule applies where the Trustees become liable to account for PAYE.

(a) The Trustees may dispose of a Participant's Shares or accept a sum from the Participant in order to meet any PAYE liability as a result of a Participant's Shares ceasing to be subject to the Plan, including a liability arising in the circumstances provided in section 510 ITEPA (PAYE: Payment by Trustees to employer company on Shares ceasing to be subject to the plan).

(b) Where the Trustees receive a sum of money which constitutes a Capital Receipt in respect of which a Participant is chargeable to income tax under ITEPA, the Trustees shall pay to the employer a sum equal to that on which income tax is so payable.

(c) The Trustees shall maintain the records necessary to enable them to carry out their PAYE obligations, and the PAYE obligations of the employer company so far as they relate to the Plan.

(d) Where the Participant becomes liable to income tax under ITEPA, or Chapter 3 or Chapter 4 of Part 4 of ITTOIA, the Trustees shall inform the Participant of any facts that are relevant to determining that liability.

Money's worth received by Trustees

13.3 The Trustees shall pay over to the Participant as soon as is practicable, any money or money's worth received by them in respect of or by reference to any Shares, other than money's worth consisting of new shares within paragraph 86 of Schedule 2 ('Company Reconstructions').

This is subject to:

(a) the provisions of paragraph 62 of Schedule 2 (dividend reinvestment);

(b) the Trustees obligations under sections 510 to 514 ITEPA (PAYE: Shares ceasing to be subject to the Plan, and obligations to make payments to employer etc); and

(c) the Trustees' PAYE obligations.

General offers etc.

13.4 If any offer, compromise, arrangement or scheme is made which affects the Free Shares or Matching Shares the Trustees shall notify Participants. Each Participant may direct how the Trustees shall act in relation to that Participant's Plan Shares. In the absence of any direction, the Trustees shall take no action.

14. POWER OF TRUSTEES TO RAISE FUNDS TO SUBSCRIBE FOR A RIGHTS ISSUE

If instructed by Participants in respect of their Plan Shares the Trustees may dispose of some of the Rights under a rights issue arising from those Shares to obtain enough funds to exercise the remaining Rights. The Rights referred to are rights to acquire additional shares or rights in the same company.

15. POWER TO AGREE MARKET VALUE SHARES

Where the Market Value of Shares falls to be determined for the purposes of Schedule 2, the Trustees may agree with HM Revenue & Customs that it shall be determined by reference to such date or dates, or to an average of the values on a number of dates, as specified in the agreement.

16. PERSONAL INTEREST OF TRUSTEES

Trustees, and directors, officers or employees of a corporate Trustee, shall not be liable to account for any benefit accruing to them by virtue of their:

(a) participation in the Plan as a Qualifying Employee;

(b) ownership, in a beneficial or fiduciary capacity, of any shares or other securities in any Participating Company;

(c) being a director or employee of any Participating Company, being a creditor, or being in any other contractual relationship with any such Company.

Permitted dealings of Trustees

A Trustee and any director or other officer of a company acting as Trustee shall not be precluded from acquiring holding or dealing with any debentures, debenture stock shares or securities whatsoever of any Participating Company or any other company in which the Trustees may be interested. Such a person shall not be precluded from making any contract or other transaction with any Participating Company or any such other company. Such a person shall not be in any way liable to account to any Participant, any Participating Company, or such other company for any profits made or benefits obtained in connection therewith.

17. ADMINISTRATION OF THE TRUST

(a) A Trustee being a company may in its capacity as a Trustee hereof act by its officers and may by such officers have and exercise all powers trusts and discretion vested in it hereunder.

(b) The Trustees may employ and act on the advice or opinion of any solicitor, broker, actuary, accountant or other professional or business person whether such advice was obtained by the Trustees or by the Company and shall not be responsible for any loss occasioned by its so acting. the Company shall meet the expenses of such advice or opinions to the extent that it, in its sole discretion, considers such expenses reasonable.

(c) The Trustees may employ on such terms as the Company may agree as to remuneration any agent or agents to transact all or any business of whatsoever nature required to be done in the proper administration of the trusts powers and provisions hereof.

The Trustees shall hold meetings as often as is necessary for the administration of the Plan. There shall be at least two Trustees present at a meeting, except where the sole Trustee is a corporate Trustee, and the Trustees shall give due notice to all the Trustees of such a meeting. Decisions made at such a meeting by a majority of the Trustees present shall be binding on all the Trustees. A written resolution signed by all the Trustees shall have the same effect as a resolution passed at a meeting.

18. NOTICE OF ANY FOREIGN TAX DEDUCTED BEFORE DIVIDEND PAID

Where any foreign cash dividend is received in respect of Plan Shares held on behalf of a Participant, the Trustees shall give the Participant notice of the amount of any foreign tax deducted from the dividend before it was paid.

19. SUBSIDIARY COMPANIES

19.1 Any Subsidiary or Jointly Owned Company may with the agreement of the Company become a Participating Company by executing a deed of adherence agreeing to be bound by the Deed and Rules, in such form as may be agreed in advance with HM Revenue & Customs from time to time. However, any Subsidiary or Jointly Owned Company that is an Original Party to this Deed shall be a Participating Company and shall not be required to execute a deed of adherence.

19.2 Any company, which ceases to be a Subsidiary or Jointly Owned Company, shall cease to be a Participating Company.

19.3 The Plan shall cease to apply to any Participating Company, other than the Company, upon issue of a written notice by the Company to the Trustees that the relevant Company shall cease to be a Participating Company.

20. DUTIES OF PARTICIPATING COMPANIES

20.1 If and so long as any company is a Participating Company it shall:

(a) contribute and pay to the Trustees such sums as are required by the Trustees to acquire such Plan Shares as may be necessary or required for the purpose of discharging the Trustees' duties and obligations under the Plan together with that proportion of the sums required to meet the reasonable expenses of the Trustees in operating and administering the Plan in respect of the Qualifying Employees of that Participating Company;

(b) provide the Trustees with all information reasonably required from it for the purposes of the administration and operation of the Plan in such form as the Trustees may reasonably require; and

(c) at all times comply with the Rules.

20.2 Any company, which ceases to be a Participating Company, shall remain liable to meet its fair proportion of the expenses of the Trustees in respect of any period whether or not arising while it was a Participating Company.

20.3 The rights of Participants employed by any company which ceases to be a Participating Company in relation to Plan Shares Awarded to them whilst that Company was a Participating Company shall not be affected.

21. EXPENSES OF PLAN

The Participating Companies shall meet the costs of the preparation and administration of this Plan.

22. TRUSTEES' LIABILITY AND INDEMNITY

22.1 The Participating Companies shall jointly and severally indemnify each of the Trustees (except a remunerated Trustee) against any expenses and liabilities which are incurred through acting as a Trustee of the Plan and which cannot be recovered from the Trust Fund. This does not apply to expenses and liabilities that are incurred through fraud or wilful wrongdoing or are covered by insurance under Clause 22.3.

22.2 No Trustee except a remunerated Trustee shall be personally liable for any breach of trust (other than through fraud or wilful wrongdoing).

22.3 A non-remunerated Trustee may insure the Plan out of the Trust Fund against any loss caused by him or any of his employees, officers, agents or delegates.

23. TRUSTEES POWER OF DELEGATION

23.1 The Trustees may, to the extent permitted by law, delegate any of their powers and duties under the Plan to any person or company. No delegation made under this Clause shall divest the Trustees of their responsibilities under this Deed or under Schedule 2.

23.2 The Trustees may execute and may authorise any of their directors, officers or employees to execute on their behalf any documents in such manner as may be appropriate and not being inconsistent with the terms of the Plan.

24. REMUNERATION OF TRUSTEES

24.1 Any individual Trustee shall be entitled to receive and retain as remuneration for his services hereunder such sum or sums as a Participating Company may from time to time resolve to pay to him therefor notwithstanding that he is also an officer or employee of a Participating Company. Such a person shall not be disqualified from voting or taking part in any decision of the Trustees on any matter by virtue of any personal or beneficial interest (actual or prospective) therein.

24.2 Any Trustee being a solicitor, broker, actuary, accountant, or other person engaged in any profession or business shall be entitled to be paid all usual professional or proper charges for business transacted time expended and acts done by him or by any employee or partner of his firm in connection with the Plan including acts which a Trustee not being in any profession or business could have done personally.

24.3 Any Trustee being a company may charge and be paid such reasonable remuneration or charges as shall from time to time be agreed in writing between the Company and such company. Any such company (being a bank) shall be entitled, subject to the written consent of the Company, to act as banker and perform any services in relation to the Plan on no less favourable terms than would be made with a customer in the ordinary course of its business as a banker without accounting for any resultant profit including, without prejudice to the generality of the foregoing clause, retention of its customary share of brokerage commission.

24.4 Any Trustee may be employed by or be appointed an officer of the Company or any Subsidiary and shall be entitled to keep for his benefit such fees perquisites and remuneration as he may receive by virtue of such position without having to account therefor and whether or not his position might be by virtue of the fact that he is a Trustee.

25. ACCEPTANCE OF GIFTS

The Trustees may accept gifts of Shares and other assets, which shall be held upon the trusts declared by this Deed.

26. TRUSTEES' LIEN

The Trustees' lien over the Trust Fund in respect of liabilities incurred by them in the performance of their duties (including the repayment of borrowed money and tax liabilities) shall be enforceable subject to the following restrictions:

(a) the Trustees shall not be entitled to resort to Partnership Share Money for the satisfaction of any of their liabilities; and

(b) the Trustees shall not be entitled to resort to Plan Shares for the satisfaction of their liabilities except to the extent that this is permitted by the Plan.

27. AMENDMENTS TO THE PLAN

The Company may, with the Trustees' written consent, from time to time amend the Plan provided that

(a) The Company may not make any amendment that would adversely prejudice to a material extent the rights attaching to any Plan Shares awarded to or acquired by Participants.

(b) The Company may not make any alteration that would give to Participating Companies a beneficial interest in Plan Shares.

(c) If the Plan is approved by HM Revenue & Customs at the time of an amendment or addition, any amendment or addition to a **"key feature"** (as defined in paragraph 84(6) of Schedule 2) of the Plan shall not have effect unless and until the approval of HM Revenue & Customs has been obtained.

and, without stockholder approval, no amendment may otherwise be made to Rule 3 or to any other provision if stockholder approval is required by any stock exchange on which the Shares are listed.

28. SUSPENSION OF THE PLAN

The Company may at any time resolve to suspend the operation of the Plan. Any decision to suspend the operation of the Plan will not affect the subsisting rights of Participants.

29. TERMINATION OF THE PLAN

29.1 The Plan shall terminate on the earliest of:

(a) the date on which the Plan is declared to terminate by a Plan Termination Notice issued by the Company to the Trustees under paragraph 89 of Schedule 2, or

(b) if earlier, the expiry of the Trust Period.

29.2 The Company shall without delay upon executing a Plan Termination Notice provide a copy of the notice to the Trustees, HM Revenue & Customs and each individual who has Plan Shares or who has entered into a Partnership Share Agreement which was in force immediately before the Plan Termination Notice was issued.

29.3 Upon the issue of a Plan Termination Notice or upon the expiry of the Trust Period, paragraph 90 of Schedule 2 shall have effect.

29.4 Any Shares or other assets which remain undisposed of after the requirements of paragraph 90 of Schedule 2 have been complied with shall be held by the Trustees upon trust to pay or apply them to or for the benefit of the Participating Companies as at the termination date in such proportion, having regard to their respective contributions, as the Trustees shall in their absolute discretion consider appropriate.

30. EVENTS ON WHICH A PLAN TERMINATION NOTICE MAY BE GIVEN

The Company will issue a Plan Termination Notice on the earliest of the following dates:

(a) on the date when an order for the winding up of the Company is made or a resolution is passed for the voluntary winding up of the Company, or,

(b) on any other date determined at the discretion of the Company.

31. NOTICES

Any notice or other communication under, or in connection with, the Plan may be given by personal delivery sent by e-mail or fax to any e-mail or fax number which according to the records of the Company or Participating Company is used by him, or by sending the same by post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is a director or employee of the Company or a Participating Company, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment. Notices sent by email or fax, in the absence of evidence to the contrary, will be deemed to have been received on the day after sending. Where a notice or other communication is given by first-class post, it shall be deemed to have been received by 10am on the second Business Day after it was put into the post properly addressed and stamped. However, notices sent by airmail to a director or employee who is working overseas or by airmail to the Company or a Participating Company with an overseas registered office will be deemed to have been given on the seventh day after posting. If any notice or other communication would otherwise have become effective on a non-Business Day or after 5 p.m. on a Business Day, it shall instead become effective at 10 a.m. on the next Business Day.

32. THIRD PARTY RIGHTS

Any person who is not a party to this Deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.

33. GOVERNING LAW

This Deed shall be governed by and construed in accordance with the laws of England.

34. JURISDICTION

The parties agree that they shall submit to the exclusive jurisdiction of the English courts.

35. CONSTRUCTION OF THIS DEED

The Schedules to this Deed shall be treated as part of this Deed.

36. COUNTERPARTS

This Deed may be executed in any number of counterparts each of which when executed and delivered is an original and all of which together constitute the same document.

SCHEDULE A

THE PLAN RULES

1. DEFINITIONS

1.1 The following words and expressions have the following meanings:

"Accumulation Period" in relation to Partnership Shares, the period during which the Trustees accumulate a Qualifying Employee's Partnership Share Money before acquiring Partnership Shares or repaying it to the employee

"Acquisition Date"

(a) in relation to Partnership Shares, where there is no Accumulation Period, the meaning given by paragraph 50(4) of Schedule 2

(b) in relation to Partnership Shares, where there is an Accumulation Period, the meaning given by paragraph 52(5) of Schedule 2; and

(c) in relation to Dividend Shares, the meaning given by paragraph 66(4) of Schedule 2

"Associated Company" the same meaning as in paragraph 94 of Schedule 2

"Award Date" in relation to Free Shares or Matching Shares, the date on which such Shares are awarded

"Award"

(a) in relation to Free Shares and Matching Shares, the appropriation of Free Shares and Matching Shares in accordance with the Plan; and

(b) in relation to Partnership Shares, the acquisition of Partnership Shares on behalf of Qualifying Employees in accordance with the Plan or, as the case may be, the appropriation of Unawarded Shares already held by the Trustees

"Business Day" any day (other than a Saturday or a Sunday) when clearing banks are open for business in the City of London for the transaction of normal banking business;

"Capital Receipt" the same meaning as in section 502 ITEPA

"Clause" a clause of the Deed

"the Company" The Bank of New York Mellon Corporation (incorporated in the State of Delaware under registration no. 5881587)

"Close Company"	a company that is a close company within the meaning of section 414 of ICTA 1988, but disregarding section 414(1)(a) and section 415 of ICTA 1988
"Connected Company"	the same meaning as in paragraph 18(3) of Schedule 2
"Control"	the same meaning as in section 995 of ITA 2007
"Dealing Day"	a day on which the London Stock Exchange plc (or its successor body) is open for the transaction of business
"Deed"	The Bank of New York Mellon Corporation Stock Accumulation Plan Trust Deed
"Directors"	the board of directors of the Company or a duly authorised committee thereof
"Dividend Shares"	Shares acquired on behalf of a Participant from reinvestment of dividends under Part D of the Plan and which are subject to the Plan
"Employees' Share Scheme"	an employees' share scheme as defined in section 1166 of the Companies Act 2006
"Forfeiture Period"	any period specified by the Company during which Free and Matching Shares may be subject to forfeiture
"Free Share Agreement"	an agreement setting the terms of the Award with respect to an Award of Free Shares in such form as may be approved by HM Revenue & Customs from time to time
"Free Shares"	Shares awarded under Part A of the Plan which are subject to the Plan
"Holding Period"	(a) in relation to Free Shares, the period during which the Participant shall be bound by the terms of the Free Share Agreement specified by the Company as mentioned in Rule 7.16; (b) in relation to Matching Shares, the period during which the Participant shall be bound by the terms of the Partnership Share Agreement specified by the Company as mentioned in Rule 9.5; and (c) in relation to Dividend Shares, the period of three years from the Acquisition Date

"ICTA 1988"	the Income and Corporation Taxes Act 1988
"Initial Market Value"	the Market Value of a Share on an Award Date. Where the Share is subject to a restriction or risk of forfeiture, the market value shall be determined without reference to that restriction or risk
"ITEPA"	the Income Tax (Earnings and Pensions) Act 2003
"IITOIA"	the Income Tax (Trading and Other Income) Act 2005
"ITA 2007"	the Income Tax Act 2007
"Jointly Owned Company"	a company owned by the Company jointly with another person (within the meaning of paragraph 91(5) of Schedule 2) and any company controlled by such jointly owned company, in each case to which HM Revenue & Customs has confirmed the Plan may extend.
"Market Value"	(a) if and for so long as the Shares are admitted to listing on the New York Stock Exchange: (i) if all the Shares acquired for allocation to Participants on an Acquisition Date or Award Date (as applicable) are purchased over 5 or fewer consecutive Dealing Days ending either on that date or on the Dealing Day immediately preceding that date, the average of the prices paid by the Trustees for those Shares; or (ii) in any other case, the closing price of a Share on the New York Stock Exchange on the Dealing Day immediately preceding the Acquisition Date or Award Date (as applicable); (b) if paragraph (a) above does not apply, its market value determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed for the purposes of the Plan with HM Revenue & Customs Shares Valuation on or before that day
"Matching Shares"	Shares awarded under Part C of the Plan and which are subject to the Plan
"Material Interest"	the same meaning as in paragraph 19 of Schedule 2
"NICs"	National Insurance Contributions

"Participant"	an individual who has received under the Plan an Award of Free Shares, Matching Shares or Partnership Shares, or on whose behalf Dividend Shares have been acquired
"Original Participating Company"	a Participating Company which was an Original Party to the Deed
"Participating Company"	the Company, such Subsidiaries and Jointly Owned Companies which are either Original Parties to the Deed or have executed deeds of adherence to the Plan under Clause 19 of the Deed
"Partnership Share Agreement"	an agreement setting the terms of the Award with respect to an Award of Partnership Shares in such form as may be approved by HM Revenue & Customs from time to time
"Partnership Share Money"	money deducted from a Qualifying Employee's Salary pursuant to a Partnership Share Agreement and held by the Trustees to acquire Partnership Shares or to be returned to such a person
"Partnership Shares"	Shares awarded under Part B of the Plan and which are subject to the Plan
"Performance Criteria "	the criteria which may be used in accordance with Schedule 2 to determine: (a) whether or not Free Shares are awarded; or (b) the number or value of Free Shares to be awarded
"Plan"	The Bank of New York Mellon Corporation Stock Accumulation Plan established under Schedule 2 as constituted by this Deed and Rules in their present form or as amended from time to time in accordance with the provisions hereof
"Plan Shares"	(a) Free Shares, Matching Shares or Partnership Shares awarded to Participants; (b) Dividend Shares acquired on behalf of Participants; and (c) shares in relation to which paragraph 87(2) (company reconstructions: new shares) of Schedule 2 applies and that remain subject to the Plan

"Plan Termination Notice" a notice to terminate the Plan issued by the Company under paragraph 89 of Schedule 2

"Qualifying Company" in relation to any individual means:

(a) the Company; or

(b) a company that when the individual was employed by it was an Associated Company:

(i) of the Company; or

(ii) of another company qualifying under this paragraph

"Qualifying Corporate Bond" the same meaning as in section 117 of the Taxation of Chargeable Gains Act 1992

"Qualifying Employee" an employee who must be invited to participate in an award in accordance with Rule 5.5 and any employee whom the Company has invited in accordance with Rule 5.7

"Qualifying Period"

(a) in the case of Free Shares a period not exceeding 18 months before the Award is made;

(b) in the case of Partnership Shares and Matching Shares where there is an Accumulation Period a period not exceeding six months before the start of the Accumulation Period; and

(c) in the case of Partnership Shares and Matching Shares where there is no Accumulation Period a period not exceeding 18 months before the deduction of Partnership Share Money relating to the Award

"Qualifying Reason" A Participant ceases to be in Relevant Employment for a Qualifying Reason if the Participant ceases to be an employee

(a) because of injury or disability

(b) on being dismissed by reason of Redundancy

(c) by reason of a transfer to which the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply

(d) by reason of a change of control or other circumstances whereby the Participating Company that employs him ceases to be an Associated Company of the Company

(e) by reason of his retirement before, after or on reaching Retirement Age or

(f) on his death

"Recognised Exchange"	a recognised stock exchange within the meaning of section 1005 ITA 2007 or a recognised investment exchange within the meaning of the Financial Services and Markets Act 2000
"Redundancy"	the same meaning as in the Employment Rights Act 1996
"Relevant Employment"	employment by the Company or any Associated Company
"Retirement Age"	50
"Rights"	rights conferred in respect of Plan Shares to be allotted, on payment, other shares or securities or rights of any description in the Company
"Rules"	the rules of the Plan set out as in Schedule 1 to the Deed and a reference to a 'Rule' shall be construed accordingly
"Salary"	the same meaning as in paragraph 43(4) of Schedule 2
"Schedule 2"	Schedule 2 to ITEPA
"Shares"	a share of common stock in the capital of The Bank of New York Mellon Corporation which comply with the conditions set out in paragraphs 25 to 33 of Schedule 2
"Subsidiary"	any company which is for the time being under the Control of the Company
"Surplus Assets"	any assets comprised in the Trust Fund other than Unawarded Shares, Plan Shares and Partnership Share Money
"Tax Year"	a year beginning on 6 April and ending on the following 5 April

"Trust Fund"	all assets transferred to the Trustees to be held on the terms of the Deed and the assets from time to time representing such assets, including any accumulations of income
"Trust Period"	the period of 80 years beginning with the date of the Deed
"Trustees"	the trustees or trustee for the time being of the Plan
"Unawarded Shares"	Shares comprised in the Trust Fund that have not been awarded to Participants

1.2 References to any Act, or Part, Chapter, or section (including ICTA 1988, ITEPA, ITTOIA and ITA 2007) shall include any statutory modification, amendment or re-enactment of that Act, for the time being in force.

1.3 Words of the masculine gender shall include the feminine and words in the singular shall include the plural and *vice versa* unless, in either case, the context otherwise requires or it is otherwise stated.

1.4 Headings and subheadings are for ease of reference only and shall not affect the interpretation of any Rule or Clause.

2. PURPOSE OF THE PLAN

The purpose of the Plan is to enable employees of Participating Companies to acquire Shares, which give them a continuing stake in the Company.

3. PLAN SHARES

3.1 No newly issued Shares may be awarded or acquired under the Plan.

4. ADMISSION TO THE PLAN

4.1 For each Award, the Company shall determine whether and to what extent Qualifying Employees shall be invited to apply for Free Shares, Partnership Shares or Matching Shares subject to the terms and conditions of the Deed and these Rules.

4.2 If the Company determines that Qualifying Employees shall be invited to apply then the Company shall also determine:

(a) any Qualifying Period;

(b) whether there shall be an Accumulation Period in respect of any Award of Partnership Shares;

(c) whether there shall be any Performance Criteria in respect of any Award of Free Shares;

(d) the Holding Period in respect of any Award of Free Shares, Matching Shares or Dividend Shares;

(e) maximum and minimum Partnership Share Money deductions;

(f) the maximum number of Shares to be included in an Award of Partnership Shares; and

(g) whether there shall be a Forfeiture Period in respect of any Award of Free or Matching Shares.

5. ELIGIBILITY OF INDIVIDUALS

5.1 Subject to Rule 5.4, individuals are eligible to participate in an Award only if:

(a) they are employees of a Participating Company;

(b) they have been employees of a Qualifying Company at all times during any Qualifying Period;

(c) they are eligible on the date(s) set out in paragraph 14(7) of Schedule 2; and

(d) they do not fail to be eligible under any of Rules 5.2, 5.3 or 5.4.

5.2 Individuals are not eligible to participate in an Award of Shares if they have, or within the preceding twelve months have had, a Material Interest in:

(a) a Close Company whose Shares may be awarded under the Plan; or

(b) a company which has Control of such a company or is a member of a consortium which owns such a company.

5.3 Individuals are not eligible to participate in an Award of Free Shares if in that Tax Year they are to receive at the same time an award under another plan established by the Company or a Connected Company and approved under Schedule 2, or if they would have received such an award but for their failure to meet a performance target (see Rule 7.6).

5.4 Individuals are not eligible to participate in an Award of Partnership Shares or Matching Shares if in that Tax Year they receive at the same time an award under another plan established by the Company or a Connected Company and approved under Schedule 2.

5.5 If an individual participates in an Award of Shares under the Plan in a Tax Year in which they have already received an award under another plan established by the Company or a Connected Company and approved under Schedule 2, Rules 7.4, 8.5, 8.6 and 10.6 apply as if the Plan and any other plan were a single plan.

Employees who must be invited to participate in Awards

5.6 Individuals shall be eligible to receive an Award of Shares under the Plan if they meet the requirements in Rule 5.1 **and** are UK resident taxpayers within the meaning of para 8(2) of Schedule 2.

5.7 In this case, they shall be invited to participate in any Awards of Shares, and acquisition of Dividend Shares, in accordance with the Rules of the Plan.

Employees who may be invited to participate in Awards

5.8 The Company may also invite any employee who meets the requirements in Rule 5.1 to participate in any Award or acquisition of Dividend Shares in accordance with the rules of the Plan.

6. PARTICIPATION ON SAME TERMS

6.1 Every Qualifying Employee shall be invited to participate in an Award on the same terms. All who do participate in an Award shall do so on the same terms.

6.2 The Company may make an Award of Free Shares to Qualifying Employees by reference to their remuneration, length of service or hours worked. However, if the Company makes such an Award by reference to more than one of these factors, it shall do so on the basis that each factor gives rise to a separate entitlement and the total entitlement is the sum of those separate entitlements.

6.3 The Company may make an Award of Free Shares to Qualifying Employees by reference to their performance as set out in Rule 7.6.

PART A

7. FREE SHARES

7.1 Every Qualifying Employee shall make an agreement with the Company (a **"Free Share Agreement"**) in such form as agreed in advance with the Board of HM Revenue & Customs.

7.2 The Trustees, acting with the prior consent of the Company, may from time to time award Free Shares.

7.3 The number of Free Shares to be awarded by the Trustees to each Qualifying Employee on an Award Date shall be determined by the Company in accordance with this Rule.

Maximum annual Award

7.4 The Initial Market Value of the Shares awarded to a Qualifying Employee in any Tax Year shall not exceed £3,000.

Qualifying Period for Award of Free Shares

7.5 The Company may stipulate a Qualifying Period in respect of the Award of Free Shares. Any such Qualifying Period shall be the same for all Qualifying Employees in relation to the same Award, but may be different for different Awards.

Allocation of Free Shares by reference to performance

7.6 The Company may stipulate that the number of Free Shares (if any) to be awarded to each Qualifying Employee on a given Award Date shall be determined by reference to Performance Criteria.

7.7 If Performance Criteria are used, they shall apply to all Qualifying Employees.

7.8 Performance Criteria shall be determined by reference to such fair and objective criteria (performance targets) relating to business results as the Company shall determine over such period as the Company shall specify.

7.9 Performance targets must be set for performance units of one or more employees.

7.10 For the purposes of an Award of Free Shares, an employee must not be a member of more than one performance unit.

7.11 Where the Company decides to use Performance Criteria it shall, as soon as reasonably practicable:

(a) notify each employee participating in the Award of the performance targets and measures which, under the Plan, shall be used to determine the number or value of Free Shares awarded to him; and

(b) notify all Qualifying Employees of any Participating Company, in general terms, of the performance targets and measures to be used to determine the number or value of Free Shares to be awarded to each Participant in the Award.

7.12 The Company shall determine the number of Free Shares (if any) to be awarded to each Qualifying Employee by reference to performance using Method 1 or Method 2 set out below. The same method shall be used for all Qualifying Employees for each Award.

Performance Criteria: method 1

7.13 By this Method:

(a) at least 20% of Free Shares awarded in any performance period shall be awarded without reference to performance;

(b) the remaining Free Shares shall be awarded by reference to performance; and

(c) the highest Award made to an individual by reference to performance in any period shall be no more than four times the highest Award to an individual without reference to performance.

7.14 If this Method is used:

(a) the Free Shares awarded without reference to performance (paragraph (a) above) shall be awarded on the same terms mentioned in Rule 6; and

(b) the Free Shares awarded by reference to performance (paragraph (b) above) need not be allocated on the same terms mentioned in Rule 6.

Performance Criteria: method 2

7.15 By this Method:

(a) some or all Free Shares shall be awarded by reference to performance;

(b) the Award of Free Shares to Qualifying Employees who are members of the same performance unit shall be made on the same terms, as mentioned in Rule 6; and

(c) Free Shares awarded for each performance unit shall be treated as separate Awards.

Holding Period for Free Shares

7.16 The Company shall, in relation to each Award Date, specify a Holding Period throughout which a Participant shall be bound by the terms of the Free Share Agreement.

7.17 The Holding Period shall, in relation to each Award, be a specified period of not less than three years nor more than five years, beginning with the Award Date and shall be the same for all Participants who receive an Award at the same time. The Holding Period shall not be increased in respect of Free Shares already awarded under the Plan.

7.18 A Participant may during the Holding Period direct the Trustees:

(a) to accept an offer for any of his Free Shares if the acceptance or agreement shall result in a new holding being equated with those Shares for the purposes of capital gains tax; or

(b) to accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for his Free Shares if the offer forms part of such a general offer as is mentioned in paragraph (c); or

(c) to accept an offer of cash, with or without other assets, for his Free Shares if the offer forms part of a general offer which is made to holders of Shares of the same class as their Shares, or to holders of Shares in the same company and which is made in the first instance on a condition such that if it is satisfied the person making the offer shall have control of that company, within the meaning of section 416 of ICTA 1988; or

(d) to agree to a transaction affecting their Free Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting;

(i) all of the ordinary share capital of the Company or, as the case may be, all the Shares of the class in question; or

(ii) all the Shares, or all the Shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a plan approved under Schedule 2.

Forfeiture Period for Free Shares

7.19 The Company shall, in relation to each Award Date, determine whether a Forfeiture Period shall apply to the Free Shares. Any Forfeiture Period so determined shall be specified in the Free Share Agreement and shall not be more than three years. If the

Company so determines, then a Participant who ceases to be in Relevant Employment during the Forfeiture Period for a reason that is not a Qualifying Reason shall cease to be beneficially entitled to those Free Shares.

PART B

8. PARTNERSHIP SHARES

8.1 The Company may at any time invite every Qualifying Employee to enter into an agreement with the Company (a **"Partnership Share Agreement"**) in the terms of the draft appended to these Rules, or on such other terms as agreed in advance with HM Revenue & Customs.

8.2 References in Rule 8 to the Trustees acquiring Partnership Shares on behalf of a Participant include their appropriating to a Participant Unawarded Shares already held by them.

8.3 Partnership Shares shall not be subject to any provision under which they may be forfeited.

Qualifying Period

8.4 The Company may stipulate a Qualifying Period in respect of the Award of Partnership Shares. Any such Qualifying Period shall be the same for all Qualifying Employees in relation to the same Award, but may be different for different Awards.

Maximum amount of deductions

8.5 The amount of Partnership Share Money deducted from an employee's Salary shall not exceed £1,500 (or such other amount as may be permitted by Schedule 2 from time to time) in any Tax Year. The Company may set a lower limit under Rule 4.2 (e) (which may be framed in accordance with paragraph (46(4A) of Schedule 2).

8.6 The amount of Partnership Share Money deducted from an employee's Salary for any Tax Year must not exceed 10% of that Participant's Salary for the Tax Year, or any other limit as amended by legislation from time to time.

8.7 Any amount deducted in excess of that allowed by Rule 8.5 or 8.6 shall be paid over to the employee, subject to both deduction of income tax under PAYE and NICs, as soon as practicable.

8.8 A Participant may only be a party to one Partnership Share Agreement authorising one or more deductions from Salary in any given month but Directors may, from time to time, and subject to Rules 8.5 and 8.6, invite all Participants to vary the amount of deductions authorised to be made.

Minimum amount of deductions

8.9 The minimum amount to be deducted under the Partnership Share Agreement on any occasion shall be the same in relation to all Partnership Share Agreements entered into in response to invitations issued on the same occasion. It shall not be greater than £10, or any other limit as amended by legislation from time to time.

Notice of possible effect of deductions on benefit entitlement

8.10 Every Partnership Share Agreement shall contain a notice under paragraph 48 of Schedule 2 in respect of the possible effect of deductions on benefit entitlement on salary related state benefits such as statutory sick pay and maternity pay. the Company shall provide each participant in the Plan with a statement detailing the effects on such benefits of participation in the Plan. HM Revenue & Customs are empowered to make regulations prescribing the form of such a notice.

Restriction imposed on number of Shares awarded

8.11 The Company may specify the maximum number of Shares to be included in an Award of Partnership Shares.

8.12 The Partnership Share Agreement shall contain an undertaking by the Company to notify each Qualifying Employee of any restriction on the number of Shares to be included in an Award.

8.13 The notification in Rule 8.11 above shall be given:

(a) if there is no Accumulation Period, before the deduction of the Partnership Share Money relating to the Award; and

(b) if there is an Accumulation Period, before the beginning of the Accumulation Period relating to the Award.

Plan with no Accumulation Period

8.14 The Trustees shall acquire Shares on behalf of the Qualifying Employee using the Partnership Share Money. They shall acquire the Shares on the Acquisition Date. The number of Shares awarded to each employee shall be determined in accordance with the Market Value of the Shares on that date.

Plan with Accumulation Period

8.15 If there is an Accumulation Period, the Trustees shall acquire Shares on behalf of the Qualifying Employee, on the Acquisition Date, using the Partnership Share Money.

8.16 The number of Shares acquired on behalf of each Participant shall be determined by reference to the lower of:

(a) the Market Value of the Shares at the beginning of the Accumulation Period; and

(b) the Market Value of the Shares on the Acquisition Date.

8.17 All subsisting Accumulation Periods shall immediately come to an end:

(a) with effect from the date specified in a notice to terminate the operation of the Plan given in accordance with clause 29 of the Deed;

(b) if notice is given to shareholders of the Company of a resolution being proposed for the voluntary winding up of the Company;

(c) upon the commencement of a winding up of the Company;

(d) if a general offer is made to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have control of the Company when that condition is satisfied;

(e) if a general offer is made to acquire all the shares in the Company of the same class as the Shares, when any condition subject to which the offer is made has been satisfied; or

(f) if any person becomes entitled or bound to acquire shares in the Company under sections 979-982 (inclusive) of the Companies Act 2006.

Surplus Partnership Share Money

8.18 Any surplus Partnership Share Money remaining after the acquisition of Shares by the Trustees:

(a) may, with the agreement of the Participant, be carried forward to the next Accumulation Period or deduction, as appropriate; and

(b) in any other case, shall be paid over to the Participant, subject to both deduction of income tax under PAYE and NICs, as soon as practicable.

Scaling down

8.19 If the Company receives applications for Partnership Shares exceeding the Award maximum determined in accordance with Rule 8.11 then the following steps shall be taken in sequence until the excess is eliminated.

Step 1. the excess of the monthly deduction chosen by each applicant over £10 shall be reduced pro rata;

Step 2. all monthly deductions shall be reduced to £10

Step 3. applications shall be selected by lot, each based on a monthly deduction of £10.

8.20 Each application shall be deemed to have been modified or withdrawn in accordance with the foregoing provisions, and each employee who has applied for Partnership Shares shall be notified of the change.

Withdrawal from Partnership Share Agreement

8.21 An employee may withdraw from a Partnership Share Agreement at any time by notice in writing to the Company. Unless a later date is specified in the notice, such a notice shall take effect 30 days after the Company receives it. Any Partnership Share Money then held on behalf of an employee shall be paid over to that employee as soon as practicable. This payment shall be subject to income tax under PAYE and NICs.

8.22 If an employee ceases to be in Relevant Employment during an Accumulation Period, any Partnership Share Money then held on behalf of that employee shall be paid over to that employee as soon as practicable. This payment shall be subject to tax under PAYE and NICs.

8.23 When Partnership Shares have been Awarded to a Participant, the Participant may at any time withdraw any or all of his Partnership Shares from the Plan.

8.24 An employee may at any time give notice in writing to the Company to stop deductions in pursuance of a Partnership Share Agreement. An employee who has stopped deductions may subsequently give notice in writing to the Company to re-start deductions in pursuance of the agreement, but may not make-up deductions that have been missed. Unless a later date is specified in the notice the Company will ensure that within 30 days of receiving the notice no further deductions are made under the Partnership Share Agreement. The Company on receiving a notice to re-start deductions under the Partnership Share Agreement, will do so no later than the re-start date. The re-start date shall be the date of first deduction due under the Partnership Share Agreement which is at least 30 days after the receipt of the notice to re-start the deductions. [An employee may not re-start deductions more than once in any Accumulation Period].

Repayment of Partnership Share Money on withdrawal of approval or Termination

8.25 If approval to the Plan is withdrawn or a Plan Termination Notice is issued in respect of the Plan, any Partnership Share Money held on behalf of employees shall be repaid to them as soon as practicable after notice of withdrawal is given to the Company or after the Plan Termination Notice is notified to the Trustees, as the case may be, subject to deduction of income tax under PAYE and NICs.

8.26 The authority to make deductions from Salary granted by a Participant pursuant to a Partnership Share Agreement shall lapse upon the occurrence of any of the events specified in Rule 8.18 or, if earlier, upon the effective date of a Participant's withdrawal from a Partnership Share Agreement as mentioned in Rules 8.21, 8.22 and 8.24.

PART C

9. MATCHING SHARES

9.1 The Partnership Share Agreement sets out the basis on which a Participant is entitled to Matching Shares in accordance with this Part of the Rules.

General requirements for Matching Shares

9.2 Matching Shares shall:

(a) be Shares of the same class and carrying the same rights as the Partnership Shares to which they relate;

(b) subject to Rule 9.4, be awarded on the same day as the Partnership Shares to which they relate are acquired on behalf of the Participant; and

(c) be awarded to all Participants on exactly the same basis.

Ratio of Matching Shares to Partnership Shares

9.3 The Partnership Share Agreement shall specify the ratio of Matching Shares to Partnership Shares for the time being offered by the Company and that ratio shall not exceed two for one. The Company may vary the ratio before Partnership Shares are acquired. Employees shall be notified of the terms of any such variation before the Partnership Shares are awarded under the Partnership Share Agreement.

9.4 If the Partnership Shares on that day are not sufficient to produce a Matching Share, the match shall be made when sufficient Partnership Shares have been acquired to allow at least one Matching Share to be appropriated.

Holding Period for Matching Shares

9.5 The Company shall, in relation to each Award Date, specify a Holding Period throughout which a Participant shall be bound by the terms of the Partnership Share Agreement.

9.6 The Holding Period shall, in relation to each Award, be a specified period of not less than three years nor more than five years, beginning with the Award Date and shall be the same for all Participants who receive an Award at the same time. The Holding Period shall not be increased in respect of Matching Shares awarded under the Plan.

9.7 A Participant may during the Holding Period direct the Trustees:

(a) to accept an offer for any of his Matching Shares if the acceptance or agreement shall result in a new holding being equated with those original Shares for the purposes of capital gains tax; or

(b) to accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for their Matching Shares if the offer forms part of such a general offer as is mentioned in paragraph (c); or

(c) to accept an offer of cash, with or without other assets, for his Matching Shares if the offer forms part of a general offer which is made to holders of Shares of the same class as their Shares or to the holders of Shares in the same company, and which is made in the first instance on a condition such that if it is satisfied the person making the offer shall have control of that company, within the meaning of section 416 of ICTA 1988; or

(d) to agree to a transaction affecting his Matching Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting;

(i) all of the ordinary share capital of the Company or, as the case may be, all the Shares of the class in question; or

(ii) all the Shares, or all the Shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a plan approved under Schedule 2.

Forfeiture Period for Matching Shares

9.8 The Company shall, in relation to each Award Date, determine whether a Forfeiture Period shall apply to the Matching Shares. Any Forfeiture Period so determined shall be specified in the Partnership Share Agreement and shall not be more than three years. If the Company so determines, then a Participant who ceases to be in Relevant Employment during the Forfeiture Period for a reason that is not a Qualifying Reason shall cease to be beneficially entitled to those Matching Shares. The Company may additionally determine that a Participant who withdraws the Partnership Shares in respect of which the Matching Shares were awarded from the Plan during the Forfeiture Period shall cease to be beneficially entitled to those Matching Shares.

PART D

10. DIVIDEND SHARES

Reinvestment of cash dividends

10.1 The Free Share Agreement or Partnership Share Agreement, as appropriate, shall set out the rights and obligations of Participants receiving Dividend Shares under the Plan.

10.2 The Company may direct that any cash dividend in respect of Plan Shares held on behalf of Participants may be applied in acquiring further Plan Shares on their behalf.

10.3 Dividend Shares shall be Shares:

(a) of the same class and carrying the same rights as the Shares in respect of which the dividend is paid; and

(b) which are not subject to any provision for forfeiture.

10.4 The Company may decide to:

(a) apply all Participants' dividends, up to the limit specified in Rule 10.6, to acquire Dividend Shares;

(b) to pay all dividends in cash to all Participants; or

(c) to offer Participants the choice of either (a) or (b) above.

10.5 The Company may revoke any direction for reinvestment of cash dividends.

10.6 The amount applied by the Trustees in acquiring Dividend Shares shall not exceed £1,500 in each Tax Year.

10.7 If the amounts received by the Trustees exceed the limit in Rule 10.6, the balance shall be paid to the Participant as soon as practicable.

10.8 If dividends are to be applied to acquire Dividend Shares, the Trustees shall apply all the cash dividend to acquire Shares on behalf of the Participant on the Acquisition

Date. The number of Dividend Shares acquired on behalf of each Participant shall be determined by the Market Value of the Shares on the Acquisition Date.

10.9 References in Rule 10 to the Trustees acquiring Dividend Shares on behalf of a Participant include their appropriating to a Participant Unawarded Shares already held by them.

Certain amounts not reinvested to be carried forward

10.10 Subject to Rule 10.7, any amount that is not reinvested:

(a) because the amount of the cash dividend is insufficient to acquire a Share; or

(b) because there is an amount remaining after acquiring the Dividend Shares;

may be retained by the Trustees and carried forward to be added to the amount of the next cash dividend to be reinvested.

10.11 If, during the period of three years beginning with the date on which the dividend was paid:

(a) it is not reinvested; or

(b) the Participant ceases to be in Relevant Employment; or

(c) a Plan Termination Notice is issued

the amount shall be paid to the Participant as soon as practicable. On making such a payment, the Participant shall be provided with the information specified in paragraph 80(4) of Schedule 2.

Holding Period for Dividend Shares

10.12 The Holding Period shall be a period of three years, beginning with the Acquisition Date.

10.13 A Participant may during the Holding Period direct the Trustees:

(a) to accept an offer for any of his Dividend Shares if the acceptance or agreement shall result in a new holding being equated with those Shares for the purposes of capital gains tax; or

(b) to accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for their Dividend Shares if the offer forms part of such a general offer as is mentioned in paragraph (c); or

(c) to accept an offer of cash, with or without other assets, for their Dividend Shares if the offer forms part of a general offer which is made to holders of Shares of the same class as their Shares or to holders of Shares in the same company, and which is made in the first instance on a condition such that if it is satisfied the person making the offer shall have control of that company, within the meaning of section 416 of ICTA 1988; or

(d) to agree to a transaction affecting their Dividend Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting;

(i) all of the ordinary share capital of the Company or, as the case may be, all the shares of the class in question; or

(ii) all the Shares, or all the Shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a plan approved under Schedule 2.

10.14 Where a Participant is charged to tax in the event of their Dividend Shares ceasing to be subject to the Plan, they shall be provided with the information specified in paragraph 80(4) of Schedule 2.

11. COMPANY RECONSTRUCTIONS

11.1 The following provisions of this Rule apply if there occurs in relation to any of a Participant's Plan Shares (referred to in this Rule as **"the Original Holding"**):

(a) a transaction which results in a new holding (referred to in this Rule as **"the New Holding"**) being equated with the Original Holding for the purposes of capital gains tax; or

(b) a transaction which would have that result but for the fact that what would be the new holding consists of or includes a Qualifying Corporate Bond.

11.2 If an issue of shares of any of the following description (in respect of which a charge to income tax arises) is made as part of a company reconstruction, those shares shall be treated for the purposes of this Rule as not forming part of the New Holding:

(a) redeemable shares or securities issued as mentioned in section 209(2)(c) of ICTA 1988;

(b) share capital issued in circumstances such that section 210(1) of ICTA 1988 applies; or

(c) share capital to which section 249 of ICTA 1988 applies.

11.3 In this Rule:

"Corresponding Shares" in relation to any New Shares, means the Shares in respect of which the New Shares are issued or which the New Shares otherwise represent;

"New Shares" means shares comprised in the New Holding which were issued in respect of, or otherwise represent, shares comprised in the Original Holding.

11.4 Subject to the following provisions of this Rule, references in this Plan to a Participant's Plan Shares shall be respectively construed, after the time of the company reconstruction, as being or, as the case may be, as including references to any New Shares.

11.5 For the purposes of the Plan:

(a) a company reconstruction shall be treated as not involving a disposal of Shares comprised in the Original Holding; and

(b) the date on which any New Shares are to be treated as having been appropriated to or acquired on behalf of the Participant shall be that on which Corresponding Shares were so appropriated or acquired.

11.6 In the context of a New Holding, any reference in this Rule to shares includes securities and rights of any description which form part of the New Holding for the purposes of Chapter II of Part IV of the Taxation of Chargeable Gains Act 1992.

12. RIGHTS ISSUES

12.1 Any shares or securities allotted under Clause 14 of the Deed shall be treated as Plan Shares identical to the Shares in respect of which the rights were conferred. They shall be treated as if they were awarded to or acquired on behalf of the Participant under the Plan in the same way and at the same time as those Shares.

12.2 Rule 12.1 does not apply:

(a) to shares and securities allotted as the result of taking up a rights issue where the funds to exercise those rights were obtained otherwise than by virtue of the Trustees disposing of rights in accordance with this Rule; or

(b) where the rights to a share issue attributed to Plan Shares are different from the rights attributed to other ordinary shares of the Company.

13. ALTERATIONS

No modification alteration or amendment to these Rules shall be made except in accordance with Clause 27 of the Deed.

14. DISPUTES

If any matter arises on or in connection with this Plan or its operation for which specific provision is not made in the Rules or in the Deed to which they are scheduled or in any Deed supplemental to it such matter shall be resolved, dealt with or provided for in such manner as the Directors shall in their absolute discretion consider appropriate after taking into account the respective interests of the relevant Participating Company and of the Participants.

IN WITNESS WHEREOF the parties hereto have hereunto executed this Deed as a deed the day and year first above written.

SIGNED as a deed and delivered by

The Bank of New York Mellon Corporation

....

EXECUTED as a deed (but not delivered)
until the date hereof) by)
Newton Investment Management Limited)
acting by:)

.... Director

.... Director/Secretary

EXECUTED as a deed (but not delivered)
until the date hereof) by)
BNY Mellon Asset Management)
International Limited)
acting by:)

....Director

....Director/Secretary

EXECUTED as a deed (but not delivered)
until the date hereof) by)
Pareto Investment Management Limited)
acting by:)

....Director

....Director/Secretary

THE COMMON SEAL of	)
Capita IRG Trustees	)
Limited was hereunto affixed in the	)
in the presence of:	)

.... Director

.... Director/Secretary

SCHEDULE B

THE BANK OF NEW YORK MELLON CORPORATION

STOCK ACCUMULATION PLAN

ORIGINAL PARTICIPATING COMPANIES

Newton Investment Management Limited (registered number 1371973)

BNY Mellon Asset Management International Limited (registered number 1118580)

Pareto Investment Management Limited (registered number 3169281)

EXHIBIT III
THE BANK OF NEW YORK MELLON CORPORATION LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED

THE BANK OF NEW YORK MELLON CORPORATION
LONG-TERM INCENTIVE PLAN
Amended and Restated through February 24, 2014

I. Purposes

The purposes of this Long-Term Incentive Plan, as amended and restated (the "Plan") are to promote the growth and profitability of The Bank of New York Mellon Corporation (the "Corporation") and its Affiliates, to provide officers, other employees and non-employee directors of the Corporation and its Affiliates with the incentive to achieve long-term corporate objectives, to attract and retain officers, other employees and non-employee directors of outstanding competence, and to provide such individuals with an opportunity to acquire shares of common stock of the Corporation (the "Common Stock") and cash awards. For purposes of the Plan, the term "Affiliate" shall mean any corporation, limited partnership or other organization in which the Corporation owns, directly or indirectly, 50% or more of the voting power.

II. General

2.1 *Administration*.

(a) *Committee Composition*. The Plan shall be administered by a Committee (the "Committee") appointed by the Board of Directors of the Corporation (the "Board"), each member of which shall at the time of any action under the Plan be (1) a "non-employee director" as then defined under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor rule, (2) an "outside director" as then defined in the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision, (3) an "independent" director under the rules of the New York Stock Exchange, and (4) an "independent" director under any other applicable regulatory requirements. Notwithstanding the foregoing, unless otherwise determined by the Board, the Board shall administer the Plan, and otherwise exercise the same authority as the Committee, with respect to grants to members of the Board who are not employees of the Corporation or any Affiliate (the "Non-Employee Directors").

(b) *Authority*. The Committee shall have the authority in its sole discretion from time to time: (i) to designate the individuals eligible to participate in the Plan; (ii) to grant Awards, as hereinafter defined, under the Plan and determine who will receive Awards, when such Awards will be granted and the terms of such Awards, including any limitations, restrictions and conditions upon any such Award and provisions with regard to termination of employment or service as a Non-Employee Director, such as termination due to normal or early retirement, death, disability, sale of a business unit or Subsidiary or a change in control or in the event of an involuntary termination; and (iii) to interpret the Plan, to adopt, amend and rescind rules and regulations relating to the Plan, and to make all other determinations and take all other action necessary or advisable for the implementation and administration of the Plan. A majority of the Committee shall constitute a quorum, and the action of a majority of members of the Committee present at any meeting at which a quorum is present, or acts unanimously adopted in writing without the holding of a meeting, shall be the acts of the Committee.

(c) *Binding Action*. All actions of the Committee shall be final, conclusive and binding upon all persons. No member of the Committee shall be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder.

(d) *Delegation*. To the extent permitted by applicable law, the Committee may delegate, within limits it may establish from time to time, the authority to grant awards to employees who are not subject to Section 16 of the Exchange Act and who are not "covered employees," as defined in Section 162(m) of the Code.

2.2 *Eligibility*. The Committee may grant Awards under the Plan to any employee of the Corporation or any of its affiliates (or to a former employee if such Award is granted within 12 months of termination of employment and with respect to the final year of service). Non-Employee Directors shall also be eligible to be granted Awards other than incentive stock options. Eligible employees and Non-Employee Directors are collectively referred to herein as "Participants".

Subject to the provisions of the Plan, the Committee shall have full and final authority, in its discretion, to grant Awards as described herein and to determine the Participants to whom any such grant shall be made and the number of shares or value to be covered thereby. In determining the eligibility of any Participant, as well as in determining the number of shares or value covered by each Award, the Committee shall consider the position and the responsibilities of the Participant being considered, the nature and value to the Corporation or an Affiliate of his or her services, his or her present and/or potential contribution to the success of the Corporation or an Affiliate and such other factors as the Committee may deem relevant.

2.3 *Awards.*

(a) *Available Awards.* Awards under the Plan may consist of: stock options ("Options") (either incentive stock options within the meaning of Section 422 of the Code or nonstatutory stock options), stock appreciation rights ("SARs"), restricted stock, restricted stock units, performance share units, deferred stock units, other stock-based awards and cash awards (collectively, "Awards").

(b) *Award Agreements.* Each Award shall be confirmed by an agreement (an "Award Agreement"), in such form as the Committee shall prescribe from time to time in accordance with the Plan.

(c) *Other Plans.* In the discretion of the Committee, shares of Common Stock or other types of Awards authorized under the Plan may be used in connection with, or to satisfy obligations of the Corporation or an Affiliate to eligible Participants under, other compensation or incentive plans, programs or arrangements of the Corporation or an Affiliate. The minimum vesting provisions contained within Sections 4.2 and 5.2 of the Plan shall not apply in the case of an Award that is made to a participant as annual incentive compensation, and may be satisfied by reference to the vesting or performance period of any such other compensation or incentive plan, program or arrangement the obligations of which are satisfied through the use of Awards under the Plan.

2.4 *Shares Available under the Plan.* The aggregate number of shares of Common Stock which may be issued and as to which grants of Awards may be made under the Plan following stockholder approval of the amendment and restatement of the Plan is the sum of (i) the number of Shares available under the Plan immediately prior to stockholder approval of this amendment and restatement (as of February 24, 2014, 18,395,574 shares were available, subject to the counting, adjustment and substitution provisions of the Plan), and (ii) 30,000,000 additional Shares, subject to adjustment and substitution as set forth in Section 9. All of the shares may be granted as incentive stock options, non-qualified stock options or SARs.

Notwithstanding the foregoing, the maximum aggregate number of shares of Common Stock in the first sentence of this Section 2.4 which may be issued in connection with Awards of restricted stock, restricted stock units, performance share units, deferred stock units and other stock-based awards granted following stockholder approval of the amendment and restatement of the Plan, pursuant to which the Participant is not required to pay the Fair Market Value, as hereinafter defined, for the shares of Common Stock represented thereby ("full-value awards"), measured as of the grant date, is the sum of (i) the number of Shares available under the Plan for such full-value awards immediately prior to stockholder approval of this amendment and restatement (as of February 24, 2014, 4,477,708 such shares were available, subject to the counting, adjustment and substitution provisions of the Plan), (ii) the number of shares covering such full-value awards that again become available for issuance under this Section 2.4, and (iii) 30,000,000 additional shares; provided, however, that in the event the full number of shares of Common Stock under this sentence have been used, the Corporation may grant additional full-value awards from the number of additional Shares available under the Plan immediately prior to stockholder approval of this amendment and restatement of the Plan that were eligible to be granted as full-value awards, subject to each full-value Share counting as 2.75 Shares against such remaining available Shares (as of February 24, 2014, 13,917,866 such additional shares were available, subject to the counting, adjustment and substitution provisions of the Plan), which shall continue to be subject to each full-value Share counting as 2.75 Shares.

For purposes of clarification, the total number of shares of Common Stock which may be issued and as to which grants of Awards may be made under the Plan following the amendment and restatement of the Plan, based on the shares available as of February 24, 2014, would be 48,395,574, of which 34,477,708 would be available to be issued in connection with stock-based awards pursuant to which the Participant is not required to pay the Full Market Value on the grant date, and 13,917,866 of which would also be available to be issued in connection with full-value awards, subject to each full-value Share counting as 2.75 Shares against such 13,917,866 shares.

For purposes of this Section 2.4, the number of shares of Common Stock to which an Award relates shall be counted against the number of shares of Common Stock available under the Plan at the time of grant of the Award, provided that tandem Awards shall not be double-counted and Awards payable solely in cash or granted in substitution for awards of an acquired company shall not be counted. If any Award under the Plan is cancelled by mutual consent or terminates or expires for any reason without having been exercised in full, except by reason of the exercise of a tandem Award, or if shares of Common Stock pursuant to an Award are forfeited pursuant to restrictions applicable to the Award, or if payment is made to the Participant in the form of cash, cash equivalents or other property other than shares of Common Stock, the number of shares subject thereto shall again be available for purposes of the Plan. Notwithstanding the foregoing, the following shares of Common Stock shall not become available for purposes of the Plan: (1) shares of Common Stock previously owned or acquired by the Participant that are delivered to the Corporation, or withheld from an Award, to pay the exercise price, (2) shares of Common Stock that are delivered or withheld for purposes of satisfying a tax withholding obligation, or (3) shares of Common Stock reserved for issuance upon the grant of a SAR Award that exceed the number of shares actually issued upon exercise. The shares which may be issued under the Plan may be either authorized but unissued shares or treasury shares or partly each, as shall be determined from time to time by the Board or its delegate.

2.5 *Individual Limitations on Awards.* The maximum aggregate number of shares of Common Stock which shall be available for the grant of Options and SARs to any one individual under the Plan during any calendar year shall be limited to 4,000,000 shares. The maximum number of shares subject to Awards (other than Options and SARs and cash awards) that are intended to qualify as performance-based compensation under Section 162(m) of the Code and may be paid to any one individual based on the achievement of Performance Criteria for any calendar year is 1,000,000 shares or, if such Award is payable in cash, the Fair Market Value equivalent thereof on the first day of the performance period to which such Award relates. The maximum amount payable for cash awards to any one individual based on the achievement of Performance Criteria under the Plan for any one calendar year shall be $10,000,000. In the case of multi-year Performance Periods, as hereinafter defined, the amount which is paid for any one calendar year of the Performance Period is the amount paid for the Performance Period divided by the number of calendar years in the period. The limitations in this Section 2.5 shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

2.6 *Director Awards.* Aggregate Awards granted to any one Non-Employee Director in respect of any calendar year, solely with respect to his or her service as a member of the Board, may not exceed $1,000,000 based on the aggregate value of cash Awards and Fair Market Value of stock-based Awards, in each case determined as of the grant date.

2.7 *Conditions.* The obligation of the Corporation to issue shares of Common Stock under the Plan shall be subject to (i) the effectiveness of a registration statement under the Securities Act of 1933, as amended, with respect to such shares, if deemed necessary or appropriate by counsel for the Corporation, (ii) the condition that the shares shall have been listed (or authorized for listing upon official notice of issuance) upon each stock exchange, if any, on which the Common Stock may then be listed and (iii) all other applicable laws, regulations, rules and orders which may then be in effect.

2.8 *Forfeiture.* Notwithstanding any other provision of the Plan, any incentive-based compensation otherwise payable or paid to current or former executive officers shall be forfeited and/or repaid to the Corporation as may be required pursuant to applicable regulatory requirements or any company policy and the Committee may determine in its discretion that an Award shall be forfeited and/or shall be repaid to the Corporation upon terms specified including, without limitation, if the Participant directly or indirectly engages in (i) competition with the Corporation or any of its Affiliates or (ii) conduct that is materially adverse to the interests of the Corporation, including fraud or conduct contributing to any financial restatements or irregularities.

2.9 *Deferral of Awards.* Subject to approval and any requirements imposed by the Committee and to the extent permitted under Section 409A of the Code, each Participant may be eligible to defer receipt, under the terms and conditions as may be approved by the Corporation, of part or all of any payments otherwise due under any Award.

III. Stock Options and Stock Appreciation Rights

3.1 *Grant.* The Committee shall have authority, in its discretion, (a) to grant “incentive stock options” pursuant to Section 422 of the Code, (b) to grant “nonstatutory stock options” (*i.e.*, Options which do not qualify under Sections 422 or 423 of the Code), (c) to grant tandem SARs in conjunction with Options and (d) to grant SARs on a stand-alone basis. Tandem SARs may only be granted at the time the related Option is granted. No reload option rights or dividend equivalents may be granted in connection with any Option or SAR.

3.2 *Stock Option Provisions.*

(a) *Option Price.* The purchase price at which each Option may be exercised (the “Option Price”) shall be such price as the Committee, in its discretion, shall determine but shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Common Stock covered by the Option on the date of grant.

(b) *Form of Payment.* The Option Price for each Option shall be paid in full upon exercise and shall be payable (i) in cash (including check, bank draft or money order), which may include cash forwarded through a broker or other agent-sponsored exercise or financing program, or (ii) except as otherwise provided in the Award Agreement, in whole or in part by delivering to, or withholding from the Award, shares of Common Stock having a Fair Market Value on the date of exercise of the Option equal to the Option Price for the shares being purchased; except that any portion of the Option Price representing a fraction of a share shall in any event be paid in cash, and delivered shares may be subject to terms and conditions imposed by the Committee. If permitted by the Committee, delivery of shares in payment of the Option Price of an Option may be accomplished by the Participant’s certification of ownership of the shares to be delivered, in which case the number of shares issuable on exercise of the Option shall be reduced by the number of shares certified but not actually delivered.

(c) *Limitation on Incentive Stock Options.* The aggregate Fair Market Value, determined on the date of grant, of the shares with respect to which incentive stock options are exercisable for the first time by an employee during any calendar year under all plans of the corporation employing such employee, any parent or subsidiary corporation of such corporation and any predecessor corporation of any such corporation shall not exceed $100,000. To the extent the amount is exceeded, such stock options shall be nonstatutory stock options.

(d) *Exercisability and Term.* Options shall become exercisable at such time or times and/or upon the occurrence of such event or events as may be determined by the Committee. No Option shall be exercisable after the expiration of ten years. To the extent exercisable at any time, Options may be exercised in whole or in part. Each Option shall be subject to earlier termination as provided in the Award Agreement.

3.3 *Stock Appreciation Right Provisions.*

(a) *Price of Stand-Alone SARs.* The base price for stand-alone SARs (the "Base Price") shall be such price as the Committee, in its sole discretion, shall determine but shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Common Stock covered by the stand-alone SAR on the date of grant.

(b) *Payment of SARs.* SARs shall entitle the Participant upon exercise to receive the amount by which the Fair Market Value of a share of Common Stock on the date of exercise exceeds the Option Price of any tandem Option or the Base Price of a stand-alone SAR, multiplied by the number of shares in respect of which the SAR shall have been exercised. In the sole discretion of the Committee, the Corporation may pay all or any part of its obligation arising out of a SAR exercise in cash, shares of Common Stock or any combination thereof. Payment shall be made by the Corporation following exercise.

(c) *Term and Exercise of Stand-Alone SARs.* The term of any stand-alone SAR granted under the Plan shall be for such period as the Committee shall determine, but for not more than ten years from the date of grant thereof. Each stand-alone SAR may be subject to earlier termination as provided in the Award Agreement. Each stand-alone SAR granted under the Plan shall be exercisable on such date or dates during the term thereof and for such number of shares of Common Stock as may be provided in the Award Agreement.

(d) *Term and Exercise of Tandem SARs.* If SARs are granted in tandem with an Option (i) the SARs shall be exercisable at such time or times and to such extent, but only to such extent, that the related Option shall be exercisable, (ii) the exercise of the related Option shall cause a share for share reduction in the number of SARs which were granted in tandem with the Option; and (iii) the payment of SARs shall cause a share for share reduction in the number of shares covered by such Option.

3.4 *Non-Transferability*. No incentive stock option and, except to the extent otherwise determined by the Committee and reflected in the Award Agreement or an amendment thereto, no nonstatutory stock option, SAR or other award shall be transferable by the grantee otherwise than by Will, or if the grantee dies intestate, by the laws of descent and distribution of the state of domicile of the grantee at the time of death; provided, further that awards may not in any event be transferred in exchange for consideration. All incentive stock options and, except to the extent otherwise determined by the Committee and reflected in the Award Agreement or an amendment thereto, all nonstatutory stock options, SARs and other purchase rights shall be exercisable during the lifetime of the grantee only by the grantee.

3.5 *Fair Market Value*. For all purposes under the Plan, the fair market value (the "Fair Market Value") of the Common Stock shall mean the closing price of a share of Common Stock in the New York Stock Exchange Composite Transactions on the relevant date, or, if no sale shall have been made on such exchange on that date, the closing price in the New York Stock Exchange Composite Transactions on the last preceding day on which there was a sale.

3.6 *Miscellaneous*. Subject to the foregoing provisions of this Section and the other provisions of the Plan, any Option or SAR granted under the Plan may be exercised at such times and in such amounts and be subject to such restrictions and other terms and conditions, if any, as shall be determined, in its discretion, by the Committee and set forth in the Award Agreement, or an amendment thereto.

IV. Restricted Stock

4.1 *Award*. The Committee may, subject to the provisions of the Plan and such other terms and conditions as it may prescribe, grant one or more shares of restricted stock to Participants.

4.2 *Restrictions*. Shares of restricted stock issued to a Participant may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, for such period as the Committee shall determine, beginning on the date on which the Award is granted (as applicable to any Award, the "Restricted Period"). The Committee may also impose such other restrictions, limitations and conditions on the shares or the release of the restrictions thereon as it deems appropriate, including the achievement of Performance Goals and/or based upon Performance Criteria, as hereinafter defined, established by the Committee, limitations on the right to vote restricted stock or the right to receive dividends thereon on a current, reinvested and/or restricted basis. In determining the Restricted Period of an Award, the Committee may provide that the foregoing restrictions shall lapse with respect to specified percentages of the awarded shares on specified dates following the date of such Award or all at once. The Restricted Period applicable to restricted stock granted to employees shall, in the case of a time-based restriction, be not less than three years, with no more frequent than ratable vesting over such period or, in the case of a performance-based restriction, be not less than one year; provided, however, that up to the sum of (i) the number of shares not subject to the minimum vesting period immediately prior to stockholder approval of this amendment and restatement of the Plan (as of February 24, 2014, 4,212,779 such shares were available, subject to the counting, adjustment and substitution provisions of the Plan) and (ii) ten percent (10%) of those additional shares available for awards of restricted stock and other awards pursuant to which the Participant is not required to pay the Fair Market Value, applicable following stockholder approval of the amendment and restatement of the Plan as provided in Section 2.4, may be granted as restricted stock with no minimum vesting period.

4.3 *Stock Certificate or Book-Entry*. As soon as practicable following the making of an Award, the restricted stock shall be registered in the Participant's name in certificate or book-entry form. If a certificate is issued, it shall bear an appropriate legend referring to the restrictions and it shall be held by the Corporation on behalf of the Participant until the restrictions are satisfied. If the shares are registered in book-entry form, the restrictions shall be placed on the book-entry registration. Except for the transfer restrictions, and subject to such other restrictions or limitations, if any, as determined by the Committee, the Participant shall have all other rights of a holder of shares of Common Stock, including the right to receive dividends paid with respect to the Restricted Stock and the right to vote such shares. As soon as is practicable following the date on which transfer restrictions on any shares lapse, the Corporation shall deliver to the Participant the certificates for such shares or shall cause the shares to be registered in the Participant's name in book-entry form, in either case with the restrictions removed, provided that the Participant shall have complied with all conditions for delivery of such shares contained in the Award Agreement or otherwise reasonably required by the Corporation.

4.4 *Discretion*. Subject to Section 4.2, the Committee may in its discretion allow restrictions on restricted stock to lapse prior to the date specified in an Award Agreement.

V. Restricted Stock Units

5.1 *Award of Restricted Stock Units*. The Committee may, subject to the provisions of the Plan and such other terms and conditions as it may prescribe, grant restricted stock units to Participants.

5.2 *Restrictions*. The Restricted Period applicable to restricted stock units granted to employees shall, in the case of a time-based restriction, be not less than three years, with no more frequent than ratable vesting over such period or, in the case of a performance-based restriction, be not less than one year; provided, however, that up to the sum of (i) the number of shares not subject to the minimum vesting period immediately prior to stockholder approval of this amendment and restatement of the Plan (as of February 24, 2014, 4,212,779 such shares were available, subject to the counting, adjustment and substitution provisions of the Plan) and (ii) ten percent (10%) of those additional shares available for awards of restricted stock units and other awards pursuant to which the Participant is not required to pay the Fair Market Value, applicable following stockholder approval of the amendment and restatement of the Plan as provided in Section 2.4, may be granted as restricted stock units with no minimum vesting period. The Committee may also impose such other restrictions, limitations and conditions on the restricted stock units or the release of the restrictions thereon as it deems appropriate, including the achievement of Performance Goals and/or based upon Performance Criteria established by the Committee and the right to receive dividend equivalents thereon, on a current, reinvested and/or restricted basis. In determining the Restricted Period of an Award, the Committee may provide that the foregoing restrictions shall lapse with respect to specified percentages of the restricted stock units on specified dates following the date of such Award or all at once.

5.3 *Payment*. During the two and one-half months following the end of the calendar year in which vesting occurs, the Corporation shall pay to the Participant or his estate the number of shares of Common Stock equal to the number of restricted share units vested. Notwithstanding the foregoing sentence, the Committee shall have the authority, in its discretion, to determine that the obligation of the Corporation shall be paid in cash, equal to the number of restricted share units vested multiplied by the Fair Market Value of the share of the Common Stock on such date, or part in cash and part in shares of Common Stock.

VI. Performance Share Units

6.1 *Grant*. The Committee may, subject to the provisions of the Plan and such other terms and conditions as it may prescribe, grant performance share units to Participants. Performance share units shall represent the right of a Participant to receive shares of Common Stock (or their cash equivalent) at a future date upon the achievement of Performance Goals established by the Committee, during a specified performance period (a "<u>Performance Period</u>") of not less than one year. Performance share units may include the right to receive dividend equivalents thereon, on a current, reinvested and/or restricted basis. Except as otherwise expressly provided to the contrary in the applicable Award Agreement, no dividend equivalents will be paid at a time when any performance-based goals that apply to the performance share units have not been satisfied and will revert back to the Corporation if such goals are not satisfied.

6.2 *Terms of Performance Share Units*.

(a) *General*. The provisions of this paragraph (a) shall apply to awards that are intended to qualify under Section 162(m) of the Code. The terms established by the Committee for performance share units that are intended to qualify as performance-based compensation under Section 162(m) of the Code shall be objective such that a third party having knowledge of the relevant facts could determine whether or not any Performance Goal has been achieved, or the extent of such achievement, and the amount, if any, which has been earned by the Participant based on such performance. The Committee may retain the discretion to reduce (but not to increase) the amount or number of performance share units which will be earned based on the achievement of Performance Goals. When the Performance Goals are established, the Committee shall also specify the manner in which the level of achievement of such Performance Goals shall be calculated and the weighting assigned to such Performance Goals. The Committee may determine that unusual items or certain specified events or occurrences, including changes in accounting standards or tax laws, shall be excluded from the calculation to the extent permitted in Section 162(m) of the Code.

(b) *Performance Goals*. "Performance Goals" shall mean goals based upon the achievement of one or more pre-established, objective measures of performance during a specified Performance Period, selected by the Committee in its discretion. Performance Goals may be based upon one or more of the following objective performance measures (the "Performance Criteria") and expressed in either, or a combination of, absolute or relative values or as a percentage of an incentive pool: earnings or earnings per share; book value per share; total return to stockholders; return on equity, assets, capital or investment; pre-tax margins; revenues; expenses; costs; stock price; investment performance of funds or accounts or assets under management; market share; charge-offs; non-performing assets; income; operating, net or pre-tax income; business diversification; operating ratios (including, without limitation, capital ratios, risk-measurement ratios or return on risk-weighted assets) or results; cash flow. Performance Goals based on such Performance Criteria may be based either on the performance of the Corporation, an Affiliate, any branch, department, business unit or other portion thereof under such measure for the Performance Period and/or upon a comparison of such performance with the performance of a peer group of corporations, prior Performance Periods or other measure selected or defined by the Committee at the time of making an Award. The Committee may in its discretion also determine to use other objective performance measures for Performance Goals and/or other terms and conditions even if such Award would not qualify under Section 162(m) of the Code, provided that the Committee identifies the Award as non-qualifying at the time of Award.

(c) *Committee Certification*. Following completion of the applicable Performance Period, and prior to any payment of a performance share unit to the Participant which is intended to qualify under Section 162(m) of the Code, the Committee shall determine in accordance with the terms of the Award and shall certify in writing whether the applicable Performance Goal(s) were achieved, or the level of such achievement, and the amount, if any, earned by the Participant based upon such performance. For this purpose, approved minutes of the meeting of the Committee at which certification is made shall be sufficient to satisfy the requirement of a written certification.

6.3 *Payment*. Payment of performance share units shall be made during the two and one-half months following the end of the calendar year in which vesting occurs. In the sole discretion of the Committee, the Corporation may pay all or any part of its obligation under the performance share unit in cash, shares of Common Stock or any combination thereof.

VII. Deferred Stock Units

7.1 *Award*. The Committee may, subject to the provisions of the Plan and such other terms and conditions as it may prescribe, award deferred stock units to eligible Participants. A deferred stock unit shall entitle the Participant to receive from the Corporation a number of shares of Common Stock on a deferred payment date specified by the Participant. Notwithstanding the foregoing sentence, the Committee shall have the authority, in its discretion, to determine that the obligation of the Corporation shall be paid in cash, shares of Common Stock or any combination thereof.

7.2 *Terms of Deferred Stock Units*. Deferred stock units shall be granted upon such terms as the Committee shall determine, subject to any minimum vesting requirement applicable to restricted stock units. Except as otherwise provided by the Committee, a deferred stock unit shall entitle the Participant to receive dividend equivalents payable no earlier than the date payment is elected for the deferred stock unit. Dividend equivalents shall be calculated on the number of shares covered by the deferred stock unit as soon as practicable after the date dividends are payable on the Common Stock.

VIII. Other Stock-Based Awards and Cash Awards

8.1 *Grant of Other Stock-Based Awards*. The Committee shall have the authority in its discretion to grant to eligible Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of Common Stock as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, purchase rights, shares awarded without restrictions or conditions, or securities or other rights convertible or exchangeable into shares of Common Stock. Other stock-based awards, excepting purchase rights, may include the right to receive dividends or dividend equivalents, as the case may be, on a current, reinvested and/or restricted basis.

8.2 *Terms of Other Stock-Based Awards*. The Committee shall determine the terms and conditions, if any, of any other stock-based awards made under the Plan, including the achievement of Performance Goals and/or based upon Performance Criteria, subject to any minimum vesting requirements applicable to restricted stock units or restricted stock, as applicable. Other stock-based awards may be granted alone, in addition to or in tandem with other Awards granted under the Plan and/or awards made outside of the Plan. Shares of Common Stock or securities delivered pursuant to a purchase right granted under this Section 8 shall be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, shares of Common Stock, or other property or any combination thereof, as the Committee shall determine, but the value of such consideration shall not be less than the Fair Market Value of such shares of Common Stock or other securities on the date of grant of such purchase right. The exercise of the purchase right shall not be deemed to occur, and no shares of Common Stock or other securities will be issued by the Corporation upon exercise of a purchase right, until the Corporation has received payment in full of the exercise price.

8.3 *Grant of Cash Awards*. The Committee shall have the authority in its discretion to grant to eligible Participants such cash awards (including, without limitation, non-employee director retainers, leadership, committee and meeting-based fees) as deemed by the Committee to be consistent with the purposes of the Plan. Cash awards granted under the Plan may be in such amounts and subject to such terms and conditions as the Committee may determine.

8.4 *Terms of Cash Awards*. Cash awards (other than non-employee director retainers, leadership, committee and meeting-based fees) granted under the Plan shall be subject to the achievement of Performance Goals and based upon such Performance Criteria set forth in Section 6.2(b) as determined by the Committee, and further subject to the individual limitation provided in Section 2.5. Following completion of the applicable Performance Period, and prior to any payment of a cash award to the Participant which is intended to qualify under Section 162(m) of the Code, the Committee shall determine in accordance with the terms of the Award and shall certify in writing whether the applicable Performance Goal(s) were achieved, or the level of such achievement, and the amount, if any, earned by the Participant based upon such performance. For this purpose, approved minutes of the meeting of the Committee at which certification is made shall be sufficient to satisfy the requirement of a written certification. Except as otherwise expressly provided to the contrary in the applicable Award Agreement, to be entitled to receive payment for a cash award, a Participant must remain in the employment of the Corporation or an Affiliate through the date of payment. Payment of cash awards shall be made during the two and one-half months following the end of the calendar year in which vesting occurs.

IX. Adjustment and Substitution of Shares

In the event of any change in the outstanding Common Stock of the Corporation by reason of a stock split, stock dividend, exchange, combination or reclassification of shares, recapitalization, merger, spin-off, split-off, split-up, dividend in partial liquidation, dividend in property other than cash, extraordinary distribution, similar event or other event which the Committee determines affects the Common Stock such that an adjustment pursuant to Section 9 hereof is appropriate, the Committee shall adjust proportionately: (a) the number of shares of Common Stock (i) available for issuance under the Plan, (ii) available for issuance under incentive stock options, (iii) for which Awards may be granted to an individual Participant, (iv) subject to any sub-limits contained herein and (v) covered by outstanding Awards denominated in stock or units of stock, together with the cash or other property into which the stock may be exchanged; (b) the exercise and grant prices related to outstanding Awards; and (c) the appropriate Fair Market Value and other price determinations for such Awards and (d) the Performance Goals.

In the event of any change affecting the Common Stock or any distribution (other than normal cash dividends) to holders of Common Stock, such adjustments in the number and kind of shares and the exercise, grant and conversion prices of the affected Awards as may be deemed equitable by the Committee, including adjustments to avoid fractional shares, shall be made to give proper effect to such event.

All adjustments shall be made (i) consistent with Section 424 of the Code in the case of incentive stock options, so as not to result in any disqualification, modification, extension or renewal of such incentive stock option, (ii) in a manner compliant with Section 409A of the Code and (iii) in a manner compliant with Section 162(m) of the Code.

X. Additional Rights in Certain Events

10.1 *Change in Control*. "Change in Control" means the occurrence of any one of the following events:

(a) During any period of not more than two (2) years, the Incumbent Directors no longer represent a majority of the Board. "Incumbent Directors" are (A) the members of the Board as of July 1, 2007 and (B) any individual who becomes a director subsequent to July 1, 2007 whose appointment or nomination was approved by at least a majority of the Incumbent Directors then on the Board (either by specific vote or by approval, without prior written notice to the Board objecting to the nomination, of a proxy statement in which the member was named as nominee). However, the Incumbent Directors will not include anyone who becomes a member of the Board after July 1, 2007 as a result of an actual or threatened election contest or proxy or consent solicitation on behalf of anyone other than the Board, including as a result of any appointment, nomination or other agreement intended to avoid or settle a contest or solicitation;

(b) There is a beneficial owner of securities entitled to 30% or more of the total voting power of the Corporation's then-outstanding securities in respect of the election of the Board (the "Voting Securities"), other than (A) the Corporation, any Subsidiary of it or any employee benefit plan or related trust sponsored or maintained by the Corporation or any Subsidiary of it; (B) any underwriter temporarily holding securities pursuant to an offering of them; (C) anyone who becomes a beneficial owner of that percentage of Voting Securities as a result of an Excluded Transaction (as defined in Section 10.1(c)); or (D) anyone who becomes a beneficial owner of that percentage of Voting Securities as a result of a transaction in which Voting Securities are acquired from the Corporation, if the transaction is approved by a majority of the Incumbent Directors in a resolution that expressly states that the transaction is not a Change in Control under this Section 10.1(b); or

(c) Consummation of a merger, consolidation, statutory share exchange or similar transaction (including an exchange offer combined with a merger or consolidation) involving the Corporation (a "Reorganization") or a sale, lease or other disposition (including by way of a series of transactions or by way of merger, consolidation, stock sale or similar transaction involving one or more subsidiaries) of all or substantially all of the Corporation's consolidated assets (a "Sale") other than an Excluded Transaction. A Reorganization or Sale is an "Excluded Transaction" if immediately following it: (A) 50% or more of the total voting power of the Surviving Corporation's then-outstanding securities in respect of the election of directors (or similar officials in the case of a non-corporation) is represented by Voting Securities outstanding immediately before the Reorganization or Sale or by securities into which such Voting Securities were converted in the Reorganization or Sale; (B) there is no beneficial owner of securities entitled to

30% or more of the total voting power of the then-outstanding securities of the Surviving Corporation in respect of the election of directors (or similar officials in the case of a non-corporation); and (C) a majority of the board of directors of the Surviving Corporation (or similar officials in the case of a non-corporation) were Incumbent Directors at the time the Board approved the execution of the initial agreement providing for the Reorganization or Sale. The "Surviving Corporation" means in a Reorganization, the entity resulting from the Reorganization or in a Sale, the entity that has acquired all or substantially all of the assets of the Corporation, except that, if there is a beneficial owner of securities entitled to 95% of the total voting power (in respect of the election of directors or similar officials in the case of a non-corporation) of the then-outstanding securities of the entity that would otherwise be the Surviving Corporation, then that beneficial owner will be the Surviving Corporation.

(d) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

For purposes of this Plan, "Subsidiary" means any corporation or other entity in which the Corporation has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors (or members of any similar governing body) or in which the Corporation has the right to receive 50% or more of the distribution of profits or 50% of the assets or liquidation or dissolution.

10.2 *Lapse of Restrictions on Awards*. Except as otherwise expressly provided to the contrary in an Award Agreement, in the event the employment or service of a Participant is terminated by the Corporation and its Affiliates without Cause within two years after the occurrence of a Change in Control, his or her Options, SARs, restricted stock, restricted stock units, deferred stock units and other stock-based awards shall fully vest and, to the extent subject to an exercise right, may be exercised within one year after the date such termination occurred; provided, however, that if the awards are subject to Section 409A of the Code and the Change in Control is not a change in ownership or effective control of the Corporation or a change in the ownership of a substantial portion of the assets of the Corporation under Section 409A of the Code (a "409A Change in Control"), the Options, SARs, restricted stock units, deferred stock units and other stock-based awards shall remain payable on the date(s) provided in the underlying Award Agreement and provisions of the Plan. For purposes of this paragraph, "Cause" shall have the same meaning as set forth in the Participant's Award Agreement.

10.3 *Deemed Achievement of Performance Goals.* Except as otherwise expressly provided to the contrary in an Award Agreement, if any Change in Control occurs prior to the end of any Performance Period, all Performance Criteria and other conditions pertaining to performance share units, cash awards and other Awards under which payments are subject to Performance Goals shall be deemed to be achieved or fulfilled on a pro-rata basis for (i) the number of whole months elapsed from the commencement of the Performance Period through the Change in Control over (ii) the number of whole months included in the original Performance Period, measured at the actual performance level achieved or, if not determinable, in the manner specified by the Committee. If the awards are subject to Section 409A of the Code and the Change in Control is not a 409A Change in Control, such Awards shall remain payable on the date(s) provided in the underlying Award Agreement and provisions of the Plan.

10.4 *Limitation.* Notwithstanding the foregoing Sections 10.2 and 10.3, the Committee may condition the extension of exercise periods, lapse of restrictions and/or deemed achievement of Performance Goals upon the occurrence of a 409A Change in Control.

XI. Effect of the Plan on the Rights of Participants and the Corporation

Neither the adoption of the Plan nor any action of the Board or the Committee pursuant to the Plan shall be deemed to give any employee or Non-Employee Director any right to be granted any Award under the Plan. Nothing in the Plan, in any Award under the Plan or in any Award Agreement shall confer any right to any employee to continue in the employ of the Corporation or any Affiliate or any Non-Employee Director to continue as a Non-Employee Director or interfere in any way with the rights of the Corporation or any Affiliate to terminate the employment of any employee at any time or with the rights of the stockholders of the Corporation or the Board to elect and remove Non-Employee Directors. All grants of Awards and delivery of shares, cash or other property under an Award granted under the Plan shall constitute a special discretionary incentive payment to the Participant and shall not be required to be taken into account in computing the amount of salary or compensation of the Participant for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Corporation or under any agreement with the Participant unless specifically provided otherwise in the Award or underlying Plan, arrangement or agreement. Subject to the requirements of Section 409A of the Code, the Corporation shall have the right to offset against its obligation to pay or deliver shares pursuant to an Award to any Participant, any outstanding amounts such Participant then owes to the Corporation and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement. Except as otherwise provided in an Award Agreement, neither this Plan nor any Award Agreement shall confer on any person other than the Corporation or a Participant any rights or remedies hereunder.

XII. Amendment

The right to amend the Plan at any time and from time to time and the right to revoke or terminate the Plan are hereby specifically reserved to the Board; provided that no amendment of the Plan shall be made without stockholder approval (1) if the effect of the amendment is (a) to make any changes in the class of employees eligible to receive incentive stock options under the Plan, (b) to increase the number of shares subject to the Plan or with respect to which incentive stock options may be granted under the Plan or (2) if stockholder approval of the amendment is at the time required (a) by the rules of any stock exchange on which the Common Stock may then be listed or (b) for Options, SARs, performance share units, cash awards or other Awards based upon Performance Goals granted under the Plan to qualify as "performance based compensation" as then defined in the regulations under Section 162(m) of the Code. No alteration, amendment, revocation or termination of the Plan shall, without the written consent of the holder of an outstanding Award under the Plan, adversely affect the rights of such holder with respect thereto; except that the Board may amend this Plan from time to time without the consent of any Participant to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to the Participant. Except as provided in Section 9 of the Plan, repricing of Options, SARs and other purchase rights is prohibited, such that the purchase price of any such award may not be reduced, whether through amendment, cancellation or replacement in exchange for another Option, SAR, other Award or cash payment, unless such action or reduction is approved by the stockholders of the Corporation.

XIII. Effective Date and Duration of Plan

The effective date and date of adoption of the Plan as amended and restated shall be February 24, 2014, provided that the adoption of the Plan by the Board is approved by a majority of the votes cast at a duly held meeting of stockholders held on or prior to February 23, 2015 at which a quorum representing a majority of the outstanding voting stock of the Corporation is, either in person or by proxy, present and voting. No Option or SARs may be granted and no restricted stock, restricted stock units, performance share units, deferred stock units or other stock-based awards may be awarded under the Plan subsequent to February 24, 2024. Absent additional stockholder approval, no performance share unit award or other Award based upon Performance Criteria and intended to qualify under Section 162(m) of the Code may be granted under the Plan subsequent to the Corporation's annual meeting of stockholders in 2019.

XIV. Withholding

To the extent required by applicable Federal, state, local or foreign law, the Participant or his successor shall make arrangements satisfactory to the Corporation, in its discretion, for the satisfaction of any withholding tax obligations that arise in connection with an award. The Corporation shall not be required to issue any shares of Common Stock or make any cash or other payment under the Plan until such obligations are satisfied.

The Corporation is authorized to withhold from any Award granted or any payment due under the Plan, including from a distribution of shares of Common Stock, amounts of withholding taxes due with respect to an Award, its exercise or any payment thereunder, and to take such other action as the Committee may deem necessary or advisable to enable the Corporation and Participants to satisfy obligations for the payment of such taxes. This authority shall include authority to withhold or receive shares of Common Stock or other property, to make cash payments in respect thereof in satisfaction of such tax obligations, and the ability to restrict withholding to statutory minimum amounts where necessary or applicable to avoid adverse accounting treatment.

XV. Miscellaneous

15.1 *Governing Law.* The validity, interpretation, construction and effect of the Plan and any rules and regulations relating to the Plan shall be governed by the laws of the State of New York (without regard to the conflicts of laws thereof), and applicable Federal law.

15.2 *Foreign Plan Requirements.* To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practices and to further the purpose of the Plan, the Committee may, without amending this Plan, establish special rules and/or sub-plans applicable to awards granted to Participants who are foreign nationals, are employed outside the United States, or both, and may grant awards to such Participants in accordance with those rules. In the event that the payment amount is calculated in a foreign currency, the payment amount will be converted to U.S. dollars using the prevailing exchange rate published in The Wall Street Journal (or in such other reliable publication as the Committee, in its discretion, may determine to rely on) on the relevant date.

15.3 *Section 409A.* The intent of the parties is that payments under the Plan will comply with Section 409A of the Code to the extent subject thereto or an exemption therefrom and, accordingly, to the maximum extent permitted the Plan shall be interpreted and administered to be in compliance therewith. Any payments provided under the Plan that are payable within the short-term deferral period as defined in Section 409A of the Code shall not be treated as deferred compensation unless otherwise required by applicable law. Without limiting the generality of the foregoing, to the extent a Participant would otherwise be entitled to any payment under this Plan, or any plan or arrangement of the Corporation or its affiliates, that constitutes "deferred compensation" subject to Section 409A: (i) references to termination of the Participant's employment will mean the Participant's separation from service with the Corporation or one of its Affiliates within the meaning of Section 409A; (ii) any payment to be made with respect to such Award, that if paid or provided during the six months beginning on the date of termination of a Participant's employment would be subject to the Section 409A additional tax because the Participant is a "specified employee" (within the meaning of Section 409A and as determined by the Corporation) will be paid (or will commence being paid, if applicable) to the Participant on the earlier of the six month anniversary of the Participant's date of termination or the Participant's death; (iii) to the extent an Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the regulations promulgated under the Code), the Participant's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment, (iv) if the Award includes "dividend equivalents" (within the meaning of Section 1.409A-3(e) of the regulations promulgated under the Code), the Participant's right to the dividend equivalents shall be treated separately from the right to other amounts under the Award; and (v) to the extent necessary to comply with Section 409A, any other securities, other Awards or other property that the Corporation or one of its Affiliates may deliver in lieu of shares of Common Stock in respect of an Award shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the shares of Common Stock that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with the requirements of Section 409A).

15.4 *No Liability With Respect to Tax Qualification or Adverse Tax Treatment.* Notwithstanding any other provision of the Plan, in no event shall the Corporation or any of its Affiliates be liable to a Participant on account of an Award's failure to (i) qualify for favorable United States or foreign tax treatment of (ii) avoid adverse tax treatment under United States or foreign law, including, without limitation, Section 409A of the Code.

15.5 *Choice of Forum*

(a) Unless otherwise specified in an Award Agreement, it shall be a condition of each Award that the Corporation and the Participant irrevocably submit to the exclusive jurisdiction of any state or federal court located in New York, New York over any suit, action or proceeding arising out of or relating to or concerning the Plan or the Award. By accepting an Award, the Participant acknowledges that the forum designated by this Section 15.5(a) has a reasonable relation to the Plan, any applicable Award and the Participant's relationship with the Corporation. Notwithstanding the foregoing, nothing herein shall preclude the Corporation from bringing any suit, action or proceeding in any other court for the purpose of enforcing the provisions of this Section 15.5(a) or otherwise.

(b) By accepting an Award, (i) the Participant waives, to the fullest extent permitted by applicable law, any objection which the Participant may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Section 15.5(a), (ii) the Participant undertakes not to commence any action arising out of or relating to or concerning any Award in any forum other than a forum described in this Section 15.5 and (iii) the Participant agrees that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon the Participant and the Corporation.

(c) Unless otherwise specified in an Award Agreement, by accepting an Award, the Participant irrevocably appoints each General Counsel of the Corporation as his or her agent for service of process in connection with any suit, action or proceeding arising out of or relating to or concerning this Plan or any Award, who shall promptly advise the Participant of any such service or process.

(d) Unless otherwise specified in an Award Agreement, by accepting an Award, the Participant agrees to keep confidential the existence of, and any information concerning, a dispute, controversy or claim described in this Section 15.5, except that the Participant may disclose information concerning such dispute, controversy or claim to the court that is considering such dispute, controversy or claim or to his legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute, controversy or claim).

EXHIBIT IV
ANNUAL REPORT ON FORM 10-K
FILED BY THE BANK OF NEW YORK MELLON CORPORATION ON FEBRUARY 26, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2015

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. 001-35651

THE BANK OF NEW YORK MELLON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**13-2614959**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

225 Liberty Street
New York, New York 10286
(Address of principal executive offices)(Zip Code)
Registrant's telephone number, including area code -- (212) 495-1784

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange
Depositary Shares, each representing 1/4,000th of a share of Series C Noncumulative Perpetual Preferred Stock	New York Stock Exchange
6.244% Fixed-to-Floating Rate Normal Preferred Capital Securities of Mellon Capital IV (Fully and unconditionally guaranteed by The Bank of New York Mellon Corporation)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of each class

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ___ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ___ No X

As of June 30, 2015, the aggregate market value of the registrant's common stock, $0.01 par value per share, held by nonaffiliates of the registrant was $46,364,551,489.

As of January 31, 2016, 1,075,800,941 shares of the registrant's common stock, $0.01 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in the following parts of this Form 10-K:
The Bank of New York Mellon Corporation 2016 Proxy Statement-Part III
The Bank of New York Mellon Corporation 2015 Annual Report to Shareholders-Parts I, II and IV

Available Information

This Form 10-K filed by The Bank of New York Mellon Corporation ("BNY Mellon" or the "Company") with the Securities and Exchange Commission (the "SEC") contains the Exhibits listed on the Index to Exhibits beginning on page 15, including those portions of BNY Mellon's 2015 Annual Report to Shareholders (the "Annual Report"), which are incorporated herein by reference. The Annual Report is, and BNY Mellon's Proxy Statement for its 2016 Annual Meeting (the "Proxy") upon filing with the SEC will be, available on our website at www.bnymellon.com. We also make available, free of charge, on our website BNY Mellon's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC pursuant to Section 13(a) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). We also make available, free of charge, our earnings materials on our website at www.bnymellon.com. The following materials are also available, free of charge, on our website at www.bnymellon.com under "Investor Relations":

- All of our SEC filings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports, SEC Forms 3, 4 and 5 and any proxy statement mailed by us in connection with the solicitation of proxies;
- Financial statements and footnotes prepared using Extensible Business Reporting Language ("XBRL");
- Our earnings materials and selected management conference calls and presentations;
- Other regulatory disclosures, including: Pillar 3 Disclosures (and Market Risk Disclosure contained therein); Federal Financial Institutions Examination Council - Consolidated Reports of Condition and Income for a Bank With Domestic and Foreign Offices; Consolidated Financial Statements for Bank Holding Companies; and the Dodd-Frank Act Stress Test Results for BNY Mellon and The Bank of New York Mellon; and
- Our Corporate Governance Guidelines, Directors Code of Conduct and the Charters of the Audit, Finance, Corporate Governance and Nominating, Corporate Social Responsibility, Human Resources and Compensation, Risk and Technology Committees of our Board of Directors.

The contents of BNY Mellon's website or any other websites referenced herein are not part of this Form 10-K.

Forward-looking Statements

In this Form 10-K, and other public disclosures of BNY Mellon, words such as "estimate", "forecast", "project", "anticipate", "target", "expect", "intend", "continue", "seek", "believe", "plan", "goal", "could", "should", "would", "may", "will", "strategy", "synergies", "opportunities", "trends" and words of similar meaning signify forward-looking statements. Some statements in this document are forward-looking. These include all statements about the usefulness of Non-GAAP measures, the future results of BNY Mellon, our businesses, financial, liquidity and capital condition, results of operations, goals, strategies, outlook, objectives, expectations (including those regarding our performance results, regulatory, market, economic or accounting developments, legal proceedings and other contingencies), effective tax rate, estimates (including those regarding capital ratios), intentions, targets, opportunities and initiatives.

These forward-looking statements, and other forward-looking statements contained in other public disclosures of BNY Mellon (including those incorporated into this Form 10-K) are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond BNY Mellon's control), including those factors described in the Annual Report under "Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") – Risk Factors." Actual results may differ materially from those expressed or implied as a result of a number of factors, including those discussed in the "Risk Factors" section of our Annual Report, such as: an information security event or technology disruption that results in a loss of confidential information or impacts our ability to provide services to our clients and any material adverse effect on our business and results of operations; failure of our technology or that of a third party or vendor, or if we neglect to update our technology, develop and market new technology to meet clients' needs or protect our intellectual property and any material adverse effect on our business; extensive government regulation and supervision and the impact of the significant amount of rulemaking since the 2008 financial crisis, which have, and in the future may, compel us to change how we manage our businesses, could have a material adverse effect on our business, financial condition and results of operations and have increased our compliance and operational risks and costs; failure to satisfy regulatory standards, including "well capitalized" and "well managed" status or capital adequacy and liquidity rules, and any resulting limitations on our activities, or adverse effects on our business and financial condition; regulatory actions or litigation and any adverse effect on our results of operations or harm to our businesses or reputation; adverse publicity, government scrutiny or other reputational harm and any negative effect on our businesses; the risks relating to new lines of business, new products and services or strategic project initiatives and the failure to implement these initiatives, which could affect our results of operations; the risks and uncertainties relating to our strategic transactions and any adverse effect on our business, results of operations and financial condition; operational risk and any material adverse effect on our business; failure or circumvention of our controls and procedures and any material adverse effect on our business, reputation, results of operations and financial condition; competition in all aspects of our business and any negative effect on our ability to maintain or increase our profitability; failure of our risk management framework to be effective in mitigating risk and reducing the potential for losses; change or uncertainty in monetary, tax and other governmental policies and the impact on our businesses, profitability and ability to compete; political, economic, legal, operational and other risks inherent in operating globally and any material adverse effect on our business; failure to attract and retain employees and any adverse effect on our business; acts of terrorism, natural disasters, pandemics and global conflicts and any negative impact on our business and operations; weakness in financial markets and the economy generally and any material adverse effect on our business, results of operations and financial condition; market volatility and any adverse impact on our business, financial condition and results of operations and our ability to manage risk; ongoing concerns about the financial stability of certain countries, the failure or instability of any of our significant global counterparties, or a breakup of the European Union or Eurozone and any material adverse effect on our business and results of operations; continuing low or volatile interest rates and any material adverse effect on our profitability; write-downs of securities that we own and other losses related to volatile and illiquid market conditions and any reduction in our earnings or impact on our financial condition; our dependence on fee-based business for a substantial majority of our revenue and the potential adverse effects of a slowing in market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences; any adverse effects on our foreign exchange revenue from decreased market volatility or cross-border investment activity of our clients; the failure or perceived weakness of any of our significant counterparties, and our assumption of credit and counterparty risk, which could expose us to loss and adversely affect our business; credit, regulatory and reputational risks as a result of our tri-party repo collateral agency services, which could adversely affect our business and results of operations; any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, which could increase the cost of funding and borrowing to us and our rated subsidiaries and have a material adverse effect on our results of operations and financial condition and on the value of the securities we issue; any adverse effect on our business, financial condition and results of operations of not effectively managing our liquidity; inadequate reserves for credit losses, including loan reserves, and any resulting charges through provision expense; tax law changes or challenges to our tax positions and any adverse effect on our net income, effective tax rate and overall results of operations and financial condition; changes in accounting standards and any material impact on our reported financial condition, results of operations, cash flows and other financial data; risks associated with being a non-operating holding company, including our dependence on dividends from our subsidiaries to meet obligations, to provide funds for payment of dividends and for stock repurchases; and the impact of provisions of U.S. banking laws and regulations, including those governing capital and the approval of our capital plan, applicable provisions of Delaware law or failure to pay full and timely dividends on our preferred stock, on our ability to return capital to shareholders.

THE BANK OF NEW YORK MELLON CORPORATION

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ITEM 1. BUSINESS

Description of Business

The Bank of New York Mellon Corporation, a Delaware corporation (NYSE symbol: BK), is a global investments company headquartered in New York, New York, with $28.9 trillion in assets under custody and/or administration and $1.6 trillion in assets under management as of Dec. 31, 2015. With its subsidiaries, BNY Mellon has been in business since 1784.

We divide our businesses into two principal segments, Investment Management and Investment Services. We also have an Other segment, which includes credit-related services, the leasing portfolio, corporate treasury activities (including our investment securities portfolio), our equity interest in ConvergEx Group, business exits and corporate overhead.

For a further discussion of BNY Mellon’s products and services, see the “Overview”, “Summary of financial highlights”, “Fee and other revenue – Foreign exchange and other trading revenue”, “Review of businesses” and “International operations” sections in the MD&A section in the Annual Report and Notes 24 and 25 of the Notes to Consolidated Financial Statements in the Annual Report, which portions are incorporated herein by reference. See the “Available Information” section on page 1 of this Form 10-K, which is incorporated herein by reference, for a description of how to access financial and other information regarding BNY Mellon.

Our two principal banking subsidiaries are:

- The Bank of New York Mellon, a New York state-chartered bank, which houses our Investment Services businesses, including Asset Servicing, Issuer Services, Treasury Services, Broker-Dealer and Advisor Services as well as the bank-advised business of Asset Management; and
- BNY Mellon, National Association (“BNY Mellon, N.A.”), a national bank, which houses our Wealth Management business.

Our two principal U.S. banking subsidiaries engage in trust and custody activities, investment management services, banking services and various securities-related activities.

We have four other U.S. bank and/or trust company subsidiaries concentrating on trust products and services across the United States: The Bank of New York Mellon Trust Company, National Association, BNY Mellon Trust of Delaware, BNY Mellon Investment Servicing Trust Company and BNY Mellon Trust Company of Illinois. Most of our asset management businesses, along with our Pershing businesses, are direct or indirect non-bank subsidiaries of BNY Mellon.

Each of our bank and trust company subsidiaries is subject to regulation by the applicable bank regulatory authority. The deposits of our U.S. banking subsidiaries are insured by the Federal Deposit Insurance Corporation to the extent provided by law.

BNY Mellon’s branches and subsidiaries outside the United States are subject to regulation by non-U.S. regulatory authorities in addition to the Board of Governors of the Federal Reserve System (the “Federal Reserve”). The Bank of New York Mellon SA/NV (“BNYMSA”) is the main banking subsidiary of The Bank of New York Mellon in continental Europe. It is authorized and regulated as a credit institution by the National Bank of Belgium and is also supervised by the European Central Bank. BNYMSA has its principal office in Brussels and branches in Amsterdam, the Netherlands; Dublin, Ireland; Frankfurt, Germany; London, England; the City of Luxembourg, Luxembourg and Paris, France. BNYMSA’s activities are in the Investment Services segment of BNY Mellon with a focus on global custody, asset servicing and collateral management. For additional discussion, see the “MD&A —Supervision and Regulation” section in the Annual Report.

Information on international operations is presented in the “Net interest revenue”, “Income taxes”, “Review of businesses”, “International operations”, “Consolidated balance sheet review” and “Supervision and Regulation” sections in the MD&A section in the Annual Report, Notes 4, 5 and 25 of the Notes to Consolidated Financial Statements in the Annual Report and in “MD&A – Risk Factors – We are subject to political, economic, legal, operational and other risks that are inherent in operating globally and which may adversely affect our business” in the Annual Report, which portions are incorporated herein by reference.

Primary Subsidiaries

Exhibit 21.1 to this Form 10-K presents a list of BNY Mellon’s primary subsidiaries as of Dec. 31, 2015.

Supervision and Regulation

Information on the supervision and regulation of BNY Mellon can be found in the “MD&A — Supervision and Regulation” section in the Annual Report. That information is incorporated into this item by reference.

Competition

BNY Mellon is subject to competition in all aspects and areas of our business. Our Investment Management business competes with domestic and international asset management firms, hedge funds, investment banking companies and other financial services companies, including trust banks, brokerage firms, and insurance companies, as well as a wide range of technology service providers. Our Investment Services business competes with domestic and international financial services firms that offer custody services, corporate trust services, clearing services, collateral management services, credit services, securities brokerage, foreign exchange services, derivatives, depositary receipt services and cash management services and related products, as well as a wide range of technology service providers, such as financial services data processing firms. Competition is based on a number of factors including, among others, customer service, quality and range of products and services offered, price, reputation, rates, lending limits and customer convenience.

Many of our competitors, with the particular exception of financial holding companies, banks and trust companies, are not subject to regulation as extensive as that described under the “MD&A — Supervision and Regulation” section in the Annual Report and, as a result, may have a competitive advantage over us and our subsidiaries in certain respects.

Many broad-based financial services firms have the ability to offer a wide range of products, from loans, deposit-taking and insurance to brokerage and asset management, which may enhance their competitive position.

As part of our business strategy, we seek to distinguish ourselves from competitors by the level of service we deliver to our clients. We also believe that technological innovation is an important competitive factor, and, for this reason, have made and continue to make substantial investments in this area.

The ability to recover quickly from unexpected events is a competitive factor, and we have devoted significant resources to being able to implement this.

For additional discussion regarding competition, see “MD&A — Risk Factors – We are subject to competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability” in the Annual Report, which is incorporated herein by reference.

Employees

At Dec. 31, 2015, BNY Mellon and its subsidiaries had approximately 51,200 full-time employees.

Statistical Disclosures by Bank Holding Companies

I. Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Interest Differential

Information required by this section of Guide 3 is presented in the Annual Report in the “Net interest revenue” and “Supplemental information – Rate/volume analysis” sections in the MD&A and in Note 9 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

II. Investment Portfolio

A. Book Value of Investments;
B. Maturity Distribution and Yields of Investments; and
C. Aggregate Book Value and Market Value of Investments where Issuer Exceeds 10% of Stockholders’ Equity

Information required by these sections of Guide 3 is presented in the Annual Report in the "Net interest revenue" and "Consolidated balance sheet review – Investment securities" sections in the MD&A and in Notes 1 and 4 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

III. Loan Portfolio

A. Types of Loans; and
B. Maturities and Sensitivities of Loans to Changes in Interest Rates

Information required by these sections of Guide 3 is presented in the Annual Report in the "Consolidated balance sheet review – Loans" section in the MD&A and Notes 1 and 5 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

C. Risk Elements; and
D. Other Interest-bearing Assets

Information required by these sections of Guide 3 is included in the Annual Report in the "Consolidated balance sheet review – Loans" and "– Nonperforming assets" and "International operations – Cross-border risk", "– Country risk exposure" sections in the MD&A and Notes 1 and 5 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

IV. Summary of Loan Loss Experience

Information required by this section of Guide 3 is included in the Annual Report in the "Critical accounting estimates – Allowance for loan losses and allowance for lending-related commitments" section in the MD&A, which portion is incorporated herein by reference, and below.

When losses on specific loans are identified, the portion deemed uncollectible is charged off. The allocation of the reserve for credit losses is presented in the "Consolidated balance sheet review – Asset quality and allowance for credit losses" section in the MD&A, as required by Guide 3, which is incorporated herein by reference.

Further information on our credit policies, the factors that influenced management's judgment in determining the level of the reserve for credit exposure, and the analyses of the reserve for credit exposure are set forth in the Annual Report in the "Risk management – Credit risk" and "Critical accounting estimates" sections in the MD&A and Notes 1 and 5 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

V. Deposits

Information required by this section of Guide 3 is set forth in the Annual Report in the "Net interest revenue" and "Consolidated balance sheet review – Deposits" sections in the MD&A and in Note 8 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

VI. Return on Equity and Assets

Information required by this section of Guide 3 is set forth in the Annual Report in the "Financial Summary" section, which is incorporated herein by reference.

VII. Short-Term Borrowings

Information required by this section of Guide 3 is set forth in the Annual Report in the "Consolidated balance sheet review – Short-term borrowings" section in the MD&A, which portion is incorporated herein by reference.

Replacement Capital Covenants

BNY Mellon has covenanted in favor of the holders of its 5.50% subordinated notes due Nov. 15, 2018, which have CUSIP No. 585515AE9, that subject to certain exceptions it will not redeem or purchase any of the securities issued or held by Mellon Capital III or Mellon Capital IV, or any interest that has been deferred on the debt securities held by Mellon Capital III, prior to specified dates in 2056 and 2022, respectively, for a price that exceeds a maximum amount determined by reference to the net cash proceeds that BNY Mellon has received from the sale of certain qualifying securities since Sept. 11, 2012.

BNY Mellon's replacement capital covenants, as amended and restated, are filed as Exhibit 99.1 and 99.2 to our Annual Report on Form 10-K for the year ended Dec. 31, 2012. The description of the replacement capital covenants is qualified by reference to their full text.

ITEM 1A. RISK FACTORS

The information required by this Item is set forth in the Annual Report under “MD&A – Risk Factors”, which portion is incorporated herein by reference.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We believe that our owned and leased facilities are suitable and adequate for our business needs. At a number of the locations described below, we are not currently occupying all of the space under our control. Where commercially reasonable and to the extent it is not needed for future expansion, we seek to sell, lease or sublease this excess space. The following is a description of our principal properties, which are utilized by all of our business segments, as of Dec. 31, 2015:

<u>New York Area properties</u>
We lease approximately 325,000 square feet of space in an office building located at 225 Liberty Street in downtown Manhattan that serves as our corporate headquarters. We also own our 23-story building located at 101 Barclay Street in downtown Manhattan, and lease the land on which that building sits under a ground lease. In addition, we lease approximately 313,000 square feet of space at 200 Park Avenue, approximately 318,000 square feet of space in Brooklyn and approximately 485,000 square feet of space at 95 Christopher Columbus Drive in Jersey City.

<u>Pittsburgh properties</u>
We lease under a long-term, triple net lease the entire 54-story office building at BNY Mellon Center, 500 Grant Street. In addition, we own a 42-story office building located at 525 William Penn Place and a 14-story office building located at 500 Ross Street.

<u>Boston area properties</u>
We lease approximately 373,000 square feet of space located at One Boston Place, 201 Washington Street. We also lease under a triple net lease the office building located at 135 Santilli Highway in Everett, Massachusetts. Additionally, we lease approximately 304,000 square feet of space at 4400 Computer Drive in Westborough, Massachusetts.

<u>United Kingdom properties</u>
We have a number of leased office locations in London (including approximately 234,000 square feet of space at BNY Mellon Centre at 160-162 Queen Victoria Street and approximately 152,000 square feet of space at The Tower at One Canada Square at Canary Wharf), and leased space totaling 134,000 square feet in Manchester. We have other leased office locations throughout the United Kingdom, including locations in Poole, Leeds, Brentwood, Liverpool and Edinburgh.

<u>India properties</u>
We lease approximately 887,000 square feet of space in Pune, India and approximately 727,000 square feet of space in Chennai, India.

<u>Other properties</u>
We also lease (and in a few instances own) office space and other facilities at numerous other locations globally, including properties located in New York, New Jersey, Connecticut, Pennsylvania, Massachusetts, Florida, Delaware, Texas, California, Illinois, Washington and Tennessee; Brussels, Belgium; Wexford, Dublin and Cork, Ireland; Luxembourg; Frankfurt, Germany; Wroclaw, Poland; Singapore; Hong Kong and Shanghai, China; Seoul, Korea; Tokyo, Japan; Sydney, Australia and Rio de Janeiro, Brazil.

ITEM 3. LEGAL PROCEEDINGS

The information required by this Item is set forth in the “Legal proceedings” section in Note 22 of the Notes to Consolidated Financial Statements in the Annual Report, which portion is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the ticker symbol BK. Certain of our depositary shares, each representing 1/4,000th interest in a share of our Series C noncumulative perpetual preferred stock, are listed on the New York Stock Exchange under the ticker symbol BK PrC. Mellon Capital IV’s 6.244% Fixed-to-Floating Rate Normal Preferred Capital Securities are also listed on the New York Stock Exchange under the ticker symbol BK/P. Information relating to the high and low sales prices per share of our common stock and our common stock dividend for each full quarterly period during fiscal years 2014 and 2015 is set forth in the “Selected Quarterly Data” section in the Annual Report, which is incorporated herein by reference. As of Dec. 31, 2015, there were 29,136 holders of record of our common stock.

For additional information about dividends and a discussion of potential regulatory limitations on our receipt of funds from our regulated subsidiaries and our payment of dividends to stockholders, see the “Liquidity and dividends” and “Supervision and Regulation – Capital Planning and Stress Testing—Payment of Dividends, Stock Repurchases and Other Capital Distributions” sections in the MD&A in the Annual Report and Notes 15 and 19 of the Notes to Consolidated Financial Statements in the Annual Report, which portions are incorporated herein by reference.

Additional information about our common stock, including information about share repurchases during the fourth quarter of 2015 and existing Board of Directors authorizations with respect to purchases by us of our common stock and other equity securities is provided in the “Capital – Issuer purchases of equity securities” section of the MD&A in the Annual Report and Note 15 of the Notes to Consolidated Financial Statements in the Annual Report, which portions are incorporated herein by reference. Share repurchases may be made through repurchase plans designed to comply with Rule 10b5-1 and through derivative, accelerated share repurchase and other structured transactions.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item is set forth in the “Financial Summary” section and the “Summary of financial results” section in the MD&A in the Annual Report and Notes 1, 2 and 3 of the Notes to Consolidated Financial Statements in the Annual Report, which portions are incorporated herein by reference.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this Item is set forth in the MD&A and Notes 3, 12, 14, 19, 22 and 23 of the Notes to Consolidated Financial Statements in the Annual Report, which portions are incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item is set forth in the “Critical accounting estimates”, “Off-balance sheet arrangements”, “Risk management”, “Trading activities and risk management” and “Asset/liability management” sections in the MD&A in the Annual Report and “Derivative financial instruments” under Note 1 and Notes 20, 22 and 23 of the Notes to Consolidated Financial Statements in the Annual Report, which portions are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to Item 15 on page 15 hereof for a detailed listing of the items under Financial Statements, Financial Statement Schedules, Exhibits and Other Financial Data, which are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including the Chief Executive Officer and Chief Financial Officer, with participation by the members of the Disclosure Committee, has responsibility for ensuring that there is an adequate and effective process for establishing, maintaining, and evaluating disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in our SEC reports is timely recorded, processed, summarized and reported and that information required to be disclosed by BNY Mellon is accumulated and communicated to BNY Mellon's management to allow timely decisions regarding the required disclosure. In addition, our ethics hotline can also be used by employees and others for the anonymous communication of concerns about financial controls or reporting matters. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

As of Dec. 31, 2015, an evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-1(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

In the ordinary course of business, we may routinely modify, upgrade or enhance our internal controls and procedures for financial reporting. There have not been any changes in our internal controls over financial reporting as defined in Rule 13a-15(f) of the Exchange Act during the fourth quarter of 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management Report on Internal Control over Financial Reporting and Report of Independent Registered Public Accounting Firm

See "Report of Management on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" on pages 140 and 141 of the Annual Report, each of which is incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is included below and in the Proxy in the following sections: “Section 16(a) Beneficial Ownership Reporting Compliance” under the heading “Additional Information - Information on Stock Ownership;” “Background” under the heading “Item 1 - Election of Directors - Resolution;” “Nominees” under the heading “Item 1 - Election of Directors;” and “Board Meetings and Committee Information - Committees and Committee Charters” and “- Audit Committee” under the heading “Item 1 - Election of Directors - Corporate Governance and Board Information,” which are incorporated herein by reference.

CODE OF ETHICS

We have adopted a code of ethics for our employees which we refer to as our Code of Conduct. The Code of Conduct applies to all employees of BNY Mellon and its subsidiaries, including our Chief Executive Officer (principal executive officer), Chief Financial Officer (principal financial officer) and Controller (principal accounting officer). The Code of Conduct is posted on our website at www.bnymellon.com/ethics/codeofconduct.pdf. We also have a code of ethics for our directors, which we refer to as our Directors’ Code of Conduct. The Directors’ Code of Conduct applies to all directors of BNY Mellon. The Directors’ Code of Conduct is posted on our website at www.bnymellon.com/governance/directorscodeofconduct.pdf. We intend to disclose on our website any amendments to or waivers of the Code of Conduct relating to executive officers (including the officers specified above) and will disclose any amendments to or waivers of the Directors’ Code of Conduct relating to our directors.

EXECUTIVE OFFICERS OF THE REGISTRANT

The name and age of, and positions and offices held by, each executive officer of BNY Mellon as of Feb. 26, 2016, together with the offices held by each such person during the last five years, are listed below and on the following page. The Chairman of the Board, Chief Executive Officer and President each hold office for the year for which the Board of Directors was elected and until the appointment and qualification of his or her successor or until his or her earlier death, resignation, disqualification or removal. All other executive officers serve at the pleasure of the appointing authority. No executive officer has a family relationship to any other executive officer or director or nominee for director.

Name and position	Age	
Gerald L. Hassell Chairman and Chief Executive Officer	64	(1)
Karen B. Peetz President	60	(2)
Thomas P. (Todd) Gibbons Vice Chairman Chief Financial Officer	59	(3)
Brian T. Shea Vice Chairman	55	(4)
Mitchell E. Harris Senior Executive Vice President	61	(5)
Monique R. Herena Senior Executive Vice President	45	(6)
J. Kevin McCarthy Senior Executive Vice President General Counsel	51	(7)
James S. Wiener Senior Executive Vice President	48	(8)
Kurtis R. Kurimsky Vice President and Controller	42	(9)
Michelle M. Neal Managing Director	42	(10)

(1) Mr. Hassell has served as Chairman and Chief Executive Officer of BNY Mellon since August 2011. Mr. Hassell also serves as Chairman and Chief Executive Officer of The Bank of New York Mellon and BNY Mellon, N.A. From at least 2011 to December 31, 2012, Mr. Hassell served as President of BNY Mellon, The Bank of New York Mellon and BNY Mellon, N.A.

(2) Ms. Peetz has served as President of BNY Mellon since January 2013. Ms. Peetz also

serves as President of The Bank of New York Mellon. From at least 2011 to December 31, 2012, Ms. Peetz served as Chief Executive Officer of Financial Markets and Treasury Services and Vice Chairman of BNY Mellon, The Bank of New York Mellon and BNY Mellon, N.A.

(3) Mr. Gibbons has served as Vice Chairman of BNY Mellon since September 2010 and as Chief Financial Officer of BNY Mellon since at least 2011. Mr. Gibbons also serves as Vice Chairman and Chief Financial Officer of The Bank of New York Mellon and BNY Mellon, N.A.

(4) Mr. Harris has served as Senior Executive Vice President of BNY Mellon since May 2011. Mr. Harris also serves as Senior Executive Vice President of The Bank of New York Mellon and BNY Mellon, N.A.

(5) Mr. Shea has served as Vice Chairman of BNY Mellon since June 2014. Mr. Shea also serves as Chief Executive Officer of Investment Services and Vice Chairman of The Bank of New York Mellon and BNY Mellon, N.A. From December 2012 to June 2014, Mr. Shea served as President of Investment Services, Head of the Broker Dealer and Advisor Services Group, Head of Client Service Delivery and Client Technology Solutions of BNY Mellon and Chairman of Pershing LLC. From at least 2011 to December 2012, Mr. Shea served as Chief Executive Officer of Pershing LLC.

(6) Ms. Herena has served as Senior Executive Vice President and Chief Human Resources Officer of BNY Mellon since April 2014. Ms. Herena also serves as Senior Executive Vice President and Chief Human Resources Officer of The Bank of New York Mellon and BNY Mellon, N.A. From 2013 to April 2014, Ms. Herena served as Senior Vice President Human Resources and Chief Human Resources Officer Global Groups, Functions and Corporate for PepsiCo Inc., a global food and beverage firm. From at least 2011 to 2013, Ms. Herena served as Senior Vice President Human Resources and Chief Human Resources Officer for Asia, Middle East and Africa for PepsiCo.

(7) Mr. McCarthy has served as Senior Executive Vice President and General Counsel of BNY Mellon since April 2014. Mr. McCarthy also serves as Senior Executive Vice President and General Counsel of The Bank of New York Mellon and BNY Mellon, N.A. From at least 2011 to 2013, Mr. McCarthy served as Deputy General Counsel for the Litigation, Enforcement and Employment Law functions at BNY Mellon. In 2013, Mr. McCarthy served as Senior Deputy General Counsel, with the added oversight of BNY Mellon's Asset Servicing and corporate center functions.

(8) Mr. Wiener has served as Senior Executive Vice President and Chief Risk Officer of BNY Mellon since November 2014. Mr. Wiener also serves as Senior Executive Vice President and Chief Risk Officer of The Bank of New York Mellon and BNY Mellon, N.A. From at least 2011 to November 2014, Mr. Wiener served as a senior partner at Oliver Wyman Group, a management consulting company.

(9) Mr. Kurimsky has served as Controller since July 2015 and was previously Acting Controller of BNY Mellon since February 2015. From May 2014 to February 2015, Mr. Kurimsky served as Deputy Controller of BNY Mellon. Mr. Kurimsky also serves as Managing Director and Controller of The Bank of New York Mellon and BNY Mellon, N.A. From at least 2011 to April 2014, Mr. Kurimsky served as a partner in the Financial Services Practice at KPMG LLP.

(10) Ms. Neal has served as Managing Director of BNY Mellon since November 2015. Ms. Neal also serves as Managing Director of The Bank of New York Mellon and BNY Mellon, N.A. From February 2014 to November 2015, Ms. Neal served as global head of listed derivatives, markets clearing and fixed income market structure at Deutsche Bank, a financial institution. From at least 2011 to January 2014, Ms. Neal served as global head of markets electronic trading, futures and prime services for Nomura International and Chief Operating Officer of Global Execution Services for Nomura Global Markets and Instinet.

The Bank of New York Mellon, BNY Mellon, N.A. and Pershing LLC, as referenced in the foregoing footnotes, are subsidiaries of The Bank of New York Mellon Corporation.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is included in the Proxy in the following sections: “Director Compensation” under the heading “Item 1 - Election of Directors;” “Compensation Discussion and Analysis” and “Executive Compensation Tables” under the heading “Item 2 - Advisory Vote on Compensation;” “Board Meetings and Committee Information - Committees and Committee Charters” and “- Human Resources and Compensation Committee” under the heading “Item 1 - Election of Directors - Corporate Governance and Board Information,” which are incorporated herein by reference. The information incorporated herein by reference to the section “Report of the HRC Committee” under the heading “Item 2 - Advisory Vote on Compensation - Compensation Discussion and Analysis” is deemed furnished hereunder.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is included in the Proxy in the following sections: “Equity Compensation Plans” and “Information on Stock Ownership” under the heading “Additional Information”, which are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is included in the Proxy in the following sections: “Business Relationships and Related Party Transactions Policy” under the heading “Additional Information - Other Information;” “Director Independence” under the heading “Item 1 - Election of Directors - Corporate Governance and Board Information;” and “Board Meetings and Committee Information - Committees and Committee Charters” “- Audit Committee,” “- Corporate Governance and Nominating Committee” and “- Human Resources and Compensation Committee” under the heading “Item 1 - Election of Directors - Corporate Governance and Board Information,” which are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is included in the Proxy in the following section: “Item 4 – Ratification of KPMG LLP”, which is incorporated herein by reference.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The financial statements, schedules and exhibits required for this Form 10-K are incorporated by reference as indicated in the following index. Page numbers refer to pages of the Annual Report for Items (1) and (2) Financial Statements and Schedules.

	Financial Statements and Schedules	Page No.
(1)(2)	Consolidated Income Statement	142-143
	Consolidated Comprehensive Income Statement	144
	Consolidated Balance Sheet	145
	Consolidated Statement of Cash Flows	146
	Consolidated Statement of Changes in Equity	147-149
	Notes to Consolidated Financial Statements	150-225
	Report of Independent Registered Public Accounting Firm	225
	Selected Quarterly Data (unaudited)	132

(3) Exhibits

See (b) below.

(b) The exhibits listed on the Index to Exhibits on pages 15 through 24 hereof are incorporated by reference or filed or furnished herewith in response to this Item.

(c) Other Financial Data

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, BNY Mellon has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Bank of New York Mellon Corporation

By: /s/ Gerald L. Hassell
Gerald L. Hassell
Chairman and Chief Executive Officer

DATED: February 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of BNY Mellon and in the capacities and on the date indicated.

Signature	Capacities
By: /s/ Gerald L. Hassell Gerald L. Hassell Chairman and Chief Executive Officer	Director and Principal Executive Officer
By: /s/ Thomas P. Gibbons Thomas P. Gibbons Chief Financial Officer	Principal Financial Officer
By: /s/ Kurtis R. Kurimsky Kurtis R. Kurimsky Corporate Controller	Principal Accounting Officer
Nicholas M. Donofrio; Joseph J. Echevarria; Edward P. Garden; Jeffrey A. Goldstein; John M. Hinshaw; Edmund F. Kelly; Richard J. Kogan; John A. Luke, Jr.; Mark A. Nordenberg; Catherine A. Rein; William C. Richardson; Samuel C. Scott III; and Wesley W. von Schack	Directors
By: /s/ Craig T. Beazer Craig T. Beazer Attorney-in-fact	DATED: February 26, 2016

INDEX TO EXHIBITS

Pursuant to the rules and regulations of the SEC, BNY Mellon has filed certain agreements as exhibits to this Form 10-K. These agreements may contain representations and warranties by the parties to such agreements. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in BNY Mellon's public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards that are different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe BNY Mellon's actual state of affairs at the date hereof and should not be relied upon.

Exhibit	Description	Method of Filing
2.1	Amended and Restated Agreement and Plan of Merger, dated as of Dec. 3, 2006, as amended and restated as of Feb. 23, 2007, and as further amended and restated as of March 30, 2007, between The Bank of New York Company, Inc., Mellon Financial Corporation and The Bank of New York Mellon Corporation (the "Company").	Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on July 2, 2007, and incorporated herein by reference.
3.1	Restated Certificate of Incorporation of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on July 2, 2007, and incorporated herein by reference.
3.2	Certificate of Designations of The Bank of New York Mellon Corporation with respect to Series A Noncumulative Preferred Stock, dated June 15, 2007.	Previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on July 5, 2007, and incorporated herein by reference.
3.3	Certificate of Designations of The Bank of New York Mellon Corporation with respect to Series C Noncumulative Perpetual Preferred Stock, dated Sept. 13, 2012.	Previously filed as Exhibit 3.2 to the Company's Registration Statement on Form 8-A12B (File No. 001-35651) as filed with the Commission on Sept. 14, 2012, and incorporated herein by reference.
3.4	Certificate of Designations of The Bank of New York Mellon Corporation with respect to Series D Noncumulative Perpetual Preferred Stock, dated May 16, 2013.	Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35651) as filed with the Commission on May 16, 2013, and incorporated herein by reference.
3.5	Certificate of Designations of The Bank of New York Mellon Corporation with respect to Series E Noncumulative Perpetual Preferred Stock, dated April 27, 2015.	Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35651) as filed with the Commission on April 28, 2015, and incorporated herein by reference.
3.6	Amended and Restated By-Laws of The Bank of New York Mellon Corporation, as amended and restated on July 10, 2007 and subsequently amended on April 14, 2009, Aug. 11, 2009, Feb. 9, 2010, July 2, 2010, Oct. 12, 2010, Oct. 8, 2013 and October 13, 2015.	Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35651) as filed with the Commission on Oct. 19, 2015, and incorporated herein by reference.

Exhibit		Description	Method of Filing
4.1		None of the instruments defining the rights of holders of long-term debt of the Parent or any of its subsidiaries represented long-term debt in excess of 10% of the total assets of the Company as of Dec. 31, 2015. The Company hereby agrees to furnish to the Commission, upon request, a copy of any such instrument.	N/A
10.1	*	The Bank of New York Company, Inc. Excess Contribution Plan as amended through July 10, 1990.	Previously filed as Exhibit 10(b) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1990, and incorporated herein by reference.
10.2	*	Amendments dated Feb. 23, 1994 and Nov. 9, 1993 to The Bank of New York Company, Inc. Excess Contribution Plan.	Previously filed as Exhibit 10(c) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1993, and incorporated herein by reference.
10.3	*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan dated as of Nov. 1, 1995.	Previously filed as Exhibit 10(e) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1995, and incorporated herein by reference.
10.4	*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan dated as of Nov. 12, 2002.	Previously filed as Exhibit 10(v) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 2003, and incorporated herein by reference.
10.5	*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan dated as of Oct. 9, 2006.	Previously filed as Exhibit 10(y) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 2006, and incorporated herein by reference.
10.6	*	The Bank of New York Company, Inc. Excess Benefit Plan as amended through Dec. 8, 1992.	Previously filed as Exhibit 10(d) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1992, and incorporated herein by reference.
10.7	*	Amendment dated as of Aug. 11, 1994 to The Bank of New York Company, Inc. Excess Benefit Plan.	Previously filed as Exhibit 10(g) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1994, and incorporated herein by reference.
10.8	*	Amendment dated as of Nov. 1, 1995 to The Bank of New York Company, Inc. Excess Benefit Plan.	Previously filed as Exhibit 10(i) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1995, and incorporated herein by reference.

Exhibit		Description	Method of Filing
10.9	*	Amendment dated as of July 1, 1996 to The Bank of New York Company, Inc. Excess Benefit Plan.	Previously filed as Exhibit 10(kk) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1999, and incorporated herein by reference.
10.10	*	The Bank of New York Company, Inc. 2003 Long-Term Incentive Plan.	Previously filed as Exhibit B to The Bank of New York Company, Inc.'s Definitive Proxy Statement (File No. 001-06152) dated March 31, 2003, and incorporated herein by reference.
10.11	*	Amendment dated as of Dec. 28, 2005 to the 2003 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(ee) to The Bank of New York Company, Inc.'s Form 10-K (File No. 001-06152) for the year ended Dec. 31, 2005, and incorporated herein by reference.
10.12	*	Amendment dated as of Oct. 9, 2006 to the 2003 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(gg) to The Bank of New York Company, Inc.'s Form 10-K (File No. 001-06152) for the year ended Dec. 31, 2006, and incorporated herein by reference.
10.13	*	Amendment dated as of Feb. 21, 2008 to the 2003 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on Feb. 27, 2008, and incorporated herein by reference.
10.14	*	The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(n) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1992, and incorporated herein by reference.
10.15	*	Amendment dated as of March 9, 1993 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(k) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1993, and incorporated herein by reference.
10.16	*	Amendment dated as of Oct. 11, 1994 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(o) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1994, and incorporated herein by reference.
10.17	*	Amendment dated as of July 1, 1996 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(a) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1996, and incorporated herein by reference.
10.18	*	Amendment dated as of Nov. 12, 1996 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(b) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1996, and incorporated herein by reference.

Exhibit		Description	Method of Filing
10.19	*	Amendment dated as of July 11, 2000 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(e) to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended Sept. 30, 2000, and incorporated herein by reference.
10.20	*	Amendment dated as of Feb. 13, 2001 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(ggg) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 2000, and incorporated herein by reference.
10.21	*	Amendment dated as of Jan. 1, 2006 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(yy) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 2005, and incorporated herein by reference.
10.22	*	Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(s) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1993, and incorporated herein by reference.
10.23	*	Amendment dated as of Nov. 8, 1994 to Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(z) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1994, and incorporated herein by reference.
10.24	*	Amendment dated Feb. 11, 1997 to Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(j) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 1996, and incorporated herein by reference.
10.25	*	Amendment to Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc. dated as of July 11, 2000.	Previously filed as Exhibit 10(d) to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended Sept. 30, 2000, and incorporated herein by reference.
10.26	*	Amendment dated as of Nov. 12, 2002 to Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(yy) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended Dec. 31, 2003, and incorporated herein by reference.
10.27	*	Form of Stock Option Agreement under The Bank of New York Company, Inc.'s 2003 Long-Term Incentive Plan.	Previously filed as Exhibit 10.3 to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended June 30, 2006, and incorporated herein by reference.

Exhibit		Description	Method of Filing
10.28	*	Form of Stock Option Agreement under The Bank of New York Company, Inc.'s 2003 Long-Term Incentive Plan.	Previously filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended June 30, 2007, and incorporated herein by reference.
10.29	*	Mellon Financial Corporation Long-Term Profit Incentive Plan (2004), as amended effective April 17, 2007.	Previously filed as Exhibit 10.2 to Mellon Financial Corporation's Quarterly Report on Form 10-Q (File No. 001-07410) for the quarter ended March 31, 2007, and incorporated herein by reference.
10.30	*	Mellon Financial Corporation Stock Option Plan for Outside Directors (2001), effective Feb. 20, 2001.	Previously filed as Exhibit 10.1 to Mellon Financial Corporation's Quarterly Report on Form 10-Q (File No. 001-07410) for the quarter ended June 30, 2001, and incorporated herein by reference.
10.31	*	Mellon Financial Corporation Director Equity Plan (2006).	Previously filed as Exhibit A to Mellon Financial Corporation's Proxy Statement (File No. 001-07410) dated March 15, 2006, and incorporated herein by reference.
10.32	*	Mellon Financial Corporation 1990 Elective Deferred Compensation Plan for Directors and Members of the Advisory Board, as amended, effective Jan. 1, 2002.	Previously filed as Exhibit 10.9 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended Dec. 31, 2001, and incorporated herein by reference.
10.33	*	Form of Mellon Financial Corporation Elective Deferred Compensation Plan for Directors (Post Dec. 31, 2004).	Previously filed as Exhibit 99.3 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) as filed with the Commission on Oct. 20, 2006, and incorporated herein by reference.
10.34	*	The Bank of New York Mellon Corporation Deferred Compensation Plan for Directors, effective Jan. 1, 2008.	Previously filed as Exhibit 10.71 to the Company's Annual Report on Form 10-K (File No. 000-52710) for the year ended Dec. 31, 2007, and incorporated herein by reference.
10.35	*	Form of Option Agreement for Directors of Mellon Financial Corporation.	Previously filed as Exhibit 10.35 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended Dec. 31, 2004, and incorporated herein by reference.
10.36	*	Description regarding team equity incentive awards, replacement equity awards and special stock option award to executives named therein.	Previously filed as Item 5.02 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on July 13, 2007, and incorporated herein by reference.
10.37		Lease dated as of Dec. 29, 2004, between 500 Grant Street Associates Limited Partnership and The Bank of New York Mellon with respect to BNY Mellon Center.	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended Dec. 31, 2004, and incorporated herein by reference.

Exhibit		Description	Method of Filing
10.38	*	The Bank of New York Mellon Corporation Deferred Compensation Plan for Employees.	Previously filed as Exhibit 4.4 to the Company's Form S-8 (File No. 333-149473) filed on Feb. 29, 2008, and incorporated herein by reference.
10.39	*	Form of 2008 Stock Option Agreement between The Bank of New York Mellon Corporation and Gerald L. Hassell.	Previously filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.40	*	Form of Long Term Incentive Plan Deferred Stock Unit Agreement for Directors of The Bank of New York Corporation.	Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended June 30, 2008, and incorporated herein by reference.
10.41	*	Amendment to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan, dated as of Jan. 1, 2009.	Previously filed as Exhibit 10.156 to the Company's Annual Report on Form 10-K (File No. 000-52710) for the year ended Dec. 31, 2008, and incorporated herein by reference.
10.42	*	Amendment to The Bank of New York Company, Inc. Amended and Restated 2003 Long-Term Incentive Plan, dated as of Jan. 1, 2009.	Previously filed as Exhibit 10.157 to the Company's Annual Report on Form 10-K (File No. 000-52710) for the year ended Dec. 31, 2008, and incorporated herein by reference.
10.43	*	Amendment to The Bank of New York Company, Inc. Excess Benefit Plan, dated as of Jan. 1, 2009.	Previously filed as Exhibit 10.158 to the Company's Annual Report on Form 10-K (File No. 000-52710) for the year ended Dec. 31, 2008, and incorporated herein by reference.
10.44	*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan, dated as of Jan. 1, 2009.	Previously filed as Exhibit 10.159 to the Company's Annual Report on Form 10-K (File No. 000-52710) for the year ended Dec. 31, 2008, and incorporated herein by reference.
10.45	*	Form of Amended and Restated Indemnification Agreement with Directors of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended Sept. 30, 2009, and incorporated herein by reference.
10.46	*	Form of Amended and Restated Indemnification Agreement with Executive Officers of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended Sept. 30, 2009, and incorporated herein by reference.
10.47	*	The Bank of New York Mellon Corporation Executive Severance Plan, effective July 13, 2010.	Previously filed as Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on July 16, 2010, and incorporated herein by reference.
10.48	*	The Bank of New York Mellon Corporation Policy Regarding Shareholder Approval of Future Senior Officers Severance Arrangements, adopted July 12, 2010.	Previously filed as Exhibit 99.3 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on July 16, 2010, and incorporated herein by reference.

Exhibit		Description	Method of Filing
10.49	*	Form of Executive Stock Option Agreement.	Previously filed as Exhibit 10.135 to the Company's Annual Report on Form 10-K (File No. 000-52710) for the year ended Dec. 31, 2010, and incorporated herein by reference.
10.50	*	Amendment to The Bank of New York Mellon Corporation Executive Severance Plan, effective as of Aug. 11, 2014.	Previously filed as Exhibit 10.1 to BNY Mellon's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended Sept. 30, 2014, and incorporated herein by reference.
10.51	*	2011 Form of Executive Stock Option Agreement.	Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2011, and incorporated herein by reference.
10.52	*	Terms of Employment agreed to by The Bank of New York Mellon Corporation and Curtis Y. Arledge, dated July 26, 2010, and accepted July 29, 2010.	Previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2011, and incorporated herein by reference.
10.53	*	The Bank of New York Mellon Corporation Long-Term Incentive Plan.	Previously filed as Appendix A to the Company's definitive proxy statement on Schedule 14A (File No. 000-52710) filed on March 11, 2011, and incorporated herein by reference.
10.54	*	Amended and Restated Long-Term Incentive Plan of The Bank of New York Mellon Corporation.	Previously filed as Exhibit A to BNY Mellon's definitive proxy statement on Schedule 14A (File No. 001-35651), filed on March 7, 2014, and incorporated herein by reference.
10.55	*	Form of Restricted Stock Unit Agreement under the Amended and Restated Long-Term Incentive Plan of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.3 to BNY Mellon's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended June 30, 2014, and incorporated herein by reference.
10.56	*	Form of Performance Share Unit Agreement under the Amended and Restated Long-Term Incentive Plan of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.4 to BNY Mellon's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended June 30, 2014, and incorporated herein by reference.
10.57	*	The Bank of New York Mellon Corporation Executive Incentive Compensation Plan.	Previously filed as Appendix B to the Company's definitive proxy statement on Schedule 14A (File No. 000-52710) filed on March 11, 2011, and incorporated herein by reference.
10.58	*	2012 Form of Nonstatutory Stock Option Agreement.	Previously filed as Exhibit 10.82 to the Company's Annual Report on Form 10-K (File No. 001-35651) for the year ended Dec. 31, 2012, and incorporated herein by reference.

Exhibit		Description	Method of Filing
10.59	*	2012 Form of Restricted Stock Unit Agreement.	Previously filed as Exhibit 10.83 to the Company's Annual Report on Form 10-K (File No. 001-35651) for the year ended Dec. 31, 2012, and incorporated herein by reference.
10.60	*	The Bank of New York Mellon Corporation Defined Contribution IRC 401(a)(17) Plan.	Previously filed as Exhibit 10.84 to the Company's Annual Report on Form 10-K (File No. 001-35651) for the year ended Dec. 31, 2012, and incorporated herein by reference.
10.61	*	2013 Form of Performance Share Unit Agreement.	Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended June 30, 2013, and incorporated herein by reference.
10.62	*	2013 Form of Restricted Stock Unit Agreement.	Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended June 30, 2013, and incorporated herein by reference.
10.63		Purchase and Sale Agreement by and between The Bank of New York Mellon and MIP One Wall Street Acquisition LLC, dated May 20, 2014.	Previously filed as Exhibit 10.1 to BNY Mellon's Current Report on Form 8-K (File No. 001-35651) as filed with the Commission on May 27, 2014, and incorporated herein by reference.
10.64		First Amendment to Purchase and Sale Agreement between The Bank of New York Mellon and MIP One Wall Street Acquisition LLC, dated Sept. 26, 2014.	Previously filed as Exhibit 10.2 to BNY Mellon's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended September 30, 2014, and incorporated herein by reference.
10.65		Lease agreement by and between The Bank of New York Mellon and WFP Tower Co. L.P., dated June 25, 2014.	Previously filed as Exhibit 10.2 to BNY Mellon's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended June 30, 2014, and incorporated herein by reference.
10.66	*	Amendment to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan, dated as of Dec. 31, 2014.	Previously filed as Exhibit 10.76 to BNY Mellon's Annual Report on Form 10-K (File No. 001-35651) for the year ended December 31, 2014, and incorporated herein by reference.
10.67	*	2015 Form of Performance Share Unit Agreement.	Previously filed as Exhibit 10.1 to BNY Mellon's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended September 30, 2015, and incorporated herein by reference.
10.68	*	2015 Form of Restricted Share Unit Agreement.	Previously filed as Exhibit 10.2 to BNY Mellon's Quarterly Report on Form 10-Q (File No. 001-35651) for the quarter ended September 30, 2015, and incorporated herein by reference.
10.69	*	The Bank of New York Mellon Corporation Defined Contribution IRC 401(a)(17) Plan (as amended and restated).	Filed herewith.
10.70	*	Amendment dated as of December 14, 2015 to The Bank of New York Company, Inc. Excess Benefit Plan.	Filed herewith.

Exhibit	Description	Method of Filing
12.1	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.	Filed herewith.
13.1	All portions of The Bank of New York Mellon Corporation 2015 Annual Report to Shareholders that are incorporated herein by reference. The remaining portions are furnished for the information of the SEC and are not "filed" as part of this filing.	Filed and furnished herewith.
21.1	Primary subsidiaries of the Company.	Filed herewith.
23.1	Consent of KPMG LLP.	Filed herewith.
24.1	Power of Attorney.	Filed herewith.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
99.1	Mellon Capital III Amended and Restated Replacement Capital Covenant, dated Sept. 11, 2012.	Previously filed as Exhibit 99.1 to the Company's Annual Report on Form 10-K (File No. 001-35651) for the year ended Dec. 31, 2012, and incorporated herein by reference.
99.2	Mellon Capital IV Amended and Restated Replacement Capital Covenant, dated Sept. 11, 2012.	Previously filed as Exhibit 99.2 to the Company's Annual Report on Form 10-K (File No. 001-35651) for the year ended Dec. 31, 2012, and incorporated herein by reference.
101.INS	XBRL Instance Document.	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith.

Exhibit	Description	Method of Filing
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith.

* Management contract or compensatory plan arrangement.

Exhibit 10.69

The Bank of New York Mellon Corporation

Defined Contribution

IRC SECTION 401(a)(17)
PLAN

Amended and Restated

Effective as of July 1, 2015

PURPOSE

The purpose of The Bank of New York Mellon Corporation Defined Contribution IRC Section 401(a)(17) Plan (the "Plan") is to provide deferred compensation on an unfunded basis for a select group of management or highly compensated employees. The deferred compensation provided hereunder is intended to supplement the benefits provided under The Bank of New York Mellon Corporation 401(k) Savings Plan (the "401(k) Plan") to such employees whose Retirement Contributions under the 401(k) Plan are limited due to the dollar maximums imposed on "qualified" plans by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended ("Code").

The Corporation hereby declares that its intention that the Plan be operated in compliance with the American Jobs Creation Act of 2004 and Section 409A of the Code. It is also the intention of the Corporation that the Plan be an "employee pension benefit plan" as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and that the Plan be the type of plan described in Sections 201(2), 301(a)(3) and 401(a)(1) of Title I of ERISA. The Benefits Administration Committee ("Committee") or a successor committee designated by the Corporation shall be the administrator responsible for fulfilling the duties and responsibilities imposed upon "administrators" of plans subject to Parts 1 and 5 of Title 1 of ERISA.

The Plan was originally effective December 20, 2012. The Plan is being amended and restated effective as of July 1, 2015 to reflect the expansion of eligibility for the Retirement Contribution to all participants adversely affected by the cessation of accruals under The Bank of New York Mellon Corporation Pension ("Pension Plan") as of June 30, 2015 and the calculation of the Supplemental Retirement Contribution to be provided to such participants hereunder for the six month period July 1 through December 31, 2015; which period represents their initial period of eligibility under the Plan.

1.00 DEFINITIONS

The following terms shall have the meanings ascribed to them in this Section. Capitalized terms used in this Plan which are not otherwise defined in this Section 1.00 shall have the meanings ascribed to them in the 401(k) Plan to which this Plan relates.

1.01 "Beneficiary" shall have the same meaning as defined in Article I, Definitions, of the 401(k) Plan, as such definition may be amended from time to time and shall mean the same person or persons designated or deemed designated as the Participant's Beneficiary under the 401(k) Plan.

1.02 "Corporation" means The Bank of New York Mellon Corporation and the sponsor of this Plan.

1.03 "Deemed Deposit Date" shall mean the recordkeeping date as of which a Supplemental Retirement Contribution is deemed credited to an Eligible Employee's Notional Account. Unless otherwise provided herein or by the Corporation, the Deemed Deposit Date for any Plan Year shall mean the date as of which Retirement Contributions are made to the 401(k)

Plan for the same Plan Year; which date will generally occur in the first quarter of the Plan Year following the Plan Year to which the Retirement Contribution relates.

1.04 "Disability" or "Disabled" means where, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twenty-four (24) months, either: (a) the Participant is unable to engage in any substantial gainful activity or (b) the Participant is receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of his or her employer; in each instance as determined by the Committee, in accordance with Section 409A(a)(2)(C) of the Code and Regulation Section 1.409A-3(g)(4) promulgated thereunder, on the basis of written information supplied by the Participant.

1.05 "Effective Date" of this Plan shall be the date of its adoption as evidenced by the execution date of this Plan document.

1.06 "Eligible Compensation" shall have the same meaning as defined in Article I, Definitions, of the 401(k) Plan, as such definition may be amended from time to time; provided however; that, for purposes of this Plan, such Eligible Compensation in excess of 401(a)(17) Limit shall NOT be disregarded.

1.07 "Eligible Employee" shall be determined each Plan Year and shall mean any person eligible to receive an allocation of the Retirement Contribution provided under Article III, Contributions and Vesting, of the 401(k) Plan, with respect to such Plan Year.

1.08 "Employer" shall mean the Corporation and each entity controlled, directly or indirectly, by the Corporation.

1.09 "401(a)(17) Limit" means the compensation limit described in Code Section 401(a)(17) in effect for such Plan Year.

1.10 "401(k) Plan" means The Bank of New York Mellon Corporation 401(k) Savings Plan as amended and restated effective as of January 1, 2011, as amended.

1.11 "Notional Account" means the recordkeeping device used by the Corporation to account for the notional amounts to be credited to the Participant under the Plan as described in Section 3.02.

1.12 "Notional Investment Options" except as otherwise determined by the BIC, means those certain investment options – other than the option to invest in securities of the Corporation – available as of any time of reference under the 401(k) Plan (excluding any such options which may only be invested in through the so-called "self-directed account" feature) which will be used to determine the notional earnings and losses to be credited to a Participant's Notional Account. To the extent not already provided to Participants as a result of their being eligible to participate in the 401(k) Plan, the Committee shall provide Participants with a description of the Notional Investment Options available hereunder from time to time.

1.13 "Participant" means any Eligible Employee eligible to receive a contribution with respect to any Plan Year in accordance with the provisions of Article II and/or who is credited with a Notional Account under the Plan.

1.14 "Plan" means this The Bank of New York Mellon Corporation Defined Contribution IRC Section 401(a)(17) Plan.

1.15 "Plan Year" means the calendar year.

1.16 "Retirement" means the Participant's Separation from Service, other than by reason of death, on or after the date ("Retirement Date") on which the Participant has attained age sixty-five (65).

1.17 "Retirement Contributions" means those certain Employer Retirement Contributions described in Article III, Contributions and Vesting, of the 401(k) Plan, as such definition may be amended from time to time.

1.18 "Service" and "Years of Service" shall have the same meaning – and be calculated in the same manner – as service and years of service are defined and calculated under Article I, Definitions, of the 401(k) Plan, as such definition and calculation methods may be amended from time to time.

1.19 "Valuation Date" means the last day of each month, or such other dates as the Committee may determine in its discretion; which may be either more or less frequent, for the valuation of Participants' Notional Accounts.

2.00 ELIGIBILITY TO RECEIVE SUPPLEMENTAL RETIREMENT CONTRIBUTION

(a) Effective as of the Effective Date, all Eligible Employees who are credited with a Retirement Contribution under the 401(k) Plan for any Plan Year beginning before or after the Effective Date shall be eligible to receive a Supplemental Retirement Contribution corresponding to the same Plan Year to which the Retirement Contribution relates.

(b) Each Eligible Employee described in (a) shall have a Supplemental Retirement Contribution allocated to the Eligible Employee's Notional Account under this Plan as of the Deemed Deposit Date which corresponds to the date the related Retirement Contribution was credited to the Eligible Employee under the 401(k) Plan for the same Plan Year.

3.00 SUPPLEMENTAL RETIREMENT CONTRIBUTION

3.01 Amount of Supplemental Retirement Contribution

(a) General Rule. Subject to (b), in respect of each Eligible Employee for any Plan Year the Corporation agrees to credit to the Participant's Notional Account a notional amount (the "Supplemental Retirement Contribution") for such Plan Year equal to:

(i) The maximum Retirement Contribution to which the Participant would have been entitled under the 401(k) Plan for the same Plan Year but for the application of the 401(a)(17) Limit.

LESS:

(ii) The actual Retirement Contribution credited to the Participant under the 401(k) Plan.

(b) Special Rule for 2015 Plan Year. Notwithstanding anything in (a) to the contrary, solely for purposes of determining what portion, if any, of the Eligible Compensation of Participants who were eligible to accrue a benefit under the BNY Mellon Pension Plan through the close of business on June 30, 2015 ("Pension Eligible Participants") is in excess of the limit in effect under Code Section 401(a)(17) for such 2015 Plan Year ($265,000) for the period July 1, 2015 through December 31, 2015 – and, as such, eligible to be taken into account for purposes of determining the amount of such Pension Eligible Participant's Supplemental Retirement Contribution hereunder for such period – Eligible Compensation of Pension Eligible Participants shall be deemed to include only such Compensation earned during the period July 1, 2015 through December 31, 2015 regardless of whether a portion of such Participants compensation for the period January 1, 2015 through June 30, 2015 was in excess of the Code Section 401(a)(17) limit. By way of example, if a Pension Eligible Participant earned $300,000 of Eligible Compensation for the period January 1, 2015 through June 30, 2015 and $300,000 for the period July 1, 2015 through December 31, 2015, his or her Supplemental Retirement Contribution hereunder would equal $6,000 ($300,000 x 2%) and he or she would not be entitled to a Supplemental Retirement Contribution on the $35,000 by which his or her Eligible Compensation earned during the period January 1, 2015 through June 30, 2015 exceeded the $265,000 Code Section 401(a)(17) limit in effect for Plan Year 2015.

(c) No Supplemental Retirement Contribution will be credited to the Participant's Notional Account for any Plan Year for which a Retirement Contribution was not made on behalf of the Participant under the 401(k) Plan.

3.02 Establishment of Notional Accounts.

"Notional Account" means the record-keeping device used by the Corporation to measure and determine the amounts to be paid to a Participant under the Plan. Separate Notional Accounts will be established for each Participant and as may be otherwise required. Notional Accounts shall be deemed to be credited with Notional gains or losses as provided in Section 3.06 from the date a Supplemental Retirement Contribution is credited in accordance with Section 3.03 through the Valuation Date.

3.03 Crediting of Supplemental Retirement Contributions; Earnings and Taxes

The Supplemental Retirement Contribution to which a Participant is entitled shall be credited to the Participant's Notional Accounts as of the Deemed Deposit Date. To the extent the Supplemental Retirement Contribution is not credited on the same date as the Retirement Contribution to which it relates, it shall be adjusted to reflect earnings and losses based on the

Notional Investment Options elected (or deemed elected) for the period beginning on the Deemed Deposit Date and ending on the crediting date. Any withholding of taxes or other amounts with respect to deferred compensation that is elected by the Participant and/or required by Federal, state or local law on account of such deemed crediting shall be withheld from the Participant's Eligible Compensation and no amounts shall be withheld from the Supplemental Retirement Contribution deemed credited to the Participant hereunder.

3.04 Investment of Notional Account.

(a) Amounts Subject to Participant Direction. Subject to (b), all amounts credited to a Participant's Notional Account shall be notionally invested at the direction (or deemed direction) of the Participant in one (1) or more of the Notional Investment Options. Except as otherwise provided in (b) with respect to a Participant's initial investment election, Participant investment elections under the 401(k) Plan shall not be applied to the corresponding Notional Investment Options under this Plan.

(b) Initial Investments. Until such time as a Participant makes his investment elections on a form provided by or acceptable to the Plan Manager, such Participant's Notional Account shall be notionally invested in the same Notional Investment Options as are the Participant's Retirement Contributions actually invested under the 401(k) Plan determined as of the date the Participant first became a Participant under this Plan; provided, however, that to the extent any such Participant's Retirement Contributions are invested through the Self-Directed Account or in the Employer Stock Fund, the portion of the Participant's Notional Account that would otherwise be invested in such options shall be notionally invested in the Notional Investment Option which corresponds to the Qualified Default Investment Option under the 401(k) Plan; provided, further, that to the extent any such Participant has no investment elections in effect under the 401(k) Plan, the Participant's entire Notional Account shall be invested in the Notional Investment Option which corresponds to such Qualified Default Investment Option (collectively, the "Default Investments"). By way of clarification and not limitation, a Participant's Default Investments will not be affected by any election to change his or her separate investment elections under the 401(k) until such time, if ever, as the Participant makes an affirmative election to change his or her Default Investments under this Plan in accordance with Section 3.04(c).

(c) Change in Investment Elections. A Participant may elect to change the manner in which: (i) future Supplemental Retirement Contributions and/or (ii) amounts previously credited to the Participant's Notional Account; are notionally invested by timely submitting the change to the Plan Manager on a form provided by or acceptable to the Plan Manager. Such changes may be made daily in accordance with the administrative rules established by the Plan Manager and, to the extent administratively practicable, shall be effective as of the Market Close on the Trade Date as such terms are defined in Article IV, Investment and Valuation of Accounts, of the 401(k) Plan.

(d) Limitations on Investments. Notwithstanding anything contained in this Plan to the contrary, a Participant's investment directions with respect to Notional Investment Options shall be subject to the same suspensions, limitations, terminations or restrictions applicable to similar actual investment directions under the 401(k) Plan; including, by way of illustration and not limitation, suspensions, limitations, terminations or restrictions which: (i) limit the number of investment directions to a particular Notional Investment Option over a stated period of time; (ii) establish daily trading deadlines for receipt of Participant directions to a particular Notional Investment Option (or all Notional Investment Options) earlier than the deadline applicable to investment directions to other Notional Investment Options under the Plan or to the deadline applicable to the trading in the Notional Investment Option outside the Plan; (iii) impose fees, payable by the Participant to the affected Notional Investment Option, on redemptions of investments in a particular option which occur within a stated period of time; (iv) require the temporary or permanent manual processing of investment directions of Participants determined to have violated any established and communicated trading restriction or limitation; and (v) require the temporary or permanent termination of a Participant's entitlement to make investments in a particular Notional Investment Option.

3.05 Valuation of Notional Investment Options.

A Participant's interest in each Notional Investment Option shall be represented by "shares" of participation. The value of each Notional Investment Option and the net asset value of a share in each Notional Investment Option shall be determined in the same manner as such option and share values are determined for the corresponding investment options under the 401(k) Plan. The Plan Manager shall be entitled to rely on such valuations of any Notional Investment Options provided by an investment manager, the sponsor of an investment fund included within the Notional Investment Options or any other person, provided that such reliance is consistent with the provisions of applicable law.

3.06 Valuation of Notional Accounts.

A Participant's Notional Account reflects his interest in each Notional Investment Option. After determining the share values of each Notional Investment Option in accordance with Section 3.05, each Notional Investment Option held in the Participant's Notional Account shall be: (a) credited with shares to reflect the sum of any Supplemental Retirement Contributions, dividends, fund transfers or other increments invested in such Option and (b) debited with shares to reflect the sum of any forfeitures, fund transfers, or other decrements to such Option; since the prior Valuation Date. All such credits and debits shall be made in accordance with the procedures set forth in Article IV, Investment and Valuation of Accounts, of the 401(k) Plan. The value of a Participant's Notional Account as of any time of reference shall be the aggregate value of the shares of such Notional Investment Options so credited to the Participant's Account.

3.07 Vesting of Notional Accounts.

A Participant's interest in amounts credited to his Notional Account shall fully vest upon the Participant's completion of three (3) Years of Service; provided, however, that such Participant shall become fully vested with respect to such amounts if, while an employee of the Corporation, he attains his Retirement Date, incurs a Disability, or dies. For purposes of determining Years of Service under the preceding sentence, if a Participant who is not vested in his Notional Account incurs a Break in Service and he is later reemployed as an employee, the Service to which he was entitled before the Break in Service shall be restored to him effective as of his Employment Commencement Date. If a Participant who is not vested in his Notional Account terminates employment with the Corporation and is not later reemployed as an employee, his Notional Account shall be forfeited as of the Valuation Date which coincides with or next follows the date on which the Participant incurs five (5) consecutive one (1) year Breaks in Service (as defined in Article I, Definitions, of the 401(k) Plan). If, after the Participant's termination of employment from all members of the Controlled Group, the Participant receives a distribution of the entire vested portion of his Accrued Benefit and he is later reemployed prior to incurring five (5) consecutive one (1) year Breaks in Service, any forfeited amount of his Notional Account shall be restored.

3.08 Statement of Notional Account.

The Corporation shall submit to each Participant periodic statements setting forth the balance to the credit of the Notional Account maintained for the Participant.

3.09 Payment of Notional Account

(a) Payment Events. A Participant’s Notional Account shall become payable upon the first to occur of a Participant’s Retirement, death, Disability or other Separation from Service from the Corporation and all members of the Controlled Group and without regard to whether the Participant elects to commence his benefit under the 401(k) Plan. By way of clarification and not limitation, a Participant’s Notional Account shall not be available for loans, hardship withdrawals or any other form of withdrawal or distribution not described in the prior sentence.

(b) Form of Payment. A Participant’s Notional Account shall be paid in the form of single lump sum payment.

(c) Time of Payment. Subject to (d), a Participant’s Notional Account shall be paid as soon as administratively possible on or after the first day of the month following the occurrence of a payment event described in (a); provided, however, that such Account shall be paid in the same taxable year if the payment event occurs prior to December 1st.

(d) Compliance of Plan with Section 409A. Notwithstanding anything to the contrary in (c) or in any other provision of this Plan, if a Participant is a “specified employee” as determined pursuant to Section 409A of the Code (“Section 409A”) as of the date of such Participant’s “separation from service” (within the meaning of Treasury Regulation 1.409A-1(h)) and if any payment of a Participant’s Notional Account under this Plan both (i) constitutes a “deferral of compensation” within the meaning of Section 409A and (ii) cannot be paid in the manner otherwise provided without subjecting the Participant to “additional tax”, interest or penalties under Section 409A, then any such payment that is payable during the first six months following the Participant’s “separation from service” shall be paid or provided to the Participant in a cash lump-sum as soon as administratively possible on or after the first business day of the seventh calendar month following the month in which the Participant’s “separation from service” occurs or, if earlier, at the Participant’s death.

(e) Value of Notional Account. The value of a Participant's Notional Account to be distributed in accordance with this Section 3.09 shall be determined as of the Valuation immediately preceding the payment date determined in accordance with this Section.

(f) Source of Payment. The Corporation shall make any and all distributions pursuant to this Plan in cash out of its general assets.

(g) Withholding and Payroll Taxes. The Corporation shall withhold from payments made hereunder any taxes required to be withheld from such payments under Federal, state or local law.

(h) No Acceleration. To assure avoidance of payment acceleration which would be impermissible and subject to penalty under Code Section 409A, when payment is to be made in or for a particular month, payment cannot be made earlier than that month.

4.00 AMENDMENT AND TERMINATION

4.01 Amendment.

The Corporation shall have the right to amend this Plan at any time; provided, however, that no amendment shall directly or indirectly deprive any Participant or Beneficiary of the amount accrued to the Participant's Notional Account as of the date of the amendment. Notwithstanding anything in the preceding sentence to the contrary, the Committee shall have the power to amend the Plan to the extent authorized by Section 8.02.

4.02 Termination.

The Corporation shall have the right to partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuation of the Plan or potential payments thereunder would not be in the best interests of the Corporation. The Corporation may also determine to provide for payouts to Participants in connection with such partial or complete termination, provided such payouts are consistent with Code Section 409A.

5.00 SPENDTHRIFT PROVISIONS

The Corporation shall, except as otherwise provided hereunder, pay all amounts payable hereunder only to the person or persons entitled thereto hereunder, and all such payments shall be made directly into the hands of each such person or persons and not into the hands of any other person or corporation whatsoever, so that said payments may not be liable for the debts, contracts or engagements of any such designated person or persons, or taken in execution by attachment or garnishment or by any other legal or equitable proceedings, nor shall any such designated person or persons have any right to alienate, arbitrate, execute, pledge, encumber, or assign any such payments or the benefits or proceeds thereof. If the person entitled to receive payment be a minor, or a person of unsound mind, whether or not adjudicated incompetent, the Corporation, upon direction of the Committee, may make such payments to such person or persons, corporation or corporations as may be, or be acting as, parent or legal or natural guardian of such minor or person of unsound mind. The signed receipt of such person or corporation shall be a full and complete discharge to the Corporation for any such payments. Notwithstanding the foregoing, the Committee may assign and/or accelerate the payment of a Participant's vested Notional Account balance to an individual other than the Participant as may be necessary to comply with a "qualified domestic relations order" as defined by and under the terms provided in Code Section 414(p), Code Section 409A and other applicable authorities.

6.00 BENEFITS UNFUNDED

The Corporation shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Corporation may establish one or more trusts, with such trustees as the Corporation or the Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Corporation's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Corporation shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Corporation.

7.00 MISCELLANEOUS

7.01 Applicable Law

This Plan shall be governed by, and construed in accordance with, the laws of the State of New York, except to the extent that the laws of the State of New York shall have been specifically preempted by federal law.

7.02 Liability of Employees, Officers and Directors of the Corporation

No past, present or future employees, officers or directors of the Corporation shall be personally liable to any Participant, beneficiary or other person under any provision of this Plan.

7.03 Ineligible Participant

Notwithstanding any other provisions of this Plan to the contrary, if any Participant is determined not to be a "management or highly compensated employee" within the meaning of ERISA or regulations thereunder with respect to any Plan Year, then such Participant will not be eligible to receive a Supplemental Retirement Contribution under this Plan for any such Plan Year.

7.04 General Condition

Nothing contained herein shall be deemed to give any Participant or the Participant's surviving spouse or beneficiary any interest in this Plan or in any other specific property of the Corporation or any right except to receive such distributions as are expressly provided for in this Plan. Establishment of the Plan shall not be construed to give any Participant the right to be retained in the service of the Corporation or any of its affiliates.

7.05 Forfeitures to the Corporation

In case the Corporation is unable within three (3) years after payment is due to a Participant, or within three (3) years after payment is due to the Beneficiary or estate of a deceased Participant, to make such payment to him or her or his or her Beneficiary, executor or administrator because it cannot ascertain his or her whereabouts or the identity or whereabouts of his or her Beneficiary, executor or administrator by mailing to the last known address shown on the Employer's or the Corporation's records, and neither he, his or her Beneficiary, nor his or her executor or administrator had made written claim therefore before the expiration of the aforesaid time limit, then in such case, the amount due shall be forfeited to the Corporation.

7.06 Corporate Successors

The Plan shall not be automatically terminated by a transfer or sale of assets of the Corporation or by the merger or consolidation of the Corporation into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity, agrees to continue the Plan. In the event that the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Section 4.00.

8.00 ADMINISTRATION

8.01 Administrator.

Except as hereinafter provided, the Committee shall be responsible for the administrative responsibilities hereinafter described with respect to the Plan. Whenever any action is required or permitted to be taken in the administration of the Plan, the Committee shall take such action unless the Committee's power is expressly limited herein or by operation of law. The Committee shall be the Plan "Administrator" (as such term is defined in Section 3(16)(A) of ERISA). The Committee may delegate its duties and responsibilities as it, in its sole discretion, deems necessary or appropriate to the execution of such duties and responsibilities. The Committee as a whole or any of its members may serve in more than one capacity with respect to the Plan.

8.02 Powers and Duties.

The Committee, or its delegates, shall maintain and keep (or cause to be maintained and kept) such records as are necessary for the efficient operation of the Plan or as may be required by any applicable law, regulation, or ruling and shall provide for the preparation and filing of such forms, reports, information, and documents as may be required to be filed with any governmental agency or department and with the Plan's Participants and/or other Beneficiaries.

Except to the extent expressly reserved to the Corporation or an Employer, the Committee shall have all powers necessary to carry out the administrative provisions of the Plan and to satisfy the requirements of any applicable law or laws. These powers shall include, by way of illustration and not limitation, the exclusive powers and discretionary authority necessary those duties and responsibilities described in “The Bank of New York Mellon Benefits Administrative Committee Charter and Summary of Operations” approved by the Appointing and Monitoring Committee July 21, 2008 and adopted by the Committee on October 16, 2008, as may be amended from time to time (the “BAC Charter”).

Without intending to limit the generality of the foregoing, the Committee shall have the power to amend the Plan, in whole or in part, in order to comply with applicable law; provided, however, that no such amendment may increase the duties and obligations of any Employer without the consent of the affected Employer(s).

8.03 Procedures.

The Committee shall be organized and conduct its business with respect to the Plan in accordance with the organizational and procedural rules set forth in the BAC Charter.

Notwithstanding the foregoing, if any member of the Committee shall be a Participant hereunder, then in any matters affecting any member of the Committee in his or her individual capacity as a Participant hereunder, separate and apart from his or her status as a member of the group of Participants, such interested member shall have no authority to vote in the determination of such matters as a member of the Committee, but the Committee shall determine such matter as if said interested member were not a member of the Committee; provided, however, that this shall not be deemed to take from said interested member any of his or her rights hereunder as a Participant.

8.04 Establishment of Rules.

The Committee shall have specific authority in its sole discretion to construe and interpret the terms of the Plan related to its powers and duties, and to the extent that the terms of the Plan are incomplete, the Committee shall have authority to establish such rules or regulations related to its powers and duties as it may deem necessary and proper to carry out the intent of the Corporation as to the purposes of the Plan.

8.05 Limitation of Liability.

The members of the Committee, and any officer, employee, or agent of the Corporation or any Employer, shall not incur any liability individually or on behalf of any other individuals or on behalf of the Corporation or any Employer for any act, or failure to act, made in good faith in relation to the Plan. No bond or other security shall be required of any such individual solely on account of any such individual’s power to direct the Employer to make the payments required hereunder.

8.06 Compensation and Insurance.

Members of the Committee shall serve without compensation for their services as such. Expenses incurred by members of the Committee in the performance of their duties as herein provided, and the compensation and expenses of persons retained or employed by the Committee for services rendered in connection with the Plan shall, upon approval by the Committee, be paid or reimbursed by the Corporation.

8.07 Removal and Resignation.

Any member of the Committee may resign and the Corporation may remove any member of the Committee in accordance with the procedures established by the BAC Charter. The Committee shall remain fully operative pending the filling of any vacancies, the remaining Committee members having full authority to administer the Plan.

8.08 Claims Procedures.

The right of any Participant or Beneficiary to receive a benefit hereunder and the amount of such benefit shall be determined in accordance with the procedures for determination of benefit claims established and maintained by the Committee in compliance with the requirements of Section 503 of ERISA; which separate procedures, entitled Procedures for Determination of Benefit Claims, are incorporated herein by this reference.

The Bank of New York Mellon Corporation

Defined Contribution IRC Section 401(a)(17) Plan

Execution

IN WITNESS WHEREOF, the Corporation has caused this Plan to be executed this 14th day of December, 2015.

ATTEST:

By: /s/ Bennett E. Josselsohn
Name: Bennett E. Josselsohn

Title: Senior Managing Counsel

THE BANK OF NEW YORK MELLON CORPORATION

By: /s/ Monique R. Herena
Name: Monique R. Herena

Title: Chief Human Resources Officer

Exhibit 10.70

The Bank of New York Mellon Corporation

Freeze Amendments to the

The Bank of New York Company, Inc.
Excess Benefit Plan

WHEREAS, pursuant to that certain Agreement and Plan of Merger ("Agreement of Merger") dated as of December 3, 2006, as amended, Mellon Financial Corporation ("Legacy Mellon") and The Bank of New York Company, Inc. ("Legacy BNY") merged into a newly-formed corporation known as The Bank of New York Mellon Corporation (the "Corporation") effective as of July 1, 2007 (the "Combination Date"); and

WHEREAS, in order to implement the benefit provisions of the Agreement of Merger, the Human Resources & Compensation Committee of the Corporation (the "HR&CC") adopted the following resolutions at its organizational meeting of July, 2007:

- that on and after the Closing Date the [Legacy] Mellon Compensation and Benefit Plans and the [Legacy] BNY Compensation and Benefit Plans, as such terms are defined in the Agreement of Merger, are approved, including exercises and issuances thereunder, and shall be continued, *mutatis mutandis*, and be administered to exclude from participation (i) in the Mellon legacy plans, those individuals eligible to participate in the BNY legacy plans and (ii) in the BNY legacy plans, those individuals eligible to participate in the Mellon legacy plans; with such exclusions to continue until such time as provided otherwise after the Closing Date by the proper committee or officers of the [Corporation]; and
- that employees hired during the period commencing on and after the Closing Date and continuing until such time, if any, as determined by the proper committee or officers of the Corporation, shall be assigned to either or both of the Mellon legacy plans or BNY legacy plans by the proper officers or committees of the [Corporation]; provided such assignment is consistent with the rules of the New York Stock Exchange; and
- that, the delegations of authority, practices, policies and procedures, as existing, approved and in effect on the day before the Closing Date with respect to the establishment, amendment operation and termination of the Mellon Compensation and Benefit Plans and the BNY Compensation and Benefit Plans, including without limitation the authority to grant certain awards, shall be and hereby do continue, *mutatis mutandis*, with respect to the establishment, amendment, operation and termination of the Mellon and BNY legacy plans on and after the Closing Date …; and
- that the proper officers of the [Corporation] be, and they hereby are, authorized and directed to execute and deliver such documents in the name of, and on behalf

of, [the Corporation] and to take or cause to be taken such further steps as they may deem necessary or appropriate to duly implement the foregoing resolutions; and

WHEREAS, pursuant to such resolutions and delegations of authority, the proper officers of the Corporation adopted the following general rules of eligibility:

- that persons employed by the legacy entities prior to the Combination Date continued to participate in their respective Compensation and Benefit Plans after the Combination Date;
- that employees hired after the combination date and prior to the July 1, 2008 payroll consolidation date, became eligible to participate in the legacy Mellon or legacy BNY plans corresponding to the payroll system through which they were paid; and
- that employees hired after the July 1, 2008 combination date were generally eligible to participate in the legacy Mellon plans; and

WHEREAS, the Benefits Administration Committee is presently responsible for administering The Bank New York Company, Inc. Excess Benefit Plan as amended and restated effective July 10, 1990 as amended (the "Plan") and, *inter alia,* for maintaining the roster of persons eligible to participate in the Plan; and

WHEREAS, Section 17 of the Plan authorizes the sponsor to amend the Plan at any time and from time to time, prospectively or retroactively and may terminate Part I or Part II of the Plan at any time provided that the Plan may not be amended or terminated with respect to a Part I or II benefit that became payable prior to the time of such amendment or termination except with the written consent of the Participant or other person then receiving such Part I or II benefit; and

WHEREAS, at its meeting of January 29, 2015, the HR&CC: (A) adopted certain changes (the "2015 Design Changes") to The Bank of New York Mellon Corporation Pension Plan (the "Retirement Plan"), including, among other changes: (i) the cessation of all accruals and adjustments to all benefits provided under all formulae under the Retirement Plan to the fullest extent permitted by law effective on and after the close of business on June 30, 2015 (the "Hard Freeze Date") and (ii) the vesting, as of the Hard Freeze Date, of the benefits accrued under the Retirement Plan as of such Date by Participants actively employed through the close of business on such Hard Freeze Date and (B) directed that all non-qualified plans which determine benefit accruals in whole or in part by direct or indirect reference to benefits accrued under the Retirement Plan, which "Non-Qualified Plans" include the Plan, be amended as necessary or appropriate to reflect the adoption of the 2015 Design Changes and the Corporation's intention that accrued benefits under any such Non-Qualified Plans not be increased as a result of the Hard-freeze of the Retirement Plan; and

WHEREAS, in order to reflect the 2015 Design Changes impacting the Plan, the Corporation now desires to amend the Plan to: (i) cease all accruals under the Plan to the fullest extent permitted by law effective on and after the Hard Freeze Date and (ii) make certain other related and clarifying changes.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby amended effective as of June 30, 2015 by the adoption of this Freeze Amendment, as follows:

1. All references to "Committee" and "Company" shall refer to their successors as established by the Corporation on and after the July 1, 2007 date (the "Combination Date") as of which Mellon Financial Corporation and The Bank of New York Company, Inc. merged into the Corporation.

2. In order to reflect the July, 2007, action of the Corporation resolving that the classes of persons eligible to participate and the retirement plan intended to be supplemented were not intended to be expanded to persons employed by – or subsequently hired into – entities which comprised Mellon Financial Corporation as constituted on the day before the Combination Date nor to supplement benefits under the Mellon Bank Retirement Plan, all references to "Retirement Plan" shall mean the Retirement Plan of The Bank of New York Company, Inc., as it may be amended from time to time. By way of clarification and not limitation, the Retirement Plan of The Bank of New York Company, Inc. was merged as of December 31, 2008 with and into the Mellon Bank Retirement Plan and the surviving plan was renamed The Bank of New York Mellon Corporation Pension Plan effective on and after January 1, 2009.

3. A new paragraph is added to the end of Part I, SECTION 3, <u>Benefit</u>, to clarify that the supplemental benefit is calculated on the benefit accrued under the Retirement Plan by only taking into account Average Final Compensation, Compensation, Credited Service and any other provisions affecting the Participant's benefit, earned / determined through the Hard Freeze Date to read as follows:

   Notwithstanding anything in this Plan to the contrary, the difference, expressed as a life annuity, between (i) the benefit the Participant or his beneficiary would have received under the Retirement Plan, prior to the reduction thereunder for the equivalent actuarial value of the Participant's account under the ESOP, if section 415 of the Code or any such implementing Retirement Plan provisions were disregarded, and (ii) the sum of (A) the benefit which the participant is entitled to receive under the provisions of the Retirement Plan and (B) the equivalent actuarial value of the Participant's account under the ESOP, shall be based on Average Final Compensation, Compensation, Credited Service and any other provisions affecting the Participant's benefit, earned / determined through the June 30, 2015 Hard Freeze Date under the terms of the Retirement Plan.

4. A new paragraph is added to the end of Part II, SECTION 11, <u>Benefit</u>, to clarify that the supplemental benefit is calculated on the benefit accrued under the Retirement Plan by only taking into account Average Final Compensation, Compensation, Credited Service and any other provisions affecting the Participant's benefit, earned / determined through the Hard Freeze Date to read as follows:

Notwithstanding anything in this Plan to the contrary, the difference, expressed as a life annuity, between (i) the benefit the Participant or his beneficiary would have received under the Retirement Plan, prior to the reduction thereunder for the equivalent actuarial value of the Participant's account under the ESOP, if section 401(a)(17) of the Code (and, if applicable, Section 415 of the Code) or any provisions of the Retirement Plan implementing such Section(s) were disregarded, and (ii) the sum of (A) the benefit which the participant is entitled to receive under the provisions of the Retirement Plan, (B) the equivalent actuarial value of the Participant's account under the ESOP and (C) the Benefit payable to the Participant under Part I of the Plan, shall be based on Average Final Compensation, Compensation, Credited Service and any other provisions affecting the Participant's benefit, earned / determined through the June 30, 2015 Hard Freeze Date under the terms of the Retirement Plan.

5. In all other respects, the Plan is continued in full force and effect.

The Bank of New York Mellon Corporation

The Bank of New York Company, Inc. Excess Benefit Plan

(Signature page to Freeze Amendments)

Execution

IN WITNESS WHEREOF, The Bank of New York Mellon Corporation, intending to be legally bound, has caused this Freeze Amendment to be executed by its duly authorized officer this 14th day of December, 2015.

WITNESS	THE BANK OF NEW YORK MELLON CORPORATION
By: /s/ Bennett E. Josselsohn	By /s/ Monique R. Herena
Name: Bennett E. Josselsohn	Monique R. Herena
Title: Managing Director and	Chief Human Resources Officer
	Senior Managing Counsel

Exhibit 12.1

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The Bank of New York Mellon Corporation

	Year ended Dec. 31,				
(dollar amounts in millions)	**2015**	2014	2013	2012	2011
Earnings					
Income before income taxes	**$ 4,235**	$ 3,563	$ 3,777	$ 3,357	$ 3,685
Net (income) attributable to noncontrolling interests	**(64)**	(84)	(81)	(78)	(53)
Income before income taxes attributable to shareholders of The Bank of New York Mellon Corporation	**4,171**	3,479	3,696	3,279	3,632
Fixed charges, excluding interest on deposits	**373**	380	349	484	480
Income from income taxes and fixed charges, excluding interest on deposits applicable to the shareholders of The Bank of New York Mellon Corporation	**4,544**	3,859	4,045	3,763	4,112
Interest on deposits	**37**	83	105	154	241
Income before income taxes and fixed charges, including interest on deposits applicable to shareholders of The Bank of New York Mellon Corporation	**$ 4,581**	$ 3,942	$ 4,150	$ 3,917	$ 4,353
Fixed charges					
Interest expense, excluding interest on deposits	**$ 263**	$ 271	$ 238	$ 380	$ 363
One-third net rental expense *(a)*	**110**	109	111	104	117
Total fixed charges, excluding interest on deposits	**373**	380	349	484	480
Interest on deposits	**37**	83	105	154	241
Total fixed charges, including interests on deposits	**$ 410**	$ 463	$ 454	$ 638	$ 721
Preferred stock dividends *(b)*	**$ 105**	$ 73	$ 64	$ 18	$ —
Total fixed charges and preferred stock dividends, excluding interest on deposits	**$ 478**	$ 453	$ 413	$ 502	$ 480
Total fixed charges and preferred stock dividends, including interest on deposits	**$ 515**	$ 536	$ 518	$ 656	$ 721
Earnings to fixed charges ratios					
Excluding interest on deposits	**12.18**	10.16	11.59	7.77	8.57
Including interest on deposits	**11.17**	8.51	9.14	6.14	6.04
Earnings to fixed charges and preferred stock dividends ratios *(b)*					
Excluding interest on deposits	**9.51**	8.52	9.79	7.50	8.57
Including interest on deposits	**8.90**	7.35	8.01	5.97	6.04

(a) The proportion deemed representative of the interest factor.

(b) Dividends were paid in 2015, 2014, 2013 and 2012 on the Series A and Series C preferred stock, which were issued in 2012. Dividends paid in 2015, 2014 and 2013 also include the Series D preferred stock, which was issued in 2013. Dividends paid in 2015 also include the Series E preferred stock, which was issued in 2015.

Financial Section

Exhibit 13.1

THE BANK OF NEW YORK MELLON CORPORATION
2015 Annual Report
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The Bank of New York Mellon Corporation (and its subsidiaries)

Financial Summary

(dollar amounts in millions, except per common share amounts and unless otherwise noted)	**2015**	2014	2013	2012	2011
Year ended Dec. 31					
Fee revenue	**$ 11,999**	$ 12,558	$ 11,715	$ 11,286	$ 11,566
Net securities gains	**83**	91	141	162	48
Income from consolidated investment management funds	**86**	163	183	189	200
Net interest revenue	**3,026**	2,880	3,009	2,973	2,984
Total revenue	**15,194**	15,692	15,048	14,610	14,798
Provision for credit losses	**160**	(48)	(35)	(80)	1
Noninterest expense	**10,799**	12,177	11,306	11,333	11,112
Income from continuing operations before income taxes	**4,235**	3,563	3,777	3,357	3,685
Provision for income taxes	**1,013**	912	1,592	842	1,122
Net income	**3,222**	2,651	2,185	2,515	2,563
Net (income) attributable to noncontrolling interests *(a)*	**(64)**	(84)	(81)	(78)	(53)
Net income applicable to shareholders of The Bank of New York Mellon Corporation	**3,158**	2,567	2,104	2,437	2,510
Preferred stock dividends	**(105)**	(73)	(64)	(18)	—
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 3,053**	$ 2,494	$ 2,040	$ 2,419	$ 2,510
Earnings per diluted common share applicable to common shareholders of The Bank of New York Mellon Corporation:					
Net income applicable to common stock	**$ 2.71**	$ 2.15	$ 1.73	$ 2.03	$ 2.02
At Dec. 31					
Interest-earning assets	**$ 338,955**	$ 317,646	$ 305,169	$ 292,887	$ 259,231
Assets of operations	**392,379**	376,021	363,244	347,745	314,078
Total assets	**393,780**	385,303	374,516	359,226	325,425
Deposits	**279,610**	265,869	261,129	246,095	219,094
Long-term debt	**21,547**	20,264	19,864	18,530	19,933
Preferred stock	**2,552**	1,562	1,562	1,068	—
Total The Bank of New York Mellon Corporation common shareholders' equity	**35,485**	35,879	35,935	35,346	33,408
At Dec. 31					
Assets under management *(in billions) (b)*	**$ 1,625**	$ 1,686	$ 1,557	$ 1,349	$ 1,226
Assets under custody and/or administration *(in trillions) (c)*	**28.9**	28.5	27.6	26.3	25.1
Market value of securities on loan *(in billions) (d)*	**277**	289	235	237	266

(a) Primarily attributable to noncontrolling interests related to consolidated investment management funds.

(b) Excludes securities lending cash management assets and assets managed in the Investment Services business. In 2015, prior periods' AUM was restated to reflect the reclassification of Meriten Investment Management GmbH from the Investment Management business to the Other segment. Also excludes assets under management related to Newton's private client business that was sold in 2013.

(c) Includes the assets under custody and/or administration ("AUC/A") of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of $1 trillion at Dec. 31, 2015, $1.1 trillion at Dec. 31, 2014, $1.2 trillion at Dec. 31, 2013 and $1.1 trillion at Dec. 31, 2012 and Dec. 31, 2011.

(d) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as an agent, beginning in 2013, on behalf of CIBC Mellon clients, which totaled $55 billion at Dec. 31, 2015, $65 billion at Dec. 31, 2014 and $62 billion at Dec. 31, 2013.

The Bank of New York Mellon Corporation (and its subsidiaries)

Financial Summary (continued)

(dollar amounts in millions, except per common share amounts and unless otherwise noted)	**2015**	2014	2013	2012	2011
Net income basis:					
Return on common equity *(a)*	**8.6%**	6.8%	5.9%	7.0%	7.5%
Non-GAAP adjusted *(a)(b)*	**9.5**	8.1	8.3	8.8	9.0
Return on tangible common equity – Non-GAAP *(a)(b)*	**19.7**	16.0	15.3	19.3	22.6
Non-GAAP adjusted *(a)(b)*	**20.7**	17.6	19.7	21.8	24.5
Return on average assets	**0.82**	0.67	0.60	0.77	0.86
Pre-tax operating margin *(b)*	**28**	23	25	23	25
Non-GAAP adjusted *(a)(b)*	**31**	28	28	29	30
Fee revenue as a percentage of total revenue excluding net securities gains	**79**	80	79	78	78
Percentage of non-U.S. total revenue *(c)*	**36**	38	37	37	37
Net interest margin (on a fully taxable equivalent basis)	**0.98**	0.97	1.13	1.21	1.36
Cash dividends per common share	**$ 0.68**	$ 0.66	$ 0.58	$ 0.52	$ 0.48
Common dividend payout ratio	**25%**	31% *(d)*	34% *(d)*	26%	24%
Common dividend yield	**1.6%**	1.6%	1.7%	2.0%	2.4%
Closing stock price per common share	**$ 41.22**	$ 40.57	$ 34.94	$ 25.70	$ 19.91
Market capitalization *(in billions)*	**44.7**	45.4	39.9	29.9	24.1
Book value per common share – GAAP *(a)*	**32.69**	32.09	31.46	30.38	27.62
Tangible book value per common share – Non-GAAP *(a)(b)*	**15.27**	14.70	13.95	12.81	10.56
Full-time employees	**51,200**	50,300	51,100	49,500	48,700
Year-end common shares outstanding *(in thousands)*	**1,085,343**	1,118,228	1,142,250	1,163,490	1,209,675
Average total equity to average total assets	**10.2%**	10.2%	10.6%	11.0%	11.5%
Capital ratios at Dec. 31 *(e)*					
CET1 ratio *(a)(f)(g)*	**10.8%**	11.2%	14.5%	13.5%	13.4%
Tier 1 capital ratio *(f)(g)*	**12.3**	12.2	16.2	15.0	15.0
Total (Tier 1 plus Tier 2) capital ratio *(f)(g)*	**12.5**	12.5	17.0	16.3	17.0
Leverage capital ratio *(g)*	**6.0**	5.6	5.4	5.3	5.2
BNY Mellon shareholders' equity to total assets ratio *(a)*	**9.7**	9.7	10.0	10.1	10.3
BNY Mellon common shareholders' equity to total assets ratio *(a)*	**9.0**	9.3	9.6	9.8	10.3
BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP *(a)*	**6.5**	6.5	6.8	6.3	6.4
Estimated CET1 ratio, fully phased-in – Non-GAAP *(a)(f)(h)*:					
Standardized Approach	**10.2**	10.6	10.6	N/A	N/A
Advanced Approach	**9.5**	9.8	11.3	9.8	N/A
Estimated SLR, fully phased-in – Non-GAAP *(a)(i)*	**4.9**	4.4	N/A	N/A	N/A

(a) See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 125 for the reconciliation of Non-GAAP measures.

(b) Non-GAAP excludes net income attributable to noncontrolling interests of consolidated investment management funds, M&I, litigation and restructuring charges, amortization of intangible assets, the impairment charge related to a recent court decision, the gains on the sales of our investment in Wing Hang Bank Limited ("Wing Hang") and our One Wall Street building, the benefit primarily related to a tax carryback claim, the charge related to investment management funds, net of incentives, and the net charge related to the disallowance of certain foreign tax credits, if applicable.

(c) Includes fee revenue, net interest revenue and income from consolidated investment management funds, net of net income attributable to noncontrolling interests.

(d) The common dividend payout ratio was 25% for 2014 after adjusting for increased litigation expense, and 26% for 2013 after adjusting for the net impact of the U.S. Tax Court's decisions regarding certain foreign tax credits.

(e) See "General" on page 4 for a clarification of the references to Basel I and Basel III used throughout this Annual Report.

(f) Risk-based capital ratios at Dec, 31, 2015 reflect the adoption of new accounting guidance related to Consolidations (ASU 2015-02). See Note 2 for additional information. At Dec. 31, 2014, risk-based capital ratios include the net impact of the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in prior periods' risk-based ratios. The leverage capital ratio was not impacted.

(g) At Dec. 31. 2015 and Dec. 31, 2014, the CET1, Tier 1 and Total risk-based consolidated regulatory capital ratios are based on Basel III components of capital, as phased-in, and credit risk asset risk-weightings using the U.S. capital rules' advanced approaches framework (the "Advanced Approach"). The leverage capital ratio at these dates is based on Basel III's definition of Tier 1 capital, as phased-in, and quarterly average total assets. The capital ratios prior to Dec. 31, 2014 are based on Basel I rules (including Basel I Tier 1 common in the case of the CET1 ratio). For additional information on these ratios, see "Capital" beginning on page 58.

(h) The estimated fully phased-in CET1 ratios (Non-GAAP) are based on our interpretation of the U.S. capital rules, which are being gradually phased-in over a multi-year period. For additional information on these ratios, see "Capital" beginning on page 58.

(i) The estimated fully phased-in SLR (Non-GAAP) is based on our interpretation of the U.S. capital rules. When the SLR becomes effective, we expect to maintain an SLR of over 5%. The minimum required SLR is 3% and a 2% buffer, in addition to the minimum, that is applicable to U.S. global systemically important banks ("G-SIBs"). For additional information on these Non-GAAP ratios, see "Capital" beginning on page 58.

Results of Operations

General

In this Annual Report, references to "our," "we," "us," "BNY Mellon," the "Company" and similar terms refer to The Bank of New York Mellon Corporation and its consolidated subsidiaries. The term "Parent" refers to The Bank of New York Mellon Corporation but not its subsidiaries.

BNY Mellon's actual results of future operations may differ from those estimated or anticipated in certain forward-looking statements contained herein for reasons which are discussed below and under the heading "Forward-looking Statements." When used in this Annual Report, words such as "estimate," "forecast," "project," "anticipate," "target," "expect," "intend," "continue," "seek," "believe," "plan," "goal," "could," "should," "would," "may," "will," "strategy," "synergies," "opportunities," "trends," and words of similar meaning, may signify forward-looking statements.

Certain business terms and commonly used acronyms used in this Annual Report are defined in the Glossary and Acronyms sections.

The following should be read in conjunction with the Consolidated Financial Statements included in this report. Investors should also read the section titled "Forward-looking Statements."

How we reported results

Throughout this Annual Report, certain measures, which are noted as "Non-GAAP financial measures," exclude certain items or otherwise include components that differ from GAAP. BNY Mellon believes that these measures are useful to investors because they permit a focus on period-to-period comparisons using measures that relate to our ability to enhance revenues and limit expenses in circumstances where such matters are within our control. We also present the net interest revenue and net interest margin on an FTE basis. We believe that this presentation allows for comparison of amounts arising from both taxable and tax-exempt sources and is consistent with industry practice. Certain immaterial reclassifications have been made to prior periods to place them on a basis comparable with the current period presentation. See "Supplemental information - Explanation of GAAP and Non-GAAP financial measures" beginning on page 125 for a reconciliation of financial measures presented in accordance with GAAP to adjusted Non-GAAP financial measures.

In the second quarter of 2015, BNY Mellon elected to early adopt the new accounting guidance included in ASU 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis" retrospectively to Jan. 1, 2015. As a result, we restated the first quarter 2015 financial statements. See Note 2 of the Notes to Consolidated Financial Statements for additional information.

When in this Annual Report we refer to BNY Mellon's or our bank subsidiary's "Basel I" capital measures, we mean those capital measures, as calculated under the Board of Governors of the Federal Reserve System's (the "Federal Reserve") risk-based capital rules that are based on the 1988 Basel Accord, which is often referred to as "Basel I." When we refer to BNY Mellon's "Basel III" capital measures (e.g., CET1), we mean those capital measures as calculated under the U.S. capital rules.

Overview

The Bank of New York Mellon Corporation (BNY Mellon) was the first company listed on the New York Stock Exchange (NYSE symbol: BK). With a rich history of maintaining our financial strength and stability through all business cycles, BNY Mellon is a global investments company dedicated to improving lives through investing.

We manage and service assets for financial institutions, corporations and individual investors in 35 countries and more than 100 markets. As of Dec. 31, 2015, BNY Mellon had $28.9 trillion in assets under custody and/or administration, and $1.6 trillion in assets under management.

BNY Mellon is focused on enhancing our clients' experience by leveraging our scale and expertise to deliver innovative and strategic solutions for our clients, building trusted relationships that drive value. We hold a unique position in the global financial services industry. We service both the buy-side and sell-side, providing us with unique marketplace insights that enable us to support our clients' success.

BNY Mellon's businesses benefit from the global growth in financial assets, the globalization of the investment process, changes in demographics and the continued evolution of the regulatory landscape - each providing us with opportunities to advise and service clients.

Strategy and priorities

Our strategy is designed to create economic value by differentiating our services to create competitive advantages that will deliver value to our clients and shareholders.

In late 2014, we shared our three-year strategic plan at our Investor Day - a plan designed to set us on a path of continuous improvement as we transform our organization to drive growth across the enterprise and power investment success for our clients.

In 2015, we demonstrated that our strategic plan has positioned us to perform well. Even with geopolitical instability, emerging market weakness, higher regulatory compliance requirements and low interest rates, we executed on our strategic priorities and focused on what was within our control.

Our top priorities, as outlined in our strategic plan, include:
- driving profitable revenue growth by leveraging our expertise and scale to offer broad-based, innovative solutions to clients;
- executing our business improvement processes to increase productivity and effectiveness while controlling expenses and enhancing our efficiency;
- being a strong, trusted counterparty by maintaining our safety and soundness, low-risk profile, and strong liquidity and capital positions;
- generating excess capital and deploying it effectively; and
- attracting, developing and retaining top talent.

Key initiatives

- Enhancing the Client Experience

In 2015, we continued to focus on deepening our client relationships by leveraging our expertise and scale. We are dedicated to innovation and developing strategic solutions that enable our clients' success.

We have made strategic platform investments to enhance our clients' experience and we are working with them to determine how we can add further value to their experience while ensuring we also receive value for the solutions we deliver. Importantly, we remain committed to the highest levels of service, reliability and resiliency as we advance the use of new technologies to create a more digital enterprise. While we made progress against our priorities, we realize that there is still untapped potential for improvement in 2016 and beyond.

- Leveraging Technology to Drive Investment Success

A key, ongoing initiative is revolutionizing our clients' experience by investing in best-in-class technology solutions to enable investment success.

With a history of innovation in financial services, we have kept close to emerging trends in digital technology by establishing innovation centers in six locations globally, including Silicon Valley. Our investments in Silicon Valley and in digital "hubs" globally have allowed us to tap great talent, exposing us to new digital methodologies and standards.

This year we launched our next generation digital technology ecosystem called NEXEN which generates predictive data and insights to anticipate client needs and enhance their experience. This is a gateway that utilizes leading-edge "open-source" technology to provide our clients with one source for all their transactional and data needs from us and select third parties - creating a powerful, cohesive experience.

We are the first in the trust bank space to embrace and deploy this leading edge "open source" platform strategy. We believe that this capability, combined with Digital Pulse, our "Big Data" analytics platform, and our private cloud, provide a holistic and powerful way for our clients to conduct business with us and deliver excellence to their clients.

While we are in the early stages of our deployment, we will continue to add capabilities, enabling clients to lower costs, reduce capital investments and improve profitability. Importantly, we will be able to co-create applications with our clients to offer new business solutions and insights much faster than we could before, providing our clients with a competitive advantage.

- Executing our Business Improvement Process

In addition to the work we have done to simplify and further automate, optimize and streamline our global processes, we have reduced our real estate footprint, creating significant structural expense savings. We relocated to new, more cost-efficient headquarters in New York City and continued to rationalize our real estate portfolio globally.

As part of this effort, we have continued to build out our Global Delivery Centers in lower-cost locations to allow for further expansion and position migrations. In 2015, we moved more than 1,000 full-time positions to these cost-effective locations.

Within Investment Services, we have:

- continued to transform our company through a continuous business improvement process, which is helping to fund new client solutions and regulatory change and transformation initiatives, while increasing efficiency and improving our operating margin;
- introduced a more robust data governance framework designed to strengthen our data collection and analytical capabilities which are important to meet our regulatory requirements globally. We are also making significant investments in our resolution and recovery plans;
- examined and enhanced our vendor management practices following the SunGard incident, incorporating and sharing with our clients lessons learned;
- established significant strategic partnerships, leveraging our strategic platform capabilities to help clients lower their costs, reduce capital investments and improve profitability;
- formed a Client Pricing Strategy group to analyze and measure service delivery costs to better align our costs with client pricing; and
- enhanced our comprehensive collateral services and foreign exchange trading platforms to provide clients with broader capabilities - all to drive efficiencies, capture more volume and improve opportunities for future revenue growth.

Within Investment Management, we have:

- extended our US retail distribution reach by focusing on intermediary channels, through realigning and bolstering our sales, marketing and product functions;
- completed the expansion of our Wealth Management sales force in targeted U.S. markets;
- continued to leverage our Wealth Management solutions by offering them to our Pershing clients; and
- enhanced our liability-driven investment strategies in the U.S. market through our Cutwater acquisition.

Increasing Safety and Soundness

As we execute our strategy, we are continuing to drive efficient regulatory compliance for us and for our clients globally. Excellence in risk management is essential, and we continue to invest in systems to comply with evolving global regulations. Maintaining our strong capital position is a priority as we seek to maintain our balance sheet strength and deploy our capital efficiently to fuel future growth and to return value to shareholders.

With respect to our CET1 ratio, which is a measure of our financial strength, we expect to maintain our ratio at least 100 basis points above the regulatory minimum requirement plus the applicable buffers. As a U.S. G-SIB, we will be subject to the Supplementary Leverage Ratio. We currently expect to maintain a ratio of at least 50 to 70 basis points above the regulatory minimum requirement plus the applicable buffers.

As we discussed at our Investor Day, our key growth initiatives -- including driving profitable revenue growth, lowering costs and reducing risks -- will extend into the foreseeable future as we continue to transform our company to remain a global leader in investment services and investment management.

Key 2015 and subsequent events

Agreement to acquire Atherton Lane Advisers, LLC

In January 2016, BNY Mellon signed a definitive agreement to acquire the assets of Menlo Park, CA-based Atherton Lane Advisers, LLC. With approximately $2.7 billion in assets under management, Atherton Lane Advisers is one of Silicon Valley's premier independent investment managers serving approximately 700 high net-worth clients. The transaction is expected to close in the second quarter of 2016.

Impairment charge related to court decision on Sentinel Management Group, Inc.

In January 2016, the United States Seventh Circuit Court of Appeals entered a decision with respect to the status of BNY Mellon's $312 million secured loan to Sentinel Management Group, Inc. ("Sentinel"), which filed for bankruptcy in 2007. The Seventh Circuit invalidated our lien on the collateral supporting the loan but rejected the trustee's request for equitable subordination. The impact of this decision is that we now have an unsecured claim in the Sentinel bankruptcy. As a result, BNY Mellon recorded an impairment charge in the fourth quarter of 2015 of $170 million on a pre-tax basis, or $106 million on an after-tax basis.

Corporate headquarters

In October 2015, BNY Mellon relocated its corporate headquarters to Brookfield Place in lower Manhattan. This move is part of the Company's previously-announced decision to consolidate and streamline operations and reduce structural costs. The previous corporate headquarters was located at One Wall Street in lower Manhattan and was sold in the third quarter of 2014.

SunGard matter

In August 2015, the SunGard U.S. InvestOne fund accounting platform environment we use to process net asset values ("NAVs") became corrupted during an operating system upgrade undertaken by SunGard, impacting certain mutual fund, exchange-traded fund and unregistered collective fund clients. The resulting outage delayed or prevented us from being able to deliver system-generated NAVs and client reports to these clients in a timely manner during the week of Aug. 24-28, 2015. During the period when system-generated NAVs were delayed, we were generally able to provide our fund clients with daily NAVs using alternative procedures, as directed by them. System-generated NAVs returned to daily production on Monday, Aug. 31, 2015.

Sale of Meriten Investment Management

In July 2015, BNY Mellon completed the sale of Meriten Investment Management GmbH ("Meriten"), a German-based investment management boutique with approximately $23 billion in assets under management.

Outsourcing agreement

In June 2015, BNY Mellon was selected to provide portfolio and fund accounting services to support T. Rowe Price's investment operation, which had assets valued in excess of $770 billion as of March 31, 2015. In addition to supporting T. Rowe Price's portfolio accounting services through our Eagle/OnCore platform, BNY Mellon is providing a range of fund accounting and administration services.

In August 2015, approximately 220 T. Rowe Price associates – the majority based in the Baltimore area – became BNY Mellon employees.

Settlement agreement with the UK Financial Conduct Authority

The UK Financial Conduct Authority (the "FCA") has been conducting an investigation into compliance by subsidiaries of the Company, The Bank of New York Mellon, London Branch and The Bank of New York Mellon (International) Limited (the "firms"), with the FCA's Client Assets Sourcebook ("CASS Rules"). On April 15, 2015, the firms reached a settlement agreement with the FCA in which the firms agreed to pay a fine in the amount of £126 million (or approximately $190 million). This amount was fully covered by pre-existing Company legal reserves.

The firms engaged in a remediation process and put in place a framework of new and improved policies and operational procedures to reinforce their compliance with CASS Rules. The firms' clients suffered no loss as a result of the identified areas of CASS non-compliance.

Capital plan, share repurchase program and issuance of preferred stock

In March 2015, BNY Mellon received confirmation that the Federal Reserve did not object to our 2015 comprehensive capital plan submitted in connection with the Federal Reserve's Comprehensive Capital Analysis and Review ("CCAR"). The board of directors subsequently approved the repurchase of up to $3.1 billion worth of common stock over a five-quarter period beginning in the second quarter of

2015 and continuing through the second quarter of 2016, including employee benefit plan repurchases. Of the $3.1 billion authorization, common stock repurchases of $700 million were contingent on a prior issuance of $1 billion of qualifying preferred stock. In conjunction with our capital plan, in April 2015, we completed a $1 billion offering of preferred stock. For additional information on our preferred stock, see Note 15 of the Notes to Consolidated Financial Statements.

We repurchased 45.3 million common shares for $2.0 billion in 2015 under the current program, which began in the second quarter of 2015 and continues through the second quarter of 2016, including employee benefit plan repurchases. We expect to continue to repurchase shares in the first half of 2016 under the 2015 capital plan.

Settlement of standing instruction foreign exchange related actions

In March 2015, the Company reached settlement agreements with the U.S. Department of Justice, the New York Attorney General, the U.S. Department of Labor, the U.S. Securities and Exchange Commission and private customer class plaintiffs. BNY Mellon agreed to pay a total of $714 million. These settlements fully resolve the lawsuits and enforcement matters pursued by these parties relating to certain of the standing instruction foreign exchange services that BNY Mellon provided to custody clients prior to early 2012.

In May 2015, BNY Mellon reached a settlement in a standing instruction foreign exchange-related putative class action lawsuit asserting securities law violations. BNY Mellon paid $180 million, which resulted in a pre-tax charge of $50 million in the second quarter of 2015. Collectively, these settlements, which are final except for an agreement in principle with the SEC staff, effectively resolves virtually all of the pending foreign exchange-related actions, with the exception of two lawsuits brought by individual customers and a derivative lawsuit.

Real estate fund administration outsourcing

In February 2015, BNY Mellon announced an outsourcing agreement with Deutsche Asset & Wealth Management. Under the agreement, BNY Mellon will provide direct real estate and infrastructure fund finance, fund accounting, asset management accounting, and client and financial reporting functions for Deutsche Asset & Wealth Management's approximately $46 billion in assets under administration.

Acquisition of Cutwater Asset Management

In January 2015, BNY Mellon completed the acquisition of Cutwater Asset Management ("Cutwater"), a U.S.-based fixed income and solutions specialist with approximately $23 billion in assets under management at acquisition. Cutwater will work closely with Insight Investment, one of our investment management boutiques.

Summary of financial highlights

We reported net income applicable to common shareholders of $3.1 billion, or $2.71 per diluted common share, in 2015, or $3.2 billion, or $2.85 per diluted common share, adjusted for the impairment charge related to a recent court decision, litigation and restructuring charges. In 2014, net income applicable to common shareholders was $2.5 billion, or $2.15 per diluted common share, or $2.8 billion, or $2.39 per diluted common share, adjusted for gains related to the sales of our equity investment in Wing Hang and our One Wall Street building, the benefit primarily related to a tax carryback claim, litigation and restructuring charges and the charge related to investment management funds, net of incentives. See "Supplemental information - Explanation of GAAP and Non-GAAP financial measures" beginning on page 125 for the reconciliation of Non-GAAP measures.

Highlights of 2015 results

- AUC/A totaled $28.9 trillion at Dec. 31, 2015 compared with $28.5 trillion at Dec. 31, 2014. The increase of 1% primarily reflects net new business, partially offset by the unfavorable impact of a stronger U.S. dollar and lower market values. (See "Investment Services business" beginning on page 26).
- AUM totaled $1.63 trillion at Dec. 31, 2015 compared with $1.69 trillion at Dec. 31, 2014. The decrease of 4% primarily resulted from the unfavorable impact of a stronger U.S. dollar, net outflows and lower market values, partially offset by the January 2015 acquisition of Cutwater Asset Management. AUM excludes securities lending cash management assets and assets

managed in the Investment Services business. Additionally, in 2015, prior period AUM was restated to reflect the reclassification of Meriten from the Investment Management business to the Other segment. (See “Investment Management business” beginning on page 22).

- Investment services fees totaled $7.1 billion in 2015, an increase of 2% compared with $6.9 billion in 2014. Higher asset servicing fees, reflecting growth in the Global Collateral Services, Broker-Dealer Services and Asset Servicing businesses, and higher clearing services fees, primarily driven by higher mutual fund fees, were partially offset by lower treasury services fees. (See “Investment Services business” beginning on page 26).
- Investment management and performance fees totaled $3.4 billion in 2015 compared with $3.5 billion in 2014, a decrease of 2%, or an increase of 3% on a constant currency basis (Non-GAAP). The increase on a constant currency basis (Non-GAAP) primarily reflects the impact of the January 2015 acquisition of Cutwater and strategic initiatives, lower money market fee waivers and higher equity market values, partially offset by the impact of the July 2015 sale of Meriten and lower performance fees. (See “Investment Management business” beginning on page 22).
- Foreign exchange and other trading revenue totaled $768 million in 2015 compared with $570 million in 2014. Foreign exchange revenue totaled $743 million in 2015, an increase of 29% compared with $578 million in 2014. The increase primarily reflects lower volumes in standing instruction programs, which were more than offset by higher volumes in the other trading programs, higher volatility and the impact of hedging activity for foreign currency placements. (See “Fee and other revenue” beginning on page 11).
- Financing-related fees totaled $220 million in 2015 compared with $169 million in 2014. The increase primarily reflects fees related to secured intraday credit provided to dealers in connection with their tri-party repo activity and higher underwriting fees. (See “Fee and other revenue” beginning on page 11).
- Investment and other income totaled $316 million in 2015 compared with $1.2 billion in 2014. The decrease primarily reflects gains on the sales of our equity investment in Wing Hang and our One Wall Street building in 2014. (See “Fee and other revenue” beginning on page 11).
- Net interest revenue totaled $3.0 billion in 2015 compared with $2.9 billion in 2014. The increase primarily reflects the shift out of cash and into securities and loans, lower interest expense on deposits and higher average interest-earning assets driven by higher deposits, partially offset by lower accretion. Net interest margin (FTE) was 0.98% in 2015 compared with 0.97% in 2014. The increase reflects lower interest rates on deposits. (See “Net interest revenue” beginning on page 14).
- The provision for credit losses was $160 million in 2015 and a credit of $48 million in 2014. The provision in 2015 is primarily driven by the impairment charge related to a recent court decision. (See “Asset quality and allowance for credit losses” beginning on page 47).
- Noninterest expense totaled $10.8 billion in 2015 compared with $12.2 billion in 2014. The decrease reflects lower expenses in nearly all categories, except incentives and software. The lower expenses primarily reflect the favorable impact of a stronger U.S. dollar, lower consulting and legal expenses and the benefit of the business improvement process which focuses on reducing structural costs. (See “Noninterest expense” beginning on page 17).
- The provision for income taxes was $1.0 billion (23.9% effective tax rate) in 2015. (See “Income taxes” on page 18).
- The net unrealized pre-tax gain on the investment securities portfolio was $357 million at Dec. 31, 2015 compared with $1.3 billion at Dec. 31, 2014. The decrease was primarily driven by higher market interest rates. (See “Investment securities” beginning on page 41).
- Our estimated CET1 ratio (Non-GAAP) calculated under the Advanced Approach on a fully phased-in basis was 9.5% at Dec. 31, 2015 and 9.8% at Dec. 31, 2014. The decrease primarily reflects higher RWA resulting from an increase in operational risk, driven by external financial services industry losses, and the impact of no longer using the simple VaR methodology, partially offset by the deconsolidation of certain investment management funds. Our estimated CET1 ratio (Non-GAAP) calculated under the Standardized Approach on a fully phased-in basis

was 10.2% at Dec. 31, 2015 and 10.6% at Dec. 31, 2014. (See "Capital" beginning on page 58).

Results for 2014

In 2014 we reported net income applicable to common shareholders of BNY Mellon of $2.5 billion, or $2.15 per diluted common share. These results were primarily driven by:

- Investment services fees totaled $6.9 billion in 2014, an increase of 2% compared with $6.8 billion in 2013. Higher asset servicing fees, reflecting organic growth, higher market values, higher collateral management fees in Global Collateral Services and net new business, as well as higher clearing services fees, primarily driven by higher mutual fund and asset-based fees, were partially offset by lower Corporate Trust fees and lower corporate actions and dividend fees in Depositary Receipts.
- Investment management and performance fees totaled $3.5 billion in 2014, a 3% increase compared with $3.4 billion in 2013. The increase was primarily driven by higher equity market values, net new business and the favorable impact of a weaker U.S. dollar, partially offset by higher money market fee waivers and lower performance fees.
- Foreign exchange and other trading revenue totaled $570 million in 2014, compared with $674 million in 2013. The decrease reflects lower volatility, partially offset by higher volumes.
- The provision for credit losses was a credit of $48 million in 2014 compared with a credit of $35 million in 2013. The credit in 2014 is primarily driven by the continued improvement in the credit quality of the loan portfolio.
- Noninterest expense totaled $12.2 billion in 2014 compared with $11.3 billion in 2013. The increase primarily reflects higher litigation expense and restructuring charges, partially offset by lower staff expense.
- The provision for income taxes was $912 million (25.6% effective tax rate) in 2014 including a net benefit primarily related to litigation expense and the approval of a tax carryback claim, offset by the sales of our investment in Wing Hang and our One Wall Street building.

Results for 2013

In 2013 we reported net income applicable to common shareholders of BNY Mellon of $2.0 billion, or $1.73 per diluted common share. These results were primarily driven by:

- Investment services fees totaled $6.8 billion reflecting higher core asset servicing fees driven by organic growth and higher market values, higher clearing services fees and higher Depositary Receipts revenue, partially offset by lower Corporate Trust fees reflecting the continued run-off of high margin structured debt securitizations.
- Investment management and performance fees totaled $3.4 billion reflecting higher equity market values, net new business and the full-year impact of the acquisition of the remaining 50% interest in Meriten, partially offset by the unfavorable impact of the stronger U.S. dollar and higher money market fee waivers.
- Foreign exchange and other trading revenue totaled $674 million reflecting higher volumes and volatility in foreign exchange revenue, partially offset by lower fixed income trading revenue.
- The provision for credit losses was a credit of $35 million primarily driven by a broad improvement in the credit quality of the loan portfolio and a reduction in our qualitative allowance.
- Noninterest expense totaled $11.3 billion reflecting lower litigation expense, primarily offset by higher staff, software and our branding initiatives.

Fee and other revenue

Fee and other revenue				2015 vs.	2014 vs.
(dollars in millions, unless otherwise noted)	**2015**	2014	2013	**2014**	2013
Investment services fees:					
Asset servicing *(a)*	**$ 4,187**	$ 4,075	$ 3,905	**3 %**	4 %
Clearing services	**1,375**	1,335	1,264	**3**	6
Issuer services	**978**	968	1,090	**1**	(11)
Treasury services	**555**	564	554	**(2)**	2
Total investment services fees	**7,095**	6,942	6,813	**2**	2
Investment management and performance fees	**3,438**	3,492	3,395	**(2)**	3
Foreign exchange and other trading revenue	**768**	570	674	**35**	(15)
Financing-related fees	**220**	169	172	**30**	(2)
Distribution and servicing	**162**	173	180	**(6)**	(4)
Investment and other income	**316**	1,212	481	**N/M**	N/M
Total fee revenue	**11,999**	12,558	11,715	**(4)**	7
Net securities gains	**83**	91	141	**N/M**	N/M
Total fee and other revenue	**$ 12,082**	$ 12,649	$ 11,856	**(4)%**	7 %
Fee revenue as a percentage of total revenue excluding net securities gains	**79%**	80%	79%		
AUM at period end *(in billions) (b)*	**$ 1,625**	$ 1,686	$ 1,557	**(4)%**	8 %
AUC/A at period end *(in trillions) (c)*	**$ 28.9**	$ 28.5	$ 27.6	**1 %**	3 %

(a) Asset servicing fees include securities lending revenue of $176 million in 2015, $158 million in 2014 and $155 million in 2013.
(b) Excludes securities lending cash management assets and assets managed in the Investment Services business. In 2015, prior periods' AUM were restated to reflect the reclassification of Meriten from the Investment Management business to the Other segment.
(c) Includes the AUC/A of CIBC Mellon of $1.0 trillion at Dec. 31, 2015, $1.1 trillion at Dec. 31, 2014 and $1.2 trillion at Dec. 31, 2013.

Fee and other revenue

Fee and other revenue totaled $12.1 billion in 2015, a decrease of 4% compared with $12.6 billion in 2014. The decrease primarily reflects the gains on the sales of our equity investment in Wing Hang and our One Wall Street building, both recorded in 2014, and lower investment management and performance fees, partially offset by higher foreign exchange and other trading revenue, asset servicing fees, financing-related fees and clearing services fees.

Investment services fees

Investment services fees were impacted by the following compared with 2014:

- Asset servicing fees increased 3% primarily reflecting growth in global collateral services, broker-dealer services and asset servicing, partially offset by the unfavorable impact of a stronger U.S. dollar.
- Clearing services fees increased 3% primarily driven by higher mutual fund and asset-based fees, partially offset by lost business.
- Issuer services fees increased 1% primarily reflecting higher Corporate Trust fees, partially offset by lower fees in Depositary Receipts driven by fewer corporate actions.
- Treasury services fees decreased 2% primarily reflecting lower lockbox fees and higher compensating balance credits provided to clients, partially offset by higher payment volumes.

See the "Investment Services business" in "Review of businesses" for additional details.

Investment management and performance fees

Investment management and performance fees totaled $3.4 billion in 2015, a decrease of 2%, or an increase of 3% on a constant currency basis (Non-GAAP), compared with 2014. The increase primarily resulted from the impact of the January 2015 acquisition of Cutwater and strategic initiatives, lower money market fee waivers and higher equity market values, partially offset by the impact of the July 2015 sale of Meriten and lower performance fees. Performance fees were $97 million in 2015 and $115 million in 2014.

Total AUM for the Investment Management business was $1.6 trillion at Dec. 31, 2015, a decrease compared with $1.7 trillion at Dec. 31, 2014. The decrease reflects the unfavorable impact of a stronger U.S. dollar, net outflows and lower market values, partially offset by the January 2015 acquisition of Cutwater. Net long-term outflows in 2015 totaled $17 billion driven by active equity and index investments, partially offset by continued strength in liability-driven investments. Net short-term outflows were $18 billion in 2015.

See the "Investment Management business" in "Review of businesses" for additional details regarding the drivers of investment management and performance fees.

Foreign exchange and other trading revenue

Foreign exchange and other trading revenue *(in millions)*	**2015**	2014	2013
Foreign exchange	**$ 743**	$ 578	$ 608
Other trading revenue (loss)	**25**	(8)	66
Total foreign exchange and other trading revenue	**$ 768**	$ 570	$ 674

Foreign exchange and other trading revenue increased $198 million, or 35%, from $570 million in 2014. In 2015, foreign exchange revenue totaled $743 million, an increase of 29% compared with $578 million in 2014. The increase primarily reflects lower volumes in standing instruction programs, which were more than offset by higher volumes in the other trading programs, higher volatility and the impact of hedging activity for foreign currency placements. Total other trading revenue was $25 million in 2015, compared to a loss of $8 million in 2014. The increase primarily reflects higher fixed income trading and losses on hedging activities within a boutique recorded in 2014. Foreign exchange revenue is reported in the Investment Services business and the Other segment. Other trading revenue is reported in all three business segments.

Our foreign exchange trading generates revenues which are influenced by the volume of client transactions and the spread realized on these transactions. Revenues are impacted by market pressures which continue to be increasingly competitive. The level of volume and spreads is affected by market volatility, the level of cross-border assets held in custody for clients, the level and nature of underlying cross-border investments and other transactions undertaken by corporate and institutional clients. These revenues also depend on our ability to manage the risk associated with the currency transactions we execute and program pricing.

Generally speaking, custody clients enter into foreign exchange transactions in one of three ways: negotiated trading with BNY Mellon, BNY Mellon's standing instruction programs, or transactions with third-party foreign exchange providers. Negotiated trading generally refers to orders entered by the client or the client's investment manager, with all decisions related to the transaction, usually on a transaction-specific basis, made by the client or its investment manager. The preponderance of the notional value of our trading volume with clients is in negotiated trading. Our standing instruction programs, which are Session Range and our standard Defined Spread program, provide custody clients and their investment managers with an end-to-end solution that allows them to shift to BNY Mellon the cost, management and execution risk, often in small transactions or transactions in restricted and difficult to trade currencies.

A shift by custody clients from the standing instruction programs to other trading options combined with competitive market pressures on the foreign exchange business is negatively impacting our foreign exchange revenue. For the year ended Dec. 31, 2015, our total revenue for all types of foreign exchange trading transactions was $743 million, or approximately 5% of our total revenue. In 2015, approximately 33% of our foreign exchange revenue resulted from foreign exchange transactions undertaken through our standing instruction programs, compared with 35% in 2014 and 41% in 2013.

Financing-related fees

Financing-related fees, which are primarily reported in the Other segment, include capital markets fees, loan commitment fees and credit-related fees. Financing-related fees totaled $220 million in 2015 and $169 million in 2014. The increase primarily reflects fees related to secured intraday credit provided to dealers in connection with their tri-party repo activity and higher underwriting fees.

Distribution and servicing fees

Distribution and servicing fee revenue earned from mutual funds are primarily based on average assets in the funds and the sales of funds that we manage or administer and are primarily reported in the Investment Management business. These fees, which include 12b-1 fees, fluctuate with the overall level of net sales, the relative mix of sales between share classes, the funds' market values and money market fee waivers.

The $11 million decrease in distribution and servicing fee revenue compared with 2014 primarily reflects the unfavorable impact of a stronger U.S. dollar, partially offset by lower money market fee waivers. The impact of distribution and servicing fees on income in any one period is partially offset by distribution and servicing expense paid to other financial intermediaries to cover their costs for distribution and servicing of mutual funds. Distribution and servicing expense is recorded as noninterest expense on the income statement.

Investment and other income

Investment and other income *(in millions)*	**2015**	2014	2013
Corporate/bank-owned life insurance	**$ 139**	$ 131	$ 144
Expense reimbursements from joint venture	**63**	55	42
Lease residual gains	**45**	49	18
Seed capital gains *(a)*	**35**	20	34
Private equity gains	**1**	6	6
Asset-related gains	**—**	872	71
Transitional services agreements	**—**	—	11
Equity investment (loss) revenue	**(19)**	1	98
Other income	**52**	78	57
Total investment and other income	**$ 316**	$ 1,212	$ 481

(a) *Does not include the gain (loss) on seed capital investments in consolidated investment management funds which are reflected in operations of consolidated investment management funds, net of noncontrolling interests.*

Investment and other income includes corporate and bank-owned life insurance contracts, expense reimbursements from our CIBC Mellon joint venture, lease residual gains, seed capital gains and losses, gains and losses on private equity investments, asset-related gains and losses, transitional services agreements, equity investment revenue and loss and other income. Expense reimbursements from our CIBC Mellon joint venture relate to expenses incurred by BNY Mellon on behalf of the CIBC Mellon joint venture. Asset-related gains include real estate, loans and other asset dispositions. Transitional services agreements primarily relate to the Shareowner Services business, which was sold on Dec. 31, 2011. Other income primarily includes foreign currency remeasurement gain (loss), other investments and various miscellaneous revenues. Investment and other income was $316 million in 2015 compared with $1,212 million in 2014. The decrease primarily reflects the gains on the sales of our equity investment in Wing Hang and our One Wall Street building, both recorded in 2014.

Net securities gains

Net securities gains totaled $83 million in 2015 compared with $91 million in 2014, reflecting the rebalancing of the investment securities portfolio.

2014 compared with 2013

Fee and other revenue totaled $12.6 billion in 2014 compared with $11.9 billion in 2013. The increase was primarily driven by higher investment and other income, asset servicing revenue and investment management and performance fees, partially offset by lower issuer services revenue and foreign exchange and other trading revenue.

Investment and other income increased $731 million compared with 2013 primarily reflecting the gains on the sales of our equity investment in Wing Hang and our One Wall Street building, partially offset by lower equity investment revenue.

Investment services fees increased 2% compared with 2013 primarily reflecting higher asset servicing fees, driven by organic growth, higher market values and net new business, and higher clearing services fees, primarily driven by higher mutual fund and asset-based fees, partially offset by higher money market fee waivers.

Investment management and performance fees increased 3% compared with 2013 primarily reflecting higher equity market values, net new business and the favorable impact of a weaker U.S. dollar (primarily versus the British Pound), partially offset by higher money market fee waivers and lower performance fees.

Foreign exchange and other trading revenue decreased 15% compared with 2013. Foreign exchange revenue decreased 5% compared with 2013 driven by lower volatility, partially offset by higher volumes. Other trading revenue decreased $74 million, primarily reflecting lower fixed income derivatives trading revenue due to exiting the derivative sales and trading business and losses on hedging activities within an Investment Management boutique.

Net interest revenue

Net interest revenue *(dollars in millions)*	2015	2014	2013	2015 vs 2014	2014 vs 2013
Net interest revenue (non-FTE)	**$ 3,026**	$ 2,880	$ 3,009	**5%**	(4)%
Tax equivalent adjustment	**58**	62	63	**(6)**	(2)
Net interest revenue (FTE) – Non-GAAP	**$ 3,084**	$ 2,942	$ 3,072	**5%**	(4)%
Average interest-earning assets	**$ 313,763**	$ 303,991	$ 272,841	**3%**	11%
Net interest margin (FTE)	**0.98%**	0.97%	1.13%	**1 bps**	(16bps)

Net interest revenue totaled $3.0 billion in 2015, an increase of $146 million compared with 2014 primarily resulting from the shift out of cash and into securities and loans, lower interest expense on deposits and higher average interest-earning assets driven by higher deposits, partially offset by lower accretion.

The net interest margin (FTE) was 0.98% in 2015 compared with 0.97% in 2014. The increase in the net interest margin (FTE) reflects lower interest rates on deposits.

Average interest-earning assets were $314 billion in 2015 compared with $304 billion in 2014. The increase was due to higher client deposits. Average total securities increased to $126 billion in 2015, from $113 billion in 2014. Average loans increased to $61 billion in 2015, from $54 billion in 2014. Average assets related to interest-bearing deposits with banks and the Federal Reserve and other central banks decreased to $104 billion in 2015, from $122 billion in 2014. Increases in average securities and loans and decreases in interest-bearing deposits with banks and the Federal Reserve and other central banks primarily reflect our strategy to shift out of cash deposits and into securities and loans.

Average non-U.S. dollar deposits comprised approximately 25% of our average total deposits in 2015. Approximately half of the average non-U.S dollar deposits were euro-denominated in 2015.

2014 compared with 2013

Net interest revenue totaled $2.9 billion in 2014, a decrease of $129 million compared with 2013 primarily resulting from lower yields, lower accretion and the impact of interest rate hedging. The decrease was partially offset by a change in the mix of assets and higher average interest-earning assets driven by higher deposits. The net interest margin (FTE) was 0.97% in 2014 compared with 1.13% in 2013. The decline in the net interest margin (FTE) primarily reflects the factors noted above.

Average balances and interest rates	2015		
(dollar amounts in millions, presented on an FTE basis)	Average balance	Interest	Average rates
Assets			
Interest-earning assets:			
Interest-bearing deposits with banks (primarily foreign banks)	$ 20,531	$ 104	0.51 %
Interest-bearing deposits held at the Federal Reserve and other central banks	83,029	170	0.20
Federal funds sold and securities purchased under resale agreements	23,384	147	0.63
Margin loans	19,917	207	1.04
Non-margin loans:			
Domestic offices:			
Consumer	7,145	217	3.03
Commercial	19,647	346	1.76
Foreign offices	13,963	164	1.18
Total non-margin loans	40,755	727 *(a)*	1.78
Securities:			
U.S. Government obligations	25,904	378	1.46
U.S. Government agency obligations	55,044	967	1.76
State and political subdivisions – tax-exempt	4,712	128	2.73
Other securities:			
Domestic offices	14,644	302	2.06
Foreign offices	22,889	176	0.77
Total other securities	37,533	478	1.27
Trading securities (primarily domestic)	2,954	78	2.65
Total securities	126,147	2,029	1.61
Total interest-earning assets	$ 313,763	$ 3,384 *(b)*	1.08 %
Allowance for loan losses	(186)		
Cash and due from banks	6,180		
Other assets	50,320		
Assets of consolidated investment management funds	2,110		
Total assets	$ 372,187		
Liabilities			
Interest-bearing liabilities:			
Interest-bearing deposits:			
Domestic offices:			
Money market rate accounts	$ 7,272	$ 6	0.08 %
Savings	1,312	4	0.28
Demand deposits	2,792	6	0.23
Time deposits	44,162	14	0.03
Total domestic offices	55,538	30	0.06
Foreign offices:			
Banks	16,626	10	0.06
Government and official institutions	5,591	—	—
Other	87,341	(3)	—
Total foreign offices	109,558	7	0.01
Total interest-bearing deposits	165,096	37	0.02
Federal funds purchased and securities sold under repurchase agreements	16,452	(6)	(0.04)
Trading liabilities	634	9	1.39
Other borrowed funds:			
Domestic offices	162	4	2.77
Foreign offices	652	5	0.71
Total other borrowed funds	814	9	1.12
Commercial paper	1,549	2	0.10
Payables to customers and broker-dealers	11,649	7	0.06
Long-term debt	20,832	242	1.16
Total interest-bearing liabilities	$ 217,026	$ 300	0.14 %

Total noninterest-bearing deposits	**86,338**	
Other liabilities	**29,127**	
Liabilities and obligations of consolidated investment management funds	**832**	
Total liabilities	**333,323**	
Temporary equity		
Redeemable noncontrolling interests	**240**	
Permanent equity		
Total BNY Mellon shareholders' equity	**37,812**	
Noncontrolling interests	**812**	
Total permanent equity	**38,624**	
Total liabilities, temporary equity and permanent equity	**$ 372,187**	
Net interest margin (FTE)		**0.98 %**
Percentage of assets attributable to foreign offices *(c)*	**30%**	
Percentage of liabilities attributable to foreign offices	**37**	

(a) Includes fees of $21 million in 2015. Non-accrual loans are included in the average loan balance; the associated income, recognized on the cash basis, is included in interest.
(b) The tax equivalent adjustment was $58 million in 2015, and is based on the applicable tax rate (35%).
(c) Includes the Cayman Islands branch office.

Average balances and interest rates (continued)	2014			2013		
(dollar amounts in millions, presented on an FTE basis)	Average balance	Interest	Average rates	Average balance	Interest	Average rates
Assets						
Interest-earning assets:						
Interest-bearing deposits with banks (primarily foreign banks)	$ 35,588	$ 238	0.67 %	$ 41,222	$ 279	0.68 %
Interest-bearing deposits held at the Federal Reserve and other central banks	86,594	207	0.24	67,073	150	0.23
Federal funds sold and securities purchased under resale agreements	14,704	86	0.59	8,412	47	0.56
Margin loans	17,484	182	1.04	14,288	160	1.12
Non-margin loans:						
Domestic offices:						
Consumer	6,461	199	3.08	6,001	192	3.20
Commercial	16,923	328	1.93	15,742	322	2.04
Foreign offices	13,342	170	1.28	12,285	160	1.30
Total non-margin loans	36,726	697 *(a)*	1.90	34,028	674 *(a)*	1.98
Securities:						
U.S. Government obligations	20,545	310	1.51	17,148	292	1.70
U.S. Government agency obligations	45,313	781	1.72	44,815	859	1.92
State and political subdivisions – tax-exempt	6,070	154	2.56	6,463	158	2.46
Other securities:						
Domestic offices	15,116	235	1.56	15,978	512	3.20
Foreign offices	20,827	283	1.36	17,304	126	0.73
Total other securities	35,943	518	1.44	33,282	638	1.92
Trading securities (primarily domestic)	5,024	123	2.43	6,110	158	2.59
Total securities	112,895	1,886	1.67	107,818	2,105	1.96
Total interest-earning assets	$ 303,991	$ 3,296 *(b)*	1.08 %	$ 272,841	$ 3,415 *(b)*	1.25 %
Allowance for loan losses	(195)			(230)		
Cash and due from banks	5,472			5,662		
Other assets	52,648			52,438		
Assets of consolidated investment management funds	10,650			11,600		
Total assets	$ 372,566			$ 342,311		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Domestic offices:						
Money market rate accounts	$ 5,605	$ 7	0.12 %	$ 5,891	$ 13	0.22 %
Savings	1,186	3	0.28	932	2	0.26
Demand deposits	2,810	4	0.14	3,271	2	0.07
Time deposits	41,779	15	0.04	40,975	18	0.04
Total domestic office	51,380	29	0.06	51,069	35	0.07
Foreign offices:						
Banks	7,303	31	0.42	6,362	38	0.60
Government and official institutions	4,572	—	0.01	4,047	1	0.01
Other	97,543	23	0.02	90,930	31	0.04
Total foreign offices	109,418	54	0.05	101,339	70	0.07
Total interest-bearing deposits	160,798	83	0.05	152,408	105	0.07
Federal funds purchased and securities sold under repurchase agreements	18,631	(13)	(0.07)	10,942	(16)	(0.15)
Trading liabilities	2,199	25	1.12	2,611	38	1.46
Other borrowed funds:						
Domestic offices	183	2	1.32	322	4	1.05
Foreign offices	844	4	0.45	855	3	0.37
Total other borrowed funds	1,027	6	0.61	1,177	7	0.55
Commercial paper	2,546	2	0.08	690	—	0.06
Payables to customers and broker-dealers	9,502	9	0.09	9,038	8	0.09
Long-term debt	20,601	242	1.17	19,103	201	1.05

Total interest-bearing liabilities	$ 215,304	$ 354	0.16 %	$ 195,969	$ 343	0.17 %
Total noninterest-bearing deposits	81,741			73,288		
Other liabilities	26,912			25,514		
Liabilities and obligations of consolidated investment management funds	9,315			10,295		
Total liabilities	333,272			305,066		
Temporary equity						
Redeemable noncontrolling interests	242			196		
Permanent equity						
Total BNY Mellon shareholders' equity	38,180			36,220		
Noncontrolling interests	872			829		
Total permanent equity	39,052			37,049		
Total liabilities, temporary equity and permanent equity	$ 372,566			$ 342,311		
Net interest margin (FTE)			0.97 %			1.13 %
Percentage of assets attributable to foreign offices *(c)*	31%			33%		
Percentage of liabilities attributable to foreign offices	35			33		

(a) *Includes fees of $29 million in 2014 and $37 million in 2013. Non-accrual loans are included in the average loan balance; the associated income, recognized on the cash basis, is included in interest.*

(b) *The tax equivalent adjustment was $62 million in 2014 and $63 million in 2013, and is based on the applicable tax rate (35%).*

(c) *Includes the Cayman Islands branch office.*

Noninterest expense

Noninterest expense *(dollars in millions)*	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Staff:					
Compensation	**$ 3,580**	$ 3,630	$ 3,620	**(1)%**	**— %**
Incentives	**1,415**	1,331	1,384	**6**	**(4)**
Employee benefits	**842**	884	1,015	**(5)**	**(13)**
Total staff	**5,837**	5,845	6,019	**—**	**(3)**
Professional, legal and other purchased services	**1,230**	1,339	1,252	**(8)**	**7**
Software	**627**	620	596	**1**	**4**
Net occupancy	**600**	610	629	**(2)**	**(3)**
Distribution and servicing	**381**	428	435	**(11)**	**(2)**
Furniture and equipment	**280**	322	337	**(13)**	**(4)**
Sub-custodian	**270**	286	280	**(6)**	**2**
Business development	**267**	268	317	**—**	**(15)**
Other	**961**	1,031	1,029	**(7)**	**—**
Amortization of intangible assets	**261**	298	342	**(12)**	**(13)**
M&I, litigation and restructuring charges	**85**	1,130	70	**N/M**	**N/M**
Total noninterest expense – GAAP	**$ 10,799**	$ 12,177	$ 11,306	**(11)%**	**8 %**
Total staff expense as a percentage of total revenue	**38%**	37%	40%		
Full-time employees at year end	**51,200**	50,300	51,100	**2 %**	**(2)%**
Memo:					
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to investment management funds, net of incentives – Non-GAAP *(a)*	**$ 10,453**	$ 10,645	$ 10,882	**(2)%**	**(2)%**

(a) The charge related to investment management funds, net of incentives was $ - million in 2015, $104 million in 2014 and $12 million in 2013.

Total noninterest expense was $10.8 billion in 2015, a decrease of 11% compared with $12.2 billion in 2014. The decrease primarily reflects lower litigation expense and restructuring charges. Excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to investment management funds, net of incentives (Non-GAAP), noninterest expense decreased 2% compared with 2014 primarily reflecting lower expenses in all categories, except incentives and software expense. The lower expenses primarily reflect the favorable impact of a stronger U.S. dollar, lower consulting and legal expenses and the benefit of the business improvement process which focuses on reducing structural costs.

We continue to invest in our risk management, regulatory compliance and other control functions in light of increasing regulatory requirements. As a result, we expect an increase in our expense run rate relating to these functions.

Staff expense

Given our mix of fee-based businesses, which are staffed with high-quality professionals, staff expense comprised 56% of total noninterest expense in 2015 and 55% in 2014, excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to investment funds, net of incentives (Non-GAAP).

Staff expense consists of:

- compensation expense, which includes:
  - salary expense, primarily driven by headcount;
  - the cost of temporary services and overtime; and
  - severance expense;
- incentive expense, which includes:
  - additional compensation earned under a wide range of sales commission and incentive plans designed to reward a combination of individual, business unit and corporate performance goals; as well as,
  - stock-based compensation expense; and

- employee benefit expense, primarily medical benefits, payroll taxes, pension and other retirement benefits.

Staff expense was $5.8 billion in 2015, down slightly compared with 2014. The decrease primarily reflects the favorable impact of a stronger U.S. dollar, the impact of curtailing the U.S. pension plan, partially offset by higher incentive expense reflecting better performance.

Non-staff expense

Non-staff expense includes certain expenses that vary with the levels of business activity and levels of expensed business investments, fixed infrastructure costs and expenses associated with corporate activities related to technology, compliance, legal, productivity initiatives and business development.

Non-staff expense, excluding amortization of intangible assets, M&I, litigation and restructuring charges, and the charge related to investment management funds, net of incentives (Non-GAAP), totaled $4.6 billion in 2015, a decrease of 4% compared with 2014. The decrease primarily reflects the favorable impact of a stronger U.S. dollar, lower consulting and legal expenses and the benefit of the business improvement process which focuses on reducing structural costs. The decrease in consulting expense was driven by the implementation of strategic platforms in 2014. The decrease in legal expenses primarily reflects the resolution of several legal proceedings that resulted in legal expense in 2014.

In 2015, we incurred $85 million of M&I, litigation and restructuring charges compared with $1.1 billion in 2014. The decrease primarily reflects lower litigation expense.

For additional information on restructuring charges, see Note 11 of the Notes to Consolidated Financial Statements.

2014 compared with 2013

Noninterest expense totaled $12.2 billion in the 2014, an increase of 8%, compared with 2013. The increase primarily reflects higher litigation expense and restructuring charges, partially offset by lower staff expense. Excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to investment management funds, net of incentives (Non-GAAP), noninterest expense decreased 2% compared with 2013.

Income taxes

BNY Mellon recorded an income tax provision of $1.0 billion (23.9% effective tax rate) in 2015. The income tax provision was $912 million (25.6% effective tax rate) in 2014 including a net benefit primarily related to litigation expense and the approval of a tax carryback claim, offset by the sales of our investment in Wing Hang and our One Wall Street building. The income tax provision was $1.6 billion (42.1% effective tax rate) in 2013 including a 15.7% net charge, or $593 million, resulting from the U.S. Tax Court's decisions related to the disallowance of certain foreign tax credits.

We expect the effective tax rate to be approximately 25-26% in 2016.

Review of businesses

We have an internal information system that produces performance data along product and service lines for our two principal businesses and the Other segment.

Business accounting principles

Our business data has been determined on an internal management basis of accounting, rather than the generally accepted accounting principles used for consolidated financial reporting. These measurement principles are designed so that reported results of the businesses will track their economic performance.

For information on the accounting principles of our businesses, the primary types of revenue by business and how our businesses are presented and analyzed, see Note 24 of the Notes to Consolidated Financial Statements.

Business results are subject to reclassification whenever organizational changes are made or when improvements are made in the measurement principles. On July 31, 2015, BNY Mellon completed the sale of Meriten, a German-based investment management boutique. In 2015, we reclassified the results of Meriten from the Investment Management business to the Other segment. The reclassifications did not impact the consolidated results. All prior periods have been restated.

The results of our businesses may be influenced by client and other activities that vary by quarter. In the first quarter, incentive expense typically increases reflecting the vesting of long-term stock awards for retirement eligible employees. In the second quarter, we typically experience an increase in securities lending fees due to an increase in demand to borrow securities outside of the United States. In the third quarter, Depositary Receipts and related foreign exchange revenue is typically higher due to an increased level of client dividend payments paid in the quarter. Also in the third quarter, volume-related fees may decline due to reduced client activity. In the fourth quarter, we typically incur higher business development and marketing expenses. In our Investment Management business, performance fees are typically higher in the fourth quarter, as the fourth quarter represents the end of the measurement period for many of the performance fee-eligible relationships.

The results of our businesses may also be impacted by the translation of financial results denominated in foreign currencies to the U.S. dollar. We are primarily impacted by activities denominated in the British pound sterling, euro and the Indian rupee. On a consolidated basis and in our Investment Services business, we typically have more foreign currency denominated expenses than revenues. However, our Investment Management business typically has more foreign currency denominated revenues than expenses. Overall, currency fluctuations impact the year-over-year growth rate in the Investment Management business more than the Investment Services business. However, currency fluctuations, in isolation, are not expected to significantly impact net income on a consolidated basis.

Net securities gains (losses) are recorded in the Other segment. M&I expense is a corporate-level item and is recorded in the Other segment. Restructuring charges (recoveries) recorded in 2015 and 2014 relate to corporate-level initiatives and were therefore recorded in the Other segment. In the fourth quarter of 2013, restructuring charges were recorded in the businesses. Prior to the fourth quarter of 2013, restructuring charges were reported in the Other segment.

The following table presents key market metrics at period end and on an average basis.

Key market metrics				Increase/(Decrease)	
	2015	2014	2013	**2015 vs. 2014**	2014 vs. 2013
S&P 500 Index *(a)*	**2044**	2059	1848	**(1) %**	11 %
S&P 500 Index – daily average	**2061**	1931	1644	**7**	17
FTSE 100 Index *(a)*	**6242**	6566	6749	**(5)**	(3)
FTSE 100 Index – daily average	**6590**	6681	6472	**(1)**	3
MSCI World Index *(a)*	**1663**	1710	1661	**(3)**	3
MSCI World Index – daily average	**1718**	1694	1496	**1**	13
Barclays Capital Global Aggregate Bond[SM] Index *(a)(b)*	**342**	357	354	**(4)**	1
NYSE and NASDAQ share volume *(in billions)*	**776**	754	705	**3**	7
JPMorgan G7 Volatility Index – daily average *(c)*	**9.97**	7.19	9.19	**39**	(22)
Average Fed Funds effective rate	**0.13%**	0.09%	0.11%	**4 bps**	(2) bps
Foreign exchange rates vs. U.S. dollar:					
British pound – average rate	**$ 1.53**	$ 1.65	$ 1.56	**(7) %**	6 %
Euro – average rate	**1.11**	1.33	1.33	**(17)**	—

(a) Period end.
(b) Unhedged in U.S. dollar terms.
(c) The JPMorgan G7 Volatility Index is based on the implied volatility in 3-month currency options.

Fee revenue in Investment Management, and to a lesser extent in Investment Services, is impacted by the value of market indices. At Dec. 31, 2015, we estimate that a 5% change in global equity markets, spread evenly throughout the year, would impact fee revenue by less than 1% and diluted earnings per common share by $0.02 to $0.04.

Fee waivers are highly sensitive to changes in the Fed Funds effective rate. Assuming no change in client behavior, we expect to recover approximately 70% of the pre-tax income related to fee waivers with a 50 basis point increase in the Fed Funds effective rate, inclusive of the 25 basis point increase in December 2015.

The following consolidating schedules show the contribution of our businesses to our overall profitability.

For the year ended Dec. 31, 2015 *(dollar amounts in millions)*		**Investment Management**			**Investment Services**		**Other**		**Consolidated**	
Fee and other revenue	**$**	**3,600**	*(a)*	**$**	**8,026**	**$**	**474**	**$**	**12,100**	*(a)*
Net interest revenue		**319**			**2,495**		**212**		**3,026**	
Total revenue		**3,919**	*(a)*		**10,521**		**686**		**15,126**	*(a)*
Provision for credit losses		**—**			**—**		**160**		**160**	
Noninterest expense		**2,869**			**7,383**		**543**		**10,795**	*(b)*
Income (loss) before taxes	**$**	**1,050**	*(a)*	**$**	**3,138**	**$**	**(17)**	**$**	**4,171**	*(a)(b)*
Pre-tax operating margin *(c)*		**27%**			**30%**		**N/M**		**28%**	
Average assets	**$**	**30,928**		**$**	**283,886**	**$**	**57,373**	**$**	**372,187**	
Excluding amortization of intangible assets:										
Noninterest expense	**$**	**2,772**		**$**	**7,221**	**$**	**541**	**$**	**10,534**	
Income (loss) before taxes		**1,147**	*(a)*		**3,300**		**(15)**		**4,432**	*(a)(b)*
Pre-tax operating margin *(c)*		**29%**			**31%**		**N/M**		**29%**	

(a) Both fee and other revenue and total revenue include the net income from consolidated investment management funds of $18 million, representing $86 million of income and noncontrolling interests of $68 million. Income before taxes is net of noncontrolling interests of $68 million.
(b) Includes a loss attributable to noncontrolling interest of $4 million related to other consolidated subsidiaries.
(c) Income before taxes divided by total revenue.

For the year ended Dec. 31, 2014 *(dollar amounts in millions)*		Investment Management			Investment Services		Other		Consolidated	
Fee and other revenue	$	3,672	*(a)*	$	7,719	$	1,337	$	12,728	*(a)*
Net interest revenue		274			2,339		267		2,880	
Total revenue		3,946	*(a)*		10,058		1,604		15,608	*(a)*
Provision for credit losses		—			—		(48)		(48)	
Noninterest expense		3,049			8,116		1,012		12,177	
Income before taxes	$	897	*(a)*	$	1,942	$	640	$	3,479	*(a)*
Pre-tax operating margin *(b)*		23%			19%		N/M		22%	
Average assets	$	37,655		$	266,495	$	68,416	$	372,566	
Excluding amortization of intangible assets:										
Noninterest expense	$	2,931		$	7,941	$	1,007	$	11,879	
Income before taxes		1,015	*(a)*		2,117		645		3,777	*(a)*
Pre-tax operating margin *(b)*		26%			21%		N/M		24%	

(a) Both fee and other revenue and total revenue include the net income from consolidated investment management funds of $79 million, representing $163 million of income and noncontrolling interests of $84 million. Income before taxes is net of noncontrolling interests of $84 million.
(b) Income before taxes divided by total revenue.

For the year ended Dec. 31, 2013 *(dollar amounts in millions)*	Investment Management		Investment Services	Other	Consolidated	
Fee and other revenue	$ 3,608	*(a)*	$ 7,640	$ 711	$ 11,959	*(a)*
Net interest revenue	260		2,514	235	3,009	
Total revenue	3,868	*(a)*	10,154	946	14,968	*(a)*
Provision for credit losses	—		1	(36)	(35)	
Noninterest expense	2,903		7,398	1,005	11,306	
Income (loss) before taxes	$ 965	*(a)*	$ 2,755	$ (23)	$ 3,697	*(a)*
Pre-tax operating margin *(b)*	25%		27%	N/M	25%	
Average assets	$ 38,420		$ 247,431	$ 56,460	$ 342,311	
Excluding amortization of intangible assets:						
Noninterest expense	$ 2,760		$ 7,204	$ 1,000	$ 10,964	
Income (loss) before taxes	1,108	*(a)*	2,949	(18)	4,039	*(a)*
Pre-tax operating margin *(b)*	29%		29%	N/M	27%	

(a) Both fee and other revenue and total revenue include net income from consolidated investment management funds of $103 million, representing $183 million of income and noncontrolling interests of $80 million. Income before taxes is net of noncontrolling interests of $80 million.

(b) Income before taxes divided by total revenue.

Investment Management business

(dollar amounts in millions)	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Revenue:					
Investment management fees:					
Mutual funds	**$ 1,208**	$ 1,231	$ 1,194	**(2)%**	3 %
Institutional clients	**1,425**	1,466	1,428	**(3)**	3
Wealth management	**630**	624	583	**1**	7
Investment management fees	**3,263**	3,321	3,205	**(2)**	4
Performance fees	**97**	111	130	**(13)**	(15)
Investment management and performance fees	**3,360**	3,432	3,335	**(2)**	3
Distribution and servicing	**152**	157	167	**(3)**	(6)
Other *(a)*	**88**	83	106	**N/M**	N/M
Total fee and other revenue *(a)*	**3,600**	3,672	3,608	**(2)**	2
Net interest revenue	**319**	274	260	**16**	5
Total revenue	**3,919**	3,946	3,868	**(1)**	2
Noninterest expense (ex. amortization of intangible assets and the charge related to investment management funds, net of incentives)	**2,772**	2,827	2,748	**(2)**	3
Income before taxes (ex. amortization of intangible assets and the charge related to investment management funds, net of incentives)	**1,147**	1,119	1,120	**3**	—
Amortization of intangible assets	**97**	118	143	**(18)**	(17)
Charge related to investment management funds, net of incentives	**—**	104	12	**N/M**	N/M
Income before taxes	**$ 1,050**	$ 897	$ 965	**17 %**	(7)%
Pre-tax operating margin	**27%**	23%	25%		
Adjusted pre-tax operating margin *(b)*	**34%**	34%	35%		
Average balances:					
Average loans	**$ 12,545**	$ 10,589	$ 9,361	**18 %**	13 %
Average deposits	**$ 15,160**	$ 14,154	$ 13,753	**7 %**	3 %

(a) Total fee and other revenue includes the impact of the consolidated investment management funds, net of noncontrolling interests. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 125 for the reconciliation of Non-GAAP measures. Additionally, other revenue includes asset servicing, treasury services, foreign exchange and other trading revenue and investment and other income.

(b) Excludes the net negative impact of money market fee waivers, amortization of intangible assets and the charge related to investment management funds, net of incentives, and is net of distribution and servicing expense. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 125 for the reconciliation of this Non-GAAP measure.

AUM trends *(a)* *(dollar amounts in billions)*	**2015**	2014	2013	2012	2011
AUM at period end, by product type:					
Equity	**$ 224**	$ 260	$ 272	$ 232	$ 208
Fixed income	**216**	204	200	188	164
Index	**329**	356	322	239	193
Liability-driven investments *(b)*	**514**	504	403	329	276
Alternative investments	**63**	65	61	59	57
Cash	**279**	297	299	302	328
Total AUM	**$ 1,625**	$ 1,686	$ 1,557	$ 1,349	$ 1,226
AUM at period end, by client type:					
Institutional	**$ 1,127**	$ 1,164	$ 1,047	$ 864	$ 730
Mutual funds	**420**	438	426	410	426
Private client	**78**	84	84	75	70
Total AUM	**$ 1,625**	$ 1,686	$ 1,557	$ 1,349	$ 1,226
Changes in AUM:					
Beginning balance of AUM	**$ 1,686**	$ 1,557	$ 1,349	$ 1,226	$ 1,135
Net inflows (outflows):					
Long-term:					
Equity	**(31)**	(13)	—	—	(10)
Fixed income	**(1)**	4	11	20	10
Index	**(27)**	5	20	9	29
Liability-driven investments *(b)*	**35**	46	65	25	52
Alternative investments	**7**	6	2	3	4
Total long-term inflows (outflows)	**(17)**	48	98	57	85
Short term:					
Cash	**(18)**	—	5	(20)	(14)
Total net inflows (outflows)	**(35)**	48	103	37	71
Net market/currency impact/acquisition	**(26)**	81	105	86	20
Ending balance of AUM	**$ 1,625**	$ 1,686	$ 1,557	$ 1,349	$ 1,226

(a) Excludes securities lending cash management assets and assets managed in the Investment Services business. In 2015, prior periods' AUM was restated to reflect the reclassification of Meriten from the Investment Management business to the Other segment.
(b) Includes currency overlay AUM.

Business description

Our Investment Management business comprises the seventh largest global asset manager and the seventh largest U.S. wealth manager.

It encompasses 13 affiliated investment management boutiques that deliver a diversified portfolio of focused investment strategies over our distribution network to institutional and retail clients across North America, EMEA and Asia-Pacific. Our multi-boutique model is designed to deliver the best elements of investment focus and infrastructure scale to benefit clients.

The investment management boutiques offer a broad range of equity, fixed income, alternative/overlay and cash products. In addition to the investment subsidiaries, this business includes BNY Mellon Investment Management EMEA Limited, BNY Mellon Investment Management Hong Kong and BNY Mellon Investment Management Singapore, which are responsible for managing and distributing locally registered investment products, and the Dreyfus Corporation and its affiliates, which are responsible for U.S. investment management and distribution of retail mutual funds, separately managed accounts and annuities.

BNY Mellon Wealth Management is ranked the seventh largest U.S. wealth manager in 2015 by Barron's. We offer private banking, discretionary portfolio management and tax, wealth and estate planning services to high and ultra-high net worth individuals, families and family offices as well as to charitable gift programs, endowments and foundations. We provide these services through an extensive network of more than 35 U.S. locations and offices in London, Hong Kong, Toronto and the Cayman Islands. Our client satisfaction rates are among the highest in our industry. BNY Mellon Wealth Management was named in 2015 by Family Wealth Report as the top National Private Asset Manager and top Private Bank serving family offices.

The results of the Investment Management business are driven by the period-end, average level and mix of assets managed and the level of activity in client accounts. The overall level of AUM for a given period is determined by:

- the beginning level of AUM;
- the net flows of new assets during the period resulting from new business wins and existing client enrichments, reduced by the loss of clients and withdrawals; and
- the impact of market price appreciation or depreciation, the impact of any acquisitions or divestitures and foreign exchange rates.

The mix of AUM is determined principally by client asset allocation decisions among equities, fixed income, index, liability-driven investments and alternative investments.

Managed equity assets typically generate higher percentage fees than liability-driven investments and fixed-income assets. Also, actively managed assets typically generate higher management fees than indexed or passively managed assets of the same type.

Management fees are typically subject to fee schedules based on the overall level of assets managed for a single client or by individual asset class and style. This is most prevalent for institutional assets where amounts we manage for individual clients are typically large.

A key driver of organic growth in investment management and performance fees is the amount of net new AUM flows. Overall market conditions are also key drivers, with a significant long-term economic driver being growth of global financial assets.

Performance fees are generally calculated as a percentage of a portfolio's performance in excess of a benchmark index or a peer group's performance.

Net interest revenue is determined by loan and deposit volumes and the interest rate spread between customer rates and internal funds transfer rates on loans and deposits. Expenses in this business are mainly driven by staffing costs, incentives and distribution and servicing expense.

Review of financial results

Investment management and performance fees are dependent on the overall level and mix of AUM and the management fees expressed in basis points (one-hundredth of one percent) charged for managing those assets. Assets under management were $1.63 trillion at Dec. 31, 2015 compared with $1.69 trillion at Dec. 31, 2014, a decrease of 4%. The decrease resulted from the unfavorable impact of a stronger U.S. dollar, net outflows and lower market values, partially offset by the January 2015 acquisition of Cutwater.

Net long-term outflows were $17 billion in 2015 driven by equity and index investments, partially offset by continued strength in liability-driven investments. Net short-term outflows were $18 billion in 2015.

Total revenue was $3.9 billion in 2015, a decrease of 1% compared with 2014. The decrease primarily reflects the unfavorable impact of a stronger U.S. dollar, net outflows and lower performance fees, partially offset by higher net interest revenue, the impact of the Cutwater acquisition and strategic initiatives, and lower money market fee waivers.

Revenue generated in the Investment Management business included 42% from non-U.S. sources in 2015 compared with 44% in 2014.

Investment management fees in the Investment Management business were $3.3 billion in 2015, a decrease of 2%, or an increase of 3% on a constant currency basis (Non-GAAP), compared with 2014. The increase primarily reflects lower money market fee waivers, the impact of the Cutwater acquisition and strategic initiatives, and higher equity market values, partially offset by net outflows.

In 2015, 37% of investment management fees in the Investment Management business were generated from managed mutual fund fees. These fees are based on the daily average net assets of each fund and the management fee paid by that fund. Managed mutual fund fee revenue decreased 2% in 2015 compared with 2014. The decrease primarily reflects net outflows and the unfavorable impact of a stronger U.S. dollar, partially offset by lower money market fee waivers.

Performance fees were $97 million in 2015 compared with $111 million in 2014. The decrease primarily reflects the unfavorable impact of a stronger U.S. dollar.

Distribution and servicing fees were $152 million in 2015 compared with $157 million in 2014. The decrease was primarily driven by the unfavorable impact of a stronger U.S. dollar, partially offset by lower money market fee waivers.

Other revenue was $88 million in 2015 compared with $83 million in 2014. The increase primarily reflects higher other trading revenue related to losses on hedging activities within a boutique recorded in 2014.

Net interest revenue was $319 million in 2015 compared with $274 million in 2014. The increase primarily resulted from higher average loans and deposits. Average loans increased 18% in 2015 compared with 2014, while average deposits increased 7% in 2015 compared with 2014.

Noninterest expense, excluding amortization of intangible assets and the charge related to investment management funds, net of incentives, was $2.8 billion in 2015, a decrease of $55 million, or 2%, compared with 2014. The decrease primarily reflects the favorable impact of a stronger U.S. dollar and lower incentives, partially offset by investments in strategic initiatives.

2014 compared with 2013

Income before taxes totaled $897 million in 2014, a decrease of 7% compared with $965 million in 2013. Income before taxes excluding amortization of intangible assets and the charge related to investment management funds, net of incentives, was $1.1 billion in 2014, a decrease of $1 million compared with 2013. Fee and other revenue increased $64 million in 2014, or 2% compared with 2013, primarily resulting from higher investment management fees, partially offset by lower performance fees, distribution and servicing revenue and lower other trading revenue related to losses on hedging activities within a boutique. Net interest revenue increased $14 million in 2014, or 5% compared with 2013 primarily resulting from higher average loans and deposits. Noninterest expense excluding amortization of intangible assets and the charge related to investment management funds, net of incentives, increased $79 million in 2014, or 3% compared with 2013. The increase primarily resulted from higher staff, business development and purchased services expenses resulting from investments in strategic initiatives as well as the unfavorable impact of a weaker U.S. dollar.

Investment Services business

(dollars in millions, unless otherwise noted)	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Revenue:					
Investment services fees:					
Asset servicing	$ 4,084	$ 3,968	$ 3,800	3 %	4 %
Clearing services	1,370	1,329	1,258	3	6
Issuer services	976	966	1,087	1	(11)
Treasury services	546	555	544	(2)	2
Total investment services fees	6,976	6,818	6,689	2	2
Foreign exchange and other trading revenue	713	627	693	14	(10)
Other *(a)*	337	274	258	23	6
Total fee and other revenue	8,026	7,719	7,640	4	1
Net interest revenue	2,495	2,339	2,514	7	(7)
Total revenue	10,521	10,058	10,154	5	(1)
Provision for credit losses	—	—	1	N/M	N/M
Noninterest expense (ex. amortization of intangible assets)	7,221	7,941	7,204	(9)	10
Income before taxes (ex. amortization of intangible assets)	3,300	2,117	2,949	56	(28)
Amortization of intangible assets	162	175	194	(7)	(10)
Income before taxes	$ 3,138	$ 1,942	$ 2,755	62 %	(30)%
Pre-tax operating margin	30%	19%	27%		
Pre-tax operating margin (ex. amortization of intangible assets)	31%	21%	29%		
Investment services fees as a percentage of noninterest expense *(b)*	98%	95%	93%		
Securities lending revenue	$ 140	$ 120	$ 117	17 %	3 %
<u>Metrics:</u>					
Average loans	$ 37,736	$ 33,466	$ 28,407	13 %	18 %
Average deposits	$ 232,050	$ 221,453	$ 206,793	5 %	7 %
AUC/A at period end *(in trillions) (c)*	$ 28.9	$ 28.5	$ 27.6	1 %	3 %
Market value of securities on loan at period end *(in billions) (d)*	$ 277	$ 289	$ 235	(4)%	23 %
<u>Asset servicing:</u>					
Estimated new business wins (AUC/A) *(in billions) (e)*	$ 1,191	$ 554	$ 639		
<u>Depositary Receipts:</u>					
Number of sponsored programs	1,145	1,279	1,335	(10)%	(4)%
<u>Clearing services:</u>					
Global DARTS volume *(in thousands)*	$ 245	$ 222	$ 214	10 %	4 %
Average active clearing accounts (U.S. platform) *(in thousands)*	$ 6,023	$ 5,788	$ 5,602	4 %	3 %
Average long-term mutual fund assets (U.S. platform)	$ 451,924	$ 434,959	$ 376,852	4 %	15 %
Average investor margin loans (U.S. platform)	$ 11,627	$ 9,687	$ 8,538	20 %	13 %
<u>Broker-Dealer:</u>					
Average tri-party repo balances (*in billions*)	$ 2,156	$ 2,042	$ 2,016	6 %	1 %

(a) Other revenue includes investment management fees, financing-related fees, distribution and servicing revenue and investment and other income.
(b) Noninterest expense excludes amortization of intangible assets and litigation expense.
(c) Includes the AUC/A of CIBC Mellon of $1.0 trillion at Dec. 31, 2015, $1.1 trillion at Dec. 31, 2014 and $1.2 trillion at Dec. 31, 2013.
(d) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent on behalf of CIBC Mellon clients, which totaled $55 billion at Dec. 31, 2015, $65 billion Dec. 31, 2014 and $62 billion at Dec. 31, 2013.
(e) Beginning in 2015, estimated new business wins are determined based on finalization of the contract as compared to the prior methodology of receipt of a mandate. New business wins for 2014 have been restated for comparative purposes.

Business description

Our Investment Services business provides global custody and related services, government clearing, global collateral services, corporate trust and depositary receipt and clearing services, as well as global payment/working capital solutions to global financial institutional clients.

Our comprehensive suite of financial solutions includes: global custody, global fund services, securities lending, investment manager outsourcing, performance and risk analytics, alternative investment services, securities clearance, collateral management, corporate trust, American and global depositary receipt programs, cash management solutions, payment services, liquidity services and other linked revenues, principally foreign exchange, global clearing and execution, managed account services and global prime brokerage solutions. Our clients include corporations, public funds and government agencies, foundations and endowments; global financial institutions including banks, broker-dealers, asset managers, insurance companies and central banks; financial intermediaries and independent registered investment advisors; hedge fund managers; and funds that we manage through our Investment Management business. We help our clients service their financial assets through a network of offices and service delivery centers in 35 countries across six continents.

The results of this business are driven by a number of factors, which include: the level of transaction activity; the range of services provided, which may include custody, accounting, fund administration, daily valuations, performance measurement and risk analytics, securities lending, and investment manager back-office outsourcing; the number of accounts; and the market value of assets under custody and/or administration. Market interest rates impact both securities lending revenue and the earnings on client balances. Business expenses are driven by staff, technology investment, equipment and space required to support the services provided by the business and the cost of execution, clearance and custody of securities.

We are one of the leading global securities servicing providers with $28.9 trillion of AUC/A at Dec. 31, 2015. We are one of the largest custodians for U.S. corporate and public pension plans and we service 50% of the top 50 endowments. We are a leading custodian in the UK, servicing around a fifth of UK pensions that require a custodian, and with approximately 20% of such assets for the sector in our custody. Globalization tends to drive cross-border investment and capital flows, which increases the opportunity to provide solutions to our clients. The changing regulatory environment is also driving client demand for new solutions and services.

BNY Mellon is a leader in both global and U.S. Government securities clearance. We settle securities transactions in over 100 markets and handle most of the transactions cleared through the Federal Reserve Bank of New York for 18 of the 22 primary dealers. We are a leader in servicing tri-party collateral with approximately $2.2 trillion serviced globally. We currently service approximately $1.3 trillion, or approximately 85%, of the $1.6 trillion tri-party repo market in the U.S.

Global Collateral Services serves broker-dealers and institutional investors facing expanding collateral management needs as a result of current and emerging regulatory and market requirements. Global Collateral Services brings together BNY Mellon's global capabilities in segregating, optimizing, financing and transforming collateral on behalf of clients, including its market leading broker-dealer collateral management, securities lending, collateral financing, liquidity and derivatives services teams.

In securities lending, we are one of the largest lenders of U.S. Treasury securities and depositary receipts and service a lending pool of approximately $2.9 trillion in 33 markets.

We served as depositary for 1,145 sponsored American and global depositary receipt programs at Dec. 31, 2015, acting in partnership with leading companies from 64 countries - an estimated 58% global market share.

Pershing and its affiliates provide business solutions to approximately 1,500 financial organizations globally by delivering dependable operational support, robust trading services, flexible technology and an expansive array of investment solutions, practice management support and service excellence.

Role of BNY Mellon, as a trustee, for mortgage-backed securitizations

BNY Mellon acts as trustee and document custodian for certain mortgage-backed security (“MBS”) securitization trusts. The role of trustee for MBS securitizations is limited; our primary role as trustee is to calculate and distribute monthly bond payments to bondholders. As a document custodian, we hold the mortgage, note, and related documents provided to us by the loan originator or seller and provide periodic reporting to these parties. BNY Mellon, either as document custodian or trustee, does not receive mortgage underwriting files (the files that contain information related to the creditworthiness of the borrower). As trustee or custodian, we have no responsibility or liability for the quality of the portfolio; we are liable only for performance of our limited duties as described above and in the trust documents. BNY Mellon is indemnified by the servicers or directly from trust assets under the governing agreements. BNY Mellon may appear as the named plaintiff in legal actions brought by servicers in foreclosure and other related proceedings because the trustee is the nominee owner of the mortgage loans within the trusts.

BNY Mellon also has been named as a defendant in legal actions brought by MBS investors alleging that the trustee has expansive duties under the governing agreements, including to investigate and pursue claims against other parties to the MBS transaction. For additional information on our legal proceedings related to this matter, see Note 22 of the Notes to Consolidated Financial Statements.

Review of financial results

AUC/A totaled $28.9 trillion, an increase from $28.5 trillion at Dec. 31, 2014. The increase was primarily driven by net new business, partially offset by the unfavorable impact of a stronger U.S. dollar and lower market values. AUC/A consisted of 36% equity securities and 64% fixed income securities at both Dec. 31, 2015 and Dec. 31, 2014.

Investment services fees were $7.0 billion, an increase of 2% compared with 2014, reflecting the following factors:

- Asset servicing fees (global custody, broker-dealer services and Global Collateral Services) were $4.1 billion compared with $4.0 billion in the 2014. The increase primarily reflects growth in global collateral services, broker-dealer services and asset servicing, partially offset by the unfavorable impact of a stronger U.S. dollar.
- Clearing services fees were $1.4 billion compared with $1.3 billion in the 2014. The increase was primarily driven by higher mutual fund and asset-based fees, partially offset by lost business.
- Issuer services fees (Corporate Trust and Depositary Receipts) were $976 million compared with $966 million in the 2014. The increase primarily reflects higher Corporate Trust fees, partially offset by lower fees in Depositary Receipts driven by fewer corporate actions.
- Treasury services fees were $546 million compared with $555 million in the 2014. The decrease primarily reflects lower lockbox fees and higher compensating balance credits provided to clients, partially offset by higher payment volumes.

Foreign exchange and other trading revenue totaled $713 million compared with $627 million in 2014. The increase primarily reflects higher volatility and higher volumes.

Net interest revenue was $2.5 billion compared with $2.3 billion in 2014. The increase primarily reflects higher average deposits and loans, as well as higher internal crediting rates for deposits.

Noninterest expense, excluding amortization of intangible assets, was $7.2 billion compared with $7.9 billion in 2014. The decrease primarily reflects lower litigation, consulting and occupancy expenses, partially offset by higher staff expense.

2014 compared with 2013

Income before taxes totaled $1.9 billion in 2014, a decrease of 30% compared with $2.8 billion in the full-year of 2013. Excluding amortization of intangible assets, income before taxes decreased $832 million, or 28% compared with the full-year of 2013. Fee and other revenue increased $79 million, or 1%, compared with the full-year of 2013 primarily reflecting higher asset servicing fees reflecting organic growth, higher market values and net new business, partially offset by lower Corporate Trust revenue reflecting lower customer reimbursements, and lower corporate actions and dividend fees in Depositary Receipt. The $175 million, or 7%

decrease in net interest revenue primarily reflects lower yields and lower accretion, partially offset by higher average loans and deposits. Noninterest expense, excluding amortization of intangible assets, increased $737 million, compared with 2013 primarily due to higher litigation expense, and higher professional, legal and other purchased services expense primarily driven by increased expenses related to implementation of strategic platforms, partially offset by lower staff expense.

Other segment

(dollars in millions)		**2015**		2014		2013
Revenue:						
Fee and other revenue	**$**	**474**	$	1,337	$	711
Net interest revenue		**212**		267		235
Total revenue		**686**		1,604		946
Provision for credit losses		**160**		(48)		(36)
Noninterest expense (ex. amortization of intangible assets, M&I and restructuring charges (recoveries))		**543**		830		965
(Loss) income before taxes (ex. amortization of intangible assets, M&I and restructuring charges (recoveries))		**(17)**		822		17
Amortization of intangible assets		**2**		5		5
M&I and restructuring charges (recoveries)		**(2)**		177		35
(Loss) income before taxes	**$**	**(17)**	$	640	$	(23)
Average loans and leases	**$**	**10,391**	$	10,155	$	10,548

Business description

The Other segment primarily includes:

- credit-related services;
- the leasing portfolio;
- corporate treasury activities, including our investment securities portfolio;
- the derivatives business;
- our equity investment in Wing Hang prior to the sale in 2014;
- a 33.9% equity interest in ConvergEx;
- business exits, including the results of Meriten, and Newton's private client business in 2013; and
- corporate overhead.

Revenue primarily reflects:

- net interest revenue from the credit services and lease financing portfolios;
- interest revenue remaining after transfer pricing allocations;
- fee and other revenue from corporate and bank owned life insurance, credit-related financing revenue, Meriten, and Newton's private client business; and
- gains (losses) associated with the valuation of investment securities and other assets.

Expenses include:

- M&I expenses;
- restructuring charges recorded in 2015 and 2014 that relate to corporate-level initiatives and were therefore recorded in the Other segment. In the fourth quarter of 2013, restructuring charges were recorded in the businesses. Prior to the fourth quarter of 2013, restructuring charges were reported in the Other segment;
- direct expenses supporting credit-related services, leasing, investing, and funding activities; and
- certain corporate overhead not directly attributable to the operations of other businesses.

Review of financial results

The Other segment had a pre-tax loss of $17 million in 2015 compared with pre-tax income of $640 million in 2014.

Total fee and other revenue decreased $863 million compared with 2014. The decrease primarily reflects the gains on the sales of our equity investment in Wing Hang and our One Wall Street building, both recorded in 2014, and the impact of the July 2015 sale of Meriten, partially offset by the impact of hedging activity for foreign currency placements.

Net interest revenue decreased $55 million compared with 2014. The decrease primarily reflects higher internal crediting rates to the businesses for deposits.

The provision for credit losses was $160 million in 2015 reflecting the impairment charge related to a recent court decision.

Noninterest expense, excluding amortization of intangible assets, M&I and restructuring charges (recoveries), decreased $287 million compared with 2014. The decrease primarily reflects lower litigation expense, the impact of curtailing the U.S. pension plan, and the impact of the July 2015 sale of Meriten.

2014 compared with 2013

Income before taxes in the Other segment was $640 million in 2014 compared with a pre-tax loss of $23 million in 2013. Total revenue increased $658 million primarily resulting from the gains on the sales of our equity investment in Wing Hang and our One Wall Street building, partially offset by lower equity investment revenue, lower securities gains and the impact of the sale of Newton's private client business. Noninterest expense, excluding amortization of intangible assets, M&I and restructuring charges (recoveries), decreased $135 million primarily reflecting lower staff expense, lower business development expense as a result of discretionary expense control and the 2013 corporate branding campaign, and a decrease in the cost of generating certain tax credits, partially offset by higher litigation expense.

International operations

Our primary international activities consist of securities services and global payment services in our investment services business, and asset management in our investment management business.

Our clients include some of the world's largest asset managers, insurance companies, corporations, financial intermediaries, local authorities and pension funds. Through our global network of offices, we have developed a deep understanding of local requirements and cultural needs, and we pride ourselves in providing dedicated service through our multilingual sales, marketing and client service teams.

We conduct business through subsidiaries, branches, and representative offices in 35 countries. We have operational centers based in Brussels, Cork, Dublin, Wexford, Luxembourg, Singapore, Wroclaw, throughout the UK including London, Manchester, Brentwood, Edinburgh and Poole, and Chennai and Pune in India.

At Dec. 31, 2015, we had approximately 8,900 employees in EMEA, approximately 13,500 employees in APAC and approximately 700 employees in other global locations, primarily Brazil.

BNY Mellon Investment Management operates on a multi-boutique model, bringing investors the skills of our specialist boutique asset managers, which together manage investments spanning virtually all asset classes.

We are the seventh largest global asset manager. At Dec. 31, 2015, our international operations managed 46% of BNY Mellon's AUM compared with 44% at Dec. 31, 2014. The AUM at Dec. 31, 2014 was restated to reflect the reclassification of Meriten from the Investment Management business to the Other segment. The increase in international AUM primarily resulted from net new business, partially offset by the unfavorable impact of a stronger U.S. dollar.

In Europe, we maintain a significant presence in the Undertakings for Collective Investment in Transferable Securities Directives ("UCITS") servicing field. In Ireland, BNY Mellon is one of the largest administrators (by total net assets) for fund administration services across domiciled and non-domiciled funds. We offer a full range of tailored solutions for investment companies, financial institutions and institutional investors in Germany. We settle securities transactions in over 100 markets. We are a leader in servicing tri-party repo collateral with approximately $2.2 trillion serviced globally.

We served as depositary for 1,145 sponsored American and global depositary receipt programs at Dec. 31, 2015, acting in partnership with leading companies from 64 countries - an estimated 58% global market share.

We have over 50 years of experience providing trade and cash services to financial institutions and central banks outside of the U.S. In addition, we offer a broad range of servicing and fiduciary products to financial institutions, corporations and central banks depending on the state of market development. In emerging markets, we lead with global payments and issuer services, introducing other products as the markets mature. For more established markets, our focus is on global, not local, investment services.

We are also a full-service global provider of foreign exchange services, actively trading in over 100 of the world's currencies. We serve clients from trading desks located in Europe, Asia and North America.

Our financial results, as well as our level of AUM and AUC/A, are impacted by the translation of financial results denominated in foreign currencies to the U.S. dollar. We are primarily impacted by activities denominated in the British pound sterling and the euro. If the U.S. dollar depreciates against these currencies, the translation impact is a higher level of fee revenue, net interest revenue, noninterest expense and AUM and AUC/A. Conversely, if the U.S. dollar appreciates, the translated levels of fee revenue, net interest revenue, noninterest expense and AUM and AUC/A will be lower.

Foreign exchange rates vs. U.S. dollar	2015	2014	2013
Spot rate (at Dec. 31):			
British pound	**$ 1.4799**	$ 1.5609	$ 1.6526
Euro	**1.0883**	1.2155	1.3767
Yearly average rate:			
British pound	**$ 1.5282**	$ 1.6475	$ 1.5645
Euro	**1.1100**	1.3257	1.3281

International clients accounted for 36% of revenues in 2015 compared with 38% in 2014 and 37% in 2013. Net income from international operations was $1.7 billion in 2015 compared with $1.8 billion in 2014 and $1.6 billion in 2013.

In 2015, revenues from EMEA were $3.9 billion, compared with $3.9 billion in 2014 and $3.8 billion in 2013. Revenues from EMEA were flat for 2015 compared with 2014, primarily reflecting lower investment management and corporate trust fees, partially offset by higher asset servicing fees, treasury services and broker dealer services. Investment Services generated 66% and Investment Management generated 33% of EMEA revenues. Net income from EMEA was $1.2 billion in 2015 compared with $775 million in 2014 and $822 million in 2013.

Revenues from APAC were $904 million in 2015 compared with $1.4 billion in 2014 and $936 million in 2013. Revenues from APAC were down 35% for 2015 compared with 2014. The decrease in 2015 primarily reflects the gain on the sale of our investment in Wing Hang recorded in 2014, partially offset by higher asset servicing fees. Revenue from APAC in 2015 was generated by Investment Services 78% and Investment Management 22%. Net income from APAC was $365 million in 2015 compared with $719 million in 2014 and $399 million in 2013.

For additional information regarding our International operations, including certain key subjective assumptions used in determining the results, see Note 25 of the Notes to Consolidated Financial Statements.

Country risk exposure

We have exposure to certain countries and territories that have had a heightened focus due to recent events. Where appropriate, we offset the risk associated with the exposure in these countries with collateral that has been pledged, which primarily consists of cash or marketable securities, or by transferring the risk to a third-party guarantor in another country or territory. Exposure described below reflects the country of operations and risk of the immediate counterparty. We continue to monitor our exposure to these and other countries as part of our Risk Management process. See "Risk management" for additional information on how our exposures are managed.

BNY Mellon has a limited economic interest in the performance of assets of consolidated investment management funds, and therefore they are excluded from this disclosure.

Ireland, Italy, Spain, Portugal and Greece

Over the past several years, there have been concerns about European sovereign debt and its impact on the European banking system, as a number of European countries, including Ireland, Italy, Spain, Portugal and Greece, experienced credit deterioration. We have total net exposure to Ireland, Italy and Spain of $4.9 billion at Dec. 31, 2015 including $1.3 billion to Ireland, $1.6 billion to Italy and $2.0 billion to Spain. The total net exposure was $5.2 billion at Dec. 31, 2014, including $1.4 billion to Ireland, $1.6 billion to Italy and $2.2 billion to Spain. Exposure to Ireland, Italy and Spain primarily consisted of investment grade sovereign debt and European Floating Rate notes. At Dec. 31, 2015, investment securities exposure totaled \$895 million in Ireland, \$1.4 billion in Italy and \$2.0 billion in Spain. At Dec. 31, 2014, investment securities exposure totaled \$818 million in Ireland, \$1.5 billion in Italy and \$2.0 billion in Spain. At Dec. 31, 2015 and 2014, BNY Mellon had exposure of less than \$1 million to Portugal and Greece.

Brazil

Current conditions in Brazil have resulted in increased focus on its economic and political stability. We have operations in Brazil providing investment services and investment management services. In addition, we have total net exposure to Brazil of \$2.2 billion, including \$2.1 billion in loans, which are primarily short-term trade finance loans extended to large financial institutions, and \$95 million of investment grade sovereign debt.

Russia and Ukraine

Events in Russia and Ukraine significantly increased geopolitical tensions in Central and Eastern Europe. We provide investment services, including acting as a depositary receipt bank, for companies in Russia, and investment management services primarily through our noncontrolling interest in an asset manager. At Dec. 31, 2015 and 2014, our exposure to Russia was \$63 million and \$243 million, respectively, and our exposure to Ukraine was less than \$1 million. To date, our businesses with Russian exposure have not been materially impacted by the ongoing tensions, sanctions or impact of the decline in oil prices.

Puerto Rico

Recent concerns regarding financial conditions in Puerto Rico have resulted in increased focus on its ability to repay its debt. At Dec. 31, 2015, BNY Mellon had margin loan exposure of approximately \$50 million where the collateral received has a concentration of Puerto Rican securities. We have increased our margin requirements and believe the impact of potential negative outcomes in Puerto Rico would not be material.

Cross-border risk

Cross-border outstandings are based on the Federal Financial Institutions Examination Council's ("FFIEC") regulatory guidelines for reporting cross-border risk. Cross-border outstandings in the table below include loans, acceptances, interest-bearing deposits with other banks, other interest-bearing investments, and other monetary assets which are denominated in U.S. dollars or other non-local currency. Also included are local currency outstandings not hedged or funded by local borrowings. Under the FFIEC guidelines, cross-border outstandings are reported based on the domicile of the counterparty, issuer of collateral or guarantor.

Foreign assets are subject to the general risks attendant on the conduct of business in each foreign country, including economic uncertainties and each foreign government's regulations. In addition, our foreign assets may be affected by changes in demand or pricing resulting from fluctuations in currency exchange rates or other factors.

The table below shows our cross-border outstandings at Dec. 31 of each of the last three years where cross-border exposure exceeds 1.00% of total assets (denoted with "*") or exceeds 0.75% but less than or equal to 1.00% of total assets (denoted with "**").

Cross-border outstandings *(in millions)*	**Banks and other financial institutions** *(a)*	**Public sector**	**Commercial, industrial and other**	**Total cross-border outstandings** *(b)*
2015:				
United Kingdom*	**$ 1,732**	**$ 569**	**$ 2,265**	**$ 4,566**
France*	**968**	**2,855**	**120**	**3,943**
Germany**	**1,882**	**1,666**	**363**	**3,911**
2014:				
France*	$ 410	$ 3,770	$ 183	$ 4,363
United Kingdom**	2,583	544	655	3,782
China**	3,459	—	30	3,489
Germany**	1,207	1,505	569	3,281
Netherlands**	526	1,737	664 *(c)*	2,927
2013:				
China*	$ 5,668	$ —	$ 11	$ 5,679
Netherlands*	2,116	2,154	829 *(c)*	5,099
Australia*	4,125	16	251	4,392
Germany*	1,885	2,020	196	4,101
France*	2,474	1,551	59	4,084
Japan**	3,710	—	6	3,716
United Kingdom**	2,859	45	641	3,545

(a) Primarily short-term interest-bearing deposits with banks. Also includes global trade finance loans.
(b) Excludes assets of consolidated investment management funds.
(c) Primarily European floating rate notes.

Emerging markets exposure

We determine our emerging markets exposures using the MSCI Emerging Markets (EM) IMI Index. Our emerging markets exposures totaled $13 billion at both Dec. 31, 2015 and Dec. 31, 2014, primarily reflecting higher global trade finance loans to India, South Korea and Brazil, offset by lower global trade finance loans to China.

Critical accounting estimates

Our significant accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements under “Summary of significant accounting and reporting policies”. Our critical accounting estimates are those related to the allowance for loan losses and allowance for lending-related commitments, fair value of financial instruments and derivatives, other-than-temporary impairment, goodwill and other intangibles, and pension accounting. Further information on policies related to the allowance for loan losses and allowance for lending-related commitments can be found under “Summary of significant accounting and reporting policies” in Note 1 of the Notes to Consolidated Financial Statements. Additionally, further information can be found in the Notes to Consolidated Financial Statements related to the following: the valuation of derivatives and securities where quoted market prices are not available can be found under “Fair value measurement” in Note 20; information on other-than-temporary impairment can be found in “Securities” in Note 4; policies related to goodwill and intangible assets can be found in “Goodwill and intangible assets” in Note 6; and information on pensions can be found in “Employee benefit plans” in Note 18.

Allowance for loan losses and allowance for lending-related commitments

The allowance for loan losses and allowance for lending-related commitments represent management’s estimate of probable losses inherent in our credit portfolio. This evaluation process is subject to numerous estimates and judgments.

We utilize a quantitative methodology and qualitative framework for determining the allowance for loan losses and the allowance for lending-related commitments. Within this qualitative framework, management applies judgment when assessing internal risk factors and environmental factors to compute an additional allowance for each component of the loan portfolio.

The three elements of the allowance for loan losses and the allowance for lending-related commitments include the qualitative allowance framework. The three elements are:

- an allowance for impaired credits of $1 million or greater;
- an allowance for higher risk-rated credits and pass-rated credits; and
- an allowance for residential mortgage loans.

Our lending is primarily to institutional customers. As a result, our loans are generally larger than $1 million. Therefore, the first element, impaired credits, is based on individual analysis of all impaired loans of $1 million or greater. The allowance is measured by the difference between the recorded value of impaired loans and their impaired value. Impaired value is either the present value of the expected future cash flows from the borrower, the market value of the loan, or the fair value of the collateral, if the loan is collateral dependent.

The second element, higher risk-rated credits and pass-rated credits, is based on our probable loss model. Individual credit analyses are performed on such loans before being assigned a credit rating. All borrowers are assigned to pools based on their credit rating. The probable loss inherent in each loan in a pool incorporates the borrower's credit rating, loss given default rating and maturity. The loss given default incorporates a recovery expectation and an estimate of the use of the facility at default (usage given default). The borrower's probability of default is derived from the associated credit rating. Borrower ratings are reviewed at least annually and are periodically mapped to third-party databases, including rating agency and default and recovery databases, to ensure ongoing consistency and validity. Higher risk-rated credits are reviewed quarterly.

The third element, the allowance for residential mortgage loans, is determined by segregating five mortgage pools into delinquency periods ranging from current through foreclosure. Each of these delinquency periods is assigned a probability of default. A specific loss given default is assigned for each mortgage pool. BNY Mellon assigns all residential mortgage pools, except home equity lines of credit, a probability of default and loss given default based on default and loss data derived from internal historical data related to our residential mortgage portfolio. The resulting probable loss factor (the probability of default multiplied by the loss given default) is applied against the loan balance to determine the allowance held for each pool. For home equity lines of credit, probability of default and loss given default are based on external data from third-party databases due to the small size of the portfolio and insufficient internal data.

The qualitative framework is used to determine an additional allowance for each portfolio based on the factors below:

Internal risk factors:
- Nonperforming loans to total non-margin loans;
- Criticized assets to total loans and lending-related commitments;
- Borrower concentration; and
- Significant concentrations in high risk industries and countries.

Environmental risk factors:
- U.S. non-investment grade default rate;
- Unemployment rate; and
- Change in real GDP.

The objective of the qualitative framework is to capture incurred losses that may not have been fully captured in the quantitative reserve, which is based primarily on historical data. Management determines the qualitative allowance each period based on judgment informed by consideration of internal and external risk factors and other considerations that may be deemed relevant during the period. Once determined in the aggregate, our qualitative allowance is then allocated to each of our loan classes based on the respective classes' quantitative allowance balances with the allocations adjusted, when necessary, for class specific risk factors.

For each risk factor, we calculate the minimum and maximum values, and percentiles in-between, to evaluate the distribution of our historical experience. The distribution of historical experience is compared to the risk factor's current quarter observed experience to assess the current risk inherent in the portfolio and overall direction/trend of a risk factor relative to our historical experience.

Based on this analysis, we assign a risk level - no impact, low, moderate, high and elevated - to each risk factor for the current quarter. Management assesses the impact of each risk factor to determine an aggregate risk level. We do not quantify the impact of any particular risk factor. Management's assessment of the risk factors, as well as the trend in the quantitative allowance, supports management's judgment for the overall required qualitative allowance. A smaller qualitative allowance may be required when our quantitative allowance has reflected incurred losses associated with the aggregate risk level. A greater qualitative allowance may be required if our quantitative allowance does not yet reflect the incurred losses associated with the aggregate risk level.

To the extent actual results differ from forecasts or management's judgment, the allowance for credit losses may be greater or less than future charge-offs.

The credit rating assigned to each credit is a significant variable in determining the allowance. If each credit were rated one grade better, the allowance would have decreased by $70 million, while if each credit were rated one grade worse, the allowance would have increased by $132 million. Similarly, if the loss given default were one rating worse, the allowance would have increased by $46 million, while if the loss given default were one rating better, the allowance would have decreased by $36 million. For impaired credits, if the net carrying value of the loans was 10% higher or lower, the allowance would have decreased or increased by less than $1 million, respectively.

Fair value of financial instruments

The guidance related to *Fair Value Measurement* included in ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about assets and liabilities measured at fair value. The standard also established a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Fair value - Securities

<u>*Level 1 - Securities*</u> - Recent quoted prices from exchange transactions are used for debt and equity securities that are actively traded on exchanges and for U.S. Treasury securities and U.S. Government securities that are actively traded in highly liquid over-the-counter markets.

<u>*Level 2 - Securities*</u> - For securities where quotes from recent transactions are not available for identical securities, we determine fair value primarily based on pricing sources with reasonable levels of price transparency. The pricing sources employ financial models or obtain comparisons to similar instruments to arrive at "consensus" prices.

Specifically, the pricing sources obtain recent transactions for similar types of securities (e.g., vintage, position in the securitization structure) and ascertain variables such as discount rate and speed of prepayment for the type of transaction and apply such variables to similar types of bonds. We view these as observable transactions in the current market place and classify such securities as Level 2.

In addition, we have significant investments in more actively traded agency RMBS and other types of securities such as sovereign debt. The pricing sources derive the prices for these securities largely from quotes they obtain from three major inter-dealer brokers. The pricing sources receive their daily observed trade price and other information feeds from the inter-dealer brokers.

For securities with bond insurance, the financial strength of the insurance provider is analyzed and that information is included in the fair value assessment for such securities.

The pricing sources discontinue pricing any specific security whenever they determine there is insufficient observable data to provide a good faith opinion on price. The pricing sources did not discontinue pricing for any securities in our investment securities portfolio at Dec. 31, 2015.

We obtain prices for our Level 1 and Level 2 securities from multiple pricing sources. We have designed controls to develop an understanding of the pricing sources' securities pricing methodology and have implemented specific internal controls over the valuation of securities.

As appropriate, we review the quality control procedures and pricing methodologies used by the pricing sources, including the process for obtaining prices provided by the pricing sources, their valuation methodology and controls for each class of security.

Prices received from pricing sources are subject to validation checks that help determine the completeness and accuracy of the prices. These validation checks are reviewed by management and, based on the results, may be subject to additional review and investigation. We also review securities with no price changes (stale prices) and securities with zero values.

We have a surveillance process in place to monitor the accuracy of prices provided by the pricing sources. We utilize a hierarchy that compares security prices obtained from multiple pricing sources against established thresholds. Discrepancies that fall outside of these thresholds are challenged with the pricing services and adjusted if necessary.

If further research is required, we review and validate these prices with the pricing sources. We also validate prices from pricing sources by comparing prices received to actual observed prices from actions such as purchases and sales, when possible.

Level 3 - Securities - Where we have used our own cash flow models, which included a significant input into the model that was deemed unobservable, to estimate the value of securities, we classify them in Level 3 of the ASC 820 hierarchy. All of our securities are valued by pricing sources with reasonable levels of price transparency. At Dec. 31, 2015, we have no instruments included in Level 3 of the fair value hierarchy.

See Note 20 of the Notes to Consolidated Financial Statements for details of our securities by ASC 820 hierarchy level.

Fair value - Derivative financial instruments

Level 1 - Derivative financial instruments - Includes derivative financial instruments that are actively traded on exchanges, principally listed equity options.

Level 2 - Derivative financial instruments - Includes the vast majority of our over-the-counter derivative financial instruments. Derivatives classified as Level 2 are valued utilizing discounted cash flow analysis and financial models for which the valuation inputs are observable or can be corroborated, directly or indirectly, for substantially the full term of the instrument. Valuation inputs include interest rate yield curves, foreign exchange rates, equity prices, credit curves, option volatilities and other factors. Where appropriate, valuation adjustments are made to account for various factors such as credit worthiness of the counterparty, credit worthiness of the Company and model and liquidity risks. Level 2 over-the-counter derivatives generally include interest rate swaps and options, foreign exchanges forwards, foreign exchange swaps and options, forward rate agreements, equity swaps and options, and credit default swaps.

Level 3 - Derivative financial instruments - Level 3 derivatives include derivatives for which valuations are based on inputs that are unobservable and significant to the overall fair value measurement, and may include certain long-dated or highly structured contracts. At Dec. 31, 2015, we have no derivatives included in Level 3 of the fair value hierarchy.

To test the appropriateness of the valuations, we subject the models to review and approval by an independent internal risk management function, benchmark the models against similar instruments and validate model estimates to actual cash transactions. In addition, we perform detailed reviews and analyses of profit and loss. Valuation adjustments are determined and controlled by a function independent of the area initiating the risk position. As markets and products develop and the pricing for certain products becomes more transparent, we refine our valuation methods. Any changes to the valuation models are reviewed by management to ensure the changes are justified.

To confirm that our valuation policies are consistent with exit prices as prescribed by ASC 820, observable inputs are utilized to determine pricing where available. In addition, where available, we review our derivative valuations using recent transactions in the marketplace, pricing services and the results of similar types of transactions.

For details of our derivative financial instruments by level of the valuation hierarchy, see Note 20 of the Notes to Consolidated Financial Statements.

Fair value option

ASC 825 provides the option to elect fair value as an alternative measurement basis for selected financial assets, financial liabilities, unrecognized firm commitments and written loan commitments which are not subject to fair value under other accounting standards. Under ASC 825, fair value is used for both the initial and subsequent measurement of the designated assets, liabilities and commitments, with the changes in fair value recognized in income. See Note 21 of the Notes to Consolidated Financial Statements for additional disclosure regarding the fair value option.

Fair value - Judgments

In times of illiquid markets and financial stress, actual prices and valuations may significantly diverge from results predicted by models. In addition, other factors can affect our estimate of fair value, including market dislocations, incorrect model assumptions, and unexpected correlations. These valuation methods could expose us to materially different results should the models used or underlying assumptions be inaccurate. See “Summary of significant accounting and reporting policies” in Note 1 to the Notes to Consolidated Financial Statements.

Other-than-temporary impairment

The guidance included in ASC 320 defines the OTTI model for investments in debt securities. Under this guidance, a debt security is considered impaired if its fair value is less than its amortized cost basis. An OTTI is triggered if (1) the intent is to sell the security; (2) the security will more likely than not have to be sold before the impairment is recovered, or (3) the amortized cost basis is not expected to be recovered. When an entity does not intend to sell the security before recovery of its cost basis, it will recognize the credit component of an OTTI of a debt security in earnings and the remaining portion in accumulated other comprehensive income.

The determination of whether a credit loss exists is based on best estimates of the present value of cash flows to be collected from the debt security. Generally, cash flows are discounted at the effective interest rate implicit in the debt security at the time of acquisition. For debt securities that are beneficial interests in securitized financial assets and are not high credit quality, ASC 325 provides that cash flows be discounted at the current yield used to accrete the beneficial interest.

For each security in the investment securities portfolio (including, but not limited to, those whose fair value is less than their amortized cost basis), an extensive, regular review is conducted to determine if an OTTI has occurred. For example, to determine if an unrealized loss on non-agency RMBS is other-than-temporary, we project total estimated defaults of the underlying assets (mortgages) and multiply that calculated amount by an estimate of realizable value upon sale of these assets in the marketplace (severity) in order to determine the projected collateral loss. We also evaluate the current credit enhancement underlying the bond to determine the impact on cash flows. If we determine that a given non-agency RMBS will be subject to a write-down or loss, we record the expected credit loss as a charge to earnings.

In recent years, improving home prices helped to stabilize the credit performance of non-agency RMBS transactions. This in turn enabled us to maintain generally stable assumptions for these transactions with regard to estimated defaults and the amount we expect to receive to cover the value of the loans underlying the securities. See Note 4 of the Notes to Consolidated Financial Statements for projected weighted-average default rates and loss severities at Dec. 31, 2015 and 2014 for the 2007, 2006 and late-2005 non-agency RMBS and the securities previously held in the Grantor Trust we established in connection with the restructuring of our investment securities portfolio in 2009. If actual delinquencies, default rates and loss severity assumptions worsen, we would expect additional impairment losses to be recorded in future periods.

Net securities gains in 2015 were $83 million compared with $91 million in 2014. The low interest rate environment in 2015 and 2014 created the opportunity for us to realize gains as we rebalanced and managed the duration risk of the investment securities portfolio.

At Dec. 31, 2015, if we were to increase each of our projected loss severity and default rates by 100 basis points on each of the positions in our Alt-A, subprime and prime RMBS portfolios, including the securities previously held by the Grantor Trust, credit-related impairment charges on these securities would have increased by $1 million (pre-tax). If we were to decrease each of our projected loss severity and default rates by 100 basis points on each of the positions, credit-related impairment charges on these securities would have decreased by less than $1 million (pre-tax).

Goodwill and other intangibles

We initially record all assets and liabilities acquired in purchase acquisitions, including goodwill, indefinite-lived intangibles and other intangibles, in accordance with ASC 805 *Business Combinations*. Goodwill, indefinite-lived intangibles and other intangibles are subsequently accounted for in accordance with ASC 350 *Intangibles - Goodwill and*

Other. The initial measurement of goodwill and intangibles requires judgment concerning estimates of the fair value of the acquired assets and liabilities. Goodwill ($17.6 billion at Dec. 31, 2015) and indefinite-lived intangible assets ($2.7 billion at Dec. 31, 2015) are not amortized but subject to tests for impairment annually or more often if events or circumstances indicate it is more likely than not they may be impaired. Other intangible assets are amortized over their estimated useful lives and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount.

BNY Mellon's three business segments include seven reporting units for which annual goodwill impairment testing is performed in accordance with ASC 350. The Investment Management segment is comprised of two reporting units; the Investment Services segment is comprised of four reporting units; and one reporting unit is included in the Other segment.

The goodwill impairment test is performed in two steps. The first step compares the estimated fair value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit were to exceed its estimated fair value, a second step would be performed that would compare the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. An impairment loss would be recorded to the extent that the carrying amount of goodwill exceeds its implied fair value. A substantial goodwill impairment charge would not have a significant impact on our financial condition, but could have an adverse impact on our results of operations. In addition, due to regulatory restrictions, the Company's subsidiary banks could be restricted from distributing available cash to the Parent resulting in the Parent needing to issue additional long-term debt.

In the second quarter of 2015, we performed our annual goodwill test on all seven reporting units using an income approach to estimate the fair values of each reporting unit. Estimated cash flows used in the income approach were based on management's projections as of April 1, 2015. The discount rate applied to these cash flows ranged from 10.0% to 11.5% and incorporated a 7.0% market equity risk premium. Estimated cash flows extend far into the future, and, by their nature, are difficult to estimate over such an extended time frame.

As of the date of the annual test, the fair values of six of the Company's reporting units were substantially in excess of the respective reporting units' carrying value. The fair value of the Asset Management reporting unit, which is one of the two reporting units in the Investment Management segment, exceeded its carrying value by approximately 16%. The Asset Management reporting unit had $7.4 billion of allocated goodwill. For the Asset Management reporting unit, in the future, small changes in the assumptions could produce a non-cash goodwill impairment, which would have no effect on our regulatory capital ratios. In addition, certain money market fee waiver practices and changes in the level of AUM could have an effect on Asset Management broadly, as well as the fair value of this reporting unit.

Key judgments in accounting for intangibles include useful life and classification between goodwill and indefinite-lived intangibles or other intangibles requiring amortization.

Indefinite-lived intangible assets are evaluated for impairment at least annually by comparing their fair values, estimated using discounted cash flow analyses, to their carrying values. Other amortizing intangible assets ($1.2 billion at Dec. 31, 2015) are evaluated for impairment if events and circumstances indicate a possible impairment. Such evaluation of other intangible assets is initially based on undiscounted cash flow projections.

See Notes 1 and 6 of the Notes to Consolidated Financial Statements for additional information regarding goodwill, intangible assets and the annual and interim impairment testing.

Pension accounting

BNY Mellon has defined benefit pension plans covering approximately 15,400 U.S. employees and approximately 13,200 non-U.S. employees.

BNY Mellon has two qualified and several non-qualified defined benefit pension plans in the U.S. and several pension plans overseas. As of Dec. 31, 2015, the U.S. plans accounted for 78% of the projected benefit obligation. The pension credit for BNY Mellon plans was $10 million in 2015 compared with pension expense of $68 million in 2014 and $176 million in 2013.

On Jan. 29, 2015, the board of directors approved an amendment to freeze benefit accruals under the U.S. qualified and nonqualified defined benefit plans effective June 30, 2015. This change resulted in no additional benefits being earned by participants in those plans based on service or pay after June 30, 2015. These plans were previously closed to new participants effective Dec. 31, 2010 at which time a non-elective contribution was added to the Company's defined contribution plan for employees not eligible to join the pension plan. Employees previously participating in the pension plan received this non-elective contribution starting July 1, 2015.

A total net pension credit of $44 million is expected to be recorded by BNY Mellon in 2016, assuming currency exchange rates at Dec. 31, 2015. The expected increase in the net pension credit in 2016 compared with 2015 is primarily driven by a decrease in pension costs due to higher discount rates and the freeze of benefit accruals for the U.S. plans, partially offset by an increase in pension costs due to a reduction in the expected long-term rate of return on plan assets for U.S. plans. The increase in the net pension credit compared with 2015 will be offset by a $13 million increase in the expense related to our defined contribution plans for participants that began receiving the 2% non-elective annual contribution to The Bank of New York Mellon Corporation 401(k) Savings Plan as a result of freezing benefit accruals under the U.S. qualified and nonqualified defined benefit plans effective June 30, 2015.

A number of key assumption and measurement date values determine pension expense. The key elements include the long-term rate of return on plan assets, the discount rate, the market-related value of plan assets and the price used to value stock in the Employee Stock Ownership Plan. Since 2013, these key elements have varied as follows:

(dollars in millions, except per share amounts)	**2016**	2015	2014	2013
Domestic plans:				
Long-term rate of return on plan assets	**7.00%**	7.25%	7.25%	7.25%
Discount rate *(a)*	**4.48%**	4.13%	4.99%	4.25%
Market-related value of plan assets *(b)*	**$ 4,830**	$ 4,696	$ 4,430	$ 4,121
ESOP stock price *(b)*	**$ 41.66**	$ 39.18	$ 32.81	$ 24.60
Net U.S. pension credit/(expense)	**N/A**	$ 52	$ (34)	$ (133)
All other net pension credit/(expense)	**N/A**	(42)	(34)	(43)
Total net pension credit/(expense)	**N/A**	$ 10	$ (68)	$ (176)

(a) As a result of the amendment to the U.S. pension plans, liabilities for 2015 were re-measured as of Jan. 29, 2015 at a discount rate of 3.73%.

(b) Market-related value of plan assets and ESOP stock price are for the beginning of the plan year. See "Summary of significant accounting and reporting policies" in Note 1 of the Notes to Consolidated Financial Statements. The market-related value of plan assets was $4,713 million as of the Jan. 29, 2015 re-measurement.

The discount rate for U.S. pension plans was determined after reviewing equivalent rates obtained by discounting the pension plans' expected cash flows using various high-quality, long-term corporate bond yield curves. We also reviewed the results of several models that matched bonds to our pension cash flows. After reviewing the various indices and models, we recommended a discount rate of 4.48% as of Dec. 31, 2015.

The discount rates for foreign pension plans are based on high-quality corporate bond rates in countries that have an active corporate bond market. In those countries without an active corporate bond market, discount rates are based on local government bond rates plus a credit spread.

Our expected long-term rate of return on plan assets is based on anticipated returns for each applicable asset class. Anticipated returns are weighted for the expected allocation for each asset class and are based on forecasts for prospective returns in the equity and fixed income markets, which should track the long-term historical returns for these markets. We also consider the growth outlook for U.S. and global economies, as well as current and prospective interest rates.

The market-related value of plan assets also influences the level of pension expense. Differences between expected and actual returns are recognized over five years to compute an actuarially derived market-related value of plan assets.

Unrecognized actuarial gains and losses are amortized over the future service period of active employees if they exceed a threshold amount. As of Dec. 31, 2015, BNY Mellon had $1.4 billion of unrecognized losses which are being amortized. As a result of the amendment to the U.S. pension plans described above, future unrecognized actuarial gains and losses for the U.S. pension plans that exceed a threshold amount will be amortized over the average future life expectancy of plan participants with a maximum of 15 years.

The annual impacts of hypothetical changes in the key assumptions on pension costs are shown in the table below.

Pension expense *(dollar amounts in millions, except per share amounts)*	Increase in pension expense		(Decrease) in pension expense	
Long-term rate of return on plan assets	(100) bps	(50) bps	50 bps	100 bps
Change in pension expense	$ 57	$ 29	$ (29)	$ (57)
Discount rate	(50) bps	(25) bps	25 bps	50 bps
Change in pension expense	$ 28	$ 14	$ (13)	$ (26)
Market-related value of plan assets	(20) %	(10) %	10 %	20 %
Change in pension expense	$ 168	$ 84	$ (83)	$ (161)
ESOP stock price	$ (10)	$ (5)	$ 5	$ 10
Change in pension expense	$ 7	$ 3	$ (3)	$ (6)

In addition to its pension plans, BNY Mellon has an ESOP. Benefits payable under The Bank of New York Mellon Corporation Pension Plan are offset by the equivalent value of benefits earned under the ESOP for employees who participated in the legacy Retirement Plan of The Bank of New York Company, Inc.

Consolidated balance sheet review

At Dec. 31, 2015, total assets were $394 billion compared with $385 billion at Dec. 31, 2014. Total assets averaged $372 billion in 2015 compared with $373 billion in 2014. Fluctuations in the period-end and average total assets were primarily driven by higher customer deposits, partially offset by the adoption of new accounting guidance related to consolidations effective Jan.1, 2015. Deposits totaled $280 billion at Dec. 31, 2015 and $266 billion at Dec. 31, 2014. Total deposits averaged $251 billion in 2015 and $243 billion in 2014. At Dec. 31, 2015, total interest-bearing deposits were 54% of total interest-earning assets, compared with 51% at Dec. 31, 2014.

At Dec. 31, 2015, we had $39 billion of liquid funds (which include interest-bearing deposits with banks and federal funds sold and securities purchased under resale agreements) and $120 billion of cash (including $113 billion of overnight deposits with the Federal Reserve and other central banks) for a total of $159 billion of available funds. This compares with available funds of $143 billion at Dec. 31, 2014. The increase in available funds primarily reflects the increase of overnight deposits with the Federal Reserve and central banks, partially offset by our strategic effort to reduce our level of interbank deposits. Total available funds as a percentage of total assets was 40% at Dec. 31, 2015 compared with 37% at Dec. 31, 2014. Of the $39 billion in liquid funds held at Dec. 31, 2015, $15 billion was placed in interest-bearing deposits with large, highly-rated global financial institutions with a weighted-average life to maturity of approximately 39 days. Of the $15 billion, $3 billion was placed with banks in the Eurozone.

Investment securities were $119.2 billion, or 30% of total assets, at Dec. 31, 2015, compared with $119.3 billion, or 31% of total assets, at Dec. 31, 2014. The decrease primarily reflects lower unrealized gains and a decrease in sovereign debt/sovereign guaranteed and state and political subdivisions, partially offset by additional investments in Agency RMBS and U.S. Government agencies securities.

Loans were $63.7 billion, or 16% of total assets, at Dec. 31, 2015, compared with $59.1 billion, or 15% of total assets, at Dec. 31, 2014. The increase primarily reflects higher financial institution loans, wealth management loans and mortgages and commercial real estate loans, partially offset by lower overdrafts.

Long-term debt totaled $21.5 billion at Dec. 31, 2015 and $20.3 billion at Dec. 31, 2014. In 2015, the Parent issued $5.0 billion of senior debt and $3.05 billion of long-term debt matured. Additionally, the Parent called $600 million of senior debt in 2015.

The Bank of New York Mellon Corporation total shareholders' equity increased to $38.0 billion from $37.4 billion at Dec. 31, 2014. The increase primarily reflects earnings retention, the issuance of $1 billion of noncumulative perpetual preferred stock and approximately $662 million resulting from stock awards, the exercise of stock options and stock issued for employee benefit plans. The increase was partially offset by share repurchases, foreign currency translation adjustments, and a decrease in the unrealized gain on our investment securities portfolio.

Investment securities

In the discussion of our investment securities portfolio, we have included certain credit ratings information because the information indicates the degree of credit risk to which we are exposed. Significant changes in ratings classifications for our investment securities portfolio could indicate increased credit risk for us and could be accompanied by a reduction in the fair value of our investment securities portfolio.

The following table presents the distribution of our total investment securities portfolio.

Investment securities portfolio (dollars in millions)	Dec. 31, 2014 Fair value	2015 change in unrealized gain (loss)	Dec. 31, 2015 Amortized cost	Dec. 31, 2015 Fair value	Fair value as a % of amortized cost *(a)*	Unrealized gain (loss)	Ratings AAA/ AA-	Ratings A+/ A-	Ratings BBB+/ BBB-	Ratings BB+ and lower	Ratings Not rated
Agency RMBS	$ 46,762	$ (309)	**$ 49,585**	**$ 49,464**	100%	$ (121)	100%	—%	—%	—%	—%
U.S. Treasury	24,857	(317)	**24,019**	**23,920**	100	(99)	100	—	—	—	—
Sovereign debt/sovereign guaranteed *(b)*	18,253	(26)	**16,574**	**16,708**	101	134	75	—	25	—	—
Non-agency RMBS *(c)*	2,214	(113)	**1,435**	**1,789**	81	354	—	1	1	90	8
Non-agency RMBS	1,113	(4)	**900**	**914**	94	14	7	5	18	69	1
European floating rate notes *(d)*	1,959	(16)	**1,369**	**1,345**	98	(24)	68	27	5	—	—
Commercial MBS	4,997	(81)	**5,868**	**5,826**	99	(42)	95	4	1	—	—
State and political subdivisions	5,271	6	**3,988**	**4,065**	102	77	80	17	—	—	3
Foreign covered bonds *(e)*	2,866	(37)	**2,201**	**2,242**	102	41	100	—	—	—	—
Corporate bonds	1,785	(26)	**1,740**	**1,752**	101	12	21	66	13	—	—
CLOs	2,111	(14)	**2,363**	**2,351**	99	(12)	100	—	—	—	—
U.S. Government agencies	684	(5)	**1,817**	**1,810**	100	(7)	100	—	—	—	—
Consumer ABS	3,240	(15)	**2,909**	**2,893**	99	(16)	100	—	—	—	—
Other *(f)*	3,032	38	**3,654**	**3,700**	101	46	45	—	51	—	4
Total investment securities	$ 119,144 *(g)*	**$ (919)**	**$ 118,422**	**$ 118,779** *(g)*	**100%**	**$ 357** *(g)(h)*	**90%**	**2%**	**6%**	**2%**	**—%**

(a) *Amortized cost before impairments.*
(b) *Primarily consists of exposure to UK, France, Germany, Spain, and Italy.*
(c) *These RMBS were included in the former Grantor Trust and were marked-to-market in 2009. We believe these RMBS would receive higher credit ratings if these ratings incorporated, as additional credit enhancements, the difference between the written-down amortized cost and the current face amount of each of these securities.*
(d) *Includes RMBS and commercial MBS. Primarily consists of exposure to UK and Netherlands.*
(e) *Primarily consists of exposure to Canada, UK and Netherlands.*
(f) *Includes commercial paper with a fair value of $1.6 billion and $1.9 billion and money market funds with a fair value of $763 million and $886 million at Dec. 31, 2014 and Dec. 31, 2015, respectively.*
(g) *Includes net unrealized losses on derivatives hedging securities available-for-sale of $313 million at Dec. 31, 2014 and $292 million at Dec. 31, 2015.*
(h) *Unrealized gains of $465 million at Dec. 31, 2015 related to available-for-sale securities.*

The fair value of our investment securities portfolio was $118.8 billion at Dec. 31, 2015 compared with $119.1 billion at Dec. 31, 2014. The decrease primarily reflects lower unrealized gains and a decrease in sovereign debt/sovereign guaranteed and state and political subdivisions, partially offset by additional investments in Agency RMBS and U.S. Government agencies securities.

At Dec. 31, 2015, the total investment securities portfolio had a net unrealized pre-tax gain of $357 million compared with $1.3 billion at Dec. 31, 2014, including the impact of related hedges. The decrease in the net unrealized pre-tax gain was primarily driven by an increase in interest rates. The unrealized gain net of tax on our available-for-sale investment securities portfolio included in accumulated other comprehensive income was $329 million at Dec. 31, 2015, compared with $675 million at Dec. 31, 2014.

At both Dec. 31, 2015 and Dec. 31, 2014, 90% of the securities in our portfolio were rated AAA/AA-.

We routinely test our investment securities for OTTI. See "Critical accounting estimates" for additional information regarding OTTI.

The following table presents the amortizable purchase premium (net of discount) related to the investment securities portfolio and accretable discount related to the 2009 restructuring of the investment securities portfolio.

Net premium amortization and discount accretion of investment securities *(a)*			
(dollars in millions)	**2015**	2014	2013
Amortizable purchase premium (net of discount) relating to investment securities:			
Balance at period end	**$ 2,319**	$ 2,432	$ 2,377
Estimated average life remaining at period end *(in years)*	**4.7**	4.8	5.2
Amortization	**$ 693**	$ 626	$ 625
Accretable discount related to the prior restructuring of the investment securities portfolio:			
Balance at period end	**$ 355**	$ 413	$ 642
Estimated average life remaining at period end *(in years)*	**6.1**	5.9	6.0
Accretion	**$ 126**	$ 163	$ 218

(a) Amortization of purchase premium decreases net interest revenue while accretion of discount increases net interest revenue. Both were recorded on a level yield basis.

The following table presents pre-tax net securities gains (losses) by type.

Net securities gains (losses)			
(in millions)	**2015**	2014	2013
U.S. Treasury	**$ 45**	$ 25	$ 60
Non-agency RMBS	**7**	17	(1)
Commercial MBS	**5**	1	16
State and political subdivisions	**4**	13	13
European floating rate notes	**2**	1	8
Other	**20**	34	45
Total net securities gains	**$ 83**	$ 91	$ 141

The following table shows the fair value of the European floating rate notes by geographical location at Dec. 31, 2015. The unrealized loss on these securities was $24 million at Dec. 31, 2015, compared with $8 million at Dec. 31, 2014.

European floating rate notes at Dec. 31, 2015 *(a)*			
(in millions)	RMBS	Other	Total fair value
United Kingdom	$ 772	$ 71	$ 843
Netherlands	379	—	379
Ireland	121	—	121
Other	2	—	2
Total fair value	$ 1,274	$ 71	$ 1,345

(a) 68% of these securities are in the AAA to AA- ratings category.

See Note 20 of the Notes to Consolidated Financial Statements for details of securities by level in the fair value hierarchy.

Equity investments

Our equity in joint venture and other investments are primarily categorized as other assets. The following table presents the carrying values at Dec. 31, 2015 and 2014.

Equity in joint venture and other investments	**Dec. 31**	
(in millions)	**2015**	2014
Equity in joint venture and other investments:		
CIBC Mellon	**$ 473**	$ 550
Siguler Guff	**262**	272
ConvergEx	**86**	105
Other equity investments	**218**	203
Total equity in joint venture and other investments	**1,039**	1,130
Tax advantaged low income housing investments	**918**	853
Federal Reserve Bank stock	**453**	447
Seed capital	**245**	406
Renewable energy investments	**640**	383
Private equity investments	**34**	68
Total equity in joint venture and other investments	**$ 3,329**	$ 3,287

Dividends on the Federal Reserve Bank stock were paid quarterly at a 6% annual rate in 2015. Beginning in 2016, the dividend on the Federal Reserve Bank stock will be paid quarterly at the lesser of (a) the yield on the 10-year U.S. Treasury note at the last auction prior to the payment of the dividend, and (b) 6% annual rate.

For additional information on the fair value of certain seed capital investments and our private equity investments, see Note 7 of the Notes to Consolidated Financial Statements.

Private equity activities consist of investments in private equity funds, mezzanine financings, small business investment companies ("SBICs") and direct equity investments. The carrying and fair value of our private equity investments was $34 million at Dec. 31, 2015, a decrease of $34 million from Dec. 31, 2014. At Dec. 31, 2015, all of our private equity investments are Volcker-compliant SBICs and totaled $34 million. Income on these investments was $1 million in 2015.

At Dec. 31, 2015, we had $58 million of unfunded investment commitments to Volcker-compliant SBICs. If unused, the commitments expire between 2022 and 2025.

Commitments to private equity limited partnerships may extend beyond the expiration period shown above to cover certain follow-on investments, claims and liabilities, and organizational and partnership expenses.

Loans

Total exposure – consolidated	**Dec. 31, 2015**			Dec. 31, 2014		
(in billions)	**Loans**	**Unfunded commitments**	**Total exposure**	Loans	Unfunded commitments	Total exposure
Non-margin loans:						
Financial institutions	**$ 15.9**	**$ 36.0**	**$ 51.9**	$ 13.3	$ 15.5	$ 28.8
Commercial	**2.3**	**18.2**	**20.5**	1.7	18.7	20.4
Subtotal institutional	**18.2**	**54.2**	**72.4**	15.0	34.2	49.2
Wealth management loans and mortgages	**13.3**	**1.6**	**14.9**	11.2	1.7	12.9
Commercial real estate	**3.9**	**3.3**	**7.2**	2.5	2.7	5.2
Lease financings	**1.9**	**—**	**1.9**	2.2	—	2.2
Other residential mortgages	**1.1**	**—**	**1.1**	1.2	—	1.2
Overdrafts	**4.5**	**—**	**4.5**	5.9	—	5.9
Other	**1.2**	**—**	**1.2**	1.1	—	1.1
Subtotal non-margin loans	**44.1**	**59.1**	**103.2**	39.1	38.6	77.7
Margin loans	**19.6**	**0.6**	**20.2**	20.0	0.7	20.7
Total	**$ 63.7**	**$ 59.7**	**$ 123.4**	$ 59.1	$ 39.3	$ 98.4

At Dec. 31, 2015, total exposures were $123.4 billion, an increase of 25% from $98.4 billion at Dec. 31, 2014. The increase in total exposure primarily reflects higher unfunded commitments in the financial institutions portfolio related to secured intraday credit provided to dealers in connection with their tri-party repo activity.

Our financial institutions and commercial portfolios comprise our largest concentrated risk. These portfolios comprised 59% of our total lending exposure at Dec. 31, 2015 and 50% at Dec. 31, 2014. The increase reflects higher unfunded commitments related to secured intraday credit provided to dealers in connection with their tri-party repo activity. Additionally, a substantial portion of our overdrafts relate to financial institutions.

Financial institutions

The diversity of the financial institutions portfolio is shown in the following table.

Financial institutions portfolio exposure (dollar amounts in billions)	Dec. 31, 2015					Dec. 31, 2014		
	Loans	Unfunded commitments	Total exposure	% Inv. grade	% due <1 yr	Loans	Unfunded commitments	Total exposure
Securities industry	$ 3.1	$ 20.6	$ 23.7	99%	99%	$ 3.1	$ 1.1	$ 4.2
Banks	9.4	2.1	11.5	86	91	7.6	1.7	9.3
Asset managers	2.0	5.6	7.6	99	83	2.0	4.8	6.8
Insurance	0.2	4.5	4.7	99	16	0.1	4.0	4.1
Government	0.1	1.9	2.0	94	64	0.1	2.9	3.0
Other	1.1	1.3	2.4	98	22	0.4	1.0	1.4
Total	$ 15.9	$ 36.0	$ 51.9	96%	82%	$ 13.3	$ 15.5	$ 28.8

The financial institutions portfolio exposure was $51.9 billion at Dec. 31, 2015 compared with $28.8 billion at Dec. 31, 2014. The increase primarily reflects higher unfunded commitments in the securities industry portfolio related to secured intraday credit provided to dealers in connection with their tri-party repo activity.

In April 2015, we reduced the amount of secured intraday credit we provide to dealers in connection with dealers' tri-party repo activity by fully converting the secured intraday credit from uncommitted credit to committed credit. The committed credit requires dealers to fully secure the outstanding intraday credit with high-quality liquid assets having a market value in excess of the amount of the outstanding credit. At Dec. 31, 2015, the secured intraday credit provided to dealers in connection with their tri-party repo activity totaled $19.6 billion and was primarily included in the securities industry portfolio.

Moving forward, BNY Mellon will continue to invest in and enhance its tri-party repo capabilities, including working closely with market participants to improve the process for settling Interbank General Collateral Finance repo trades.

Financial institution exposures are high-quality, with 96% of the exposures meeting the investment grade equivalent criteria of our internal credit rating classification at Dec. 31, 2015. Each customer is assigned an internal credit rating, which is mapped to an equivalent external rating agency grade based upon a number of dimensions which are continually evaluated and may change over time. The exposure to financial institutions is generally short-term. Of these exposures, 82% expire within one year and 20% expire within 90 days. In addition, 62% of the financial institutions exposure is secured. For example, securities industry and asset managers often borrow against marketable securities held in custody.

For ratings of non-U.S. counterparties, as a conservative measure, our internal credit rating is generally capped at a rating equivalent to the sovereign rating of the country where the counterparty resides regardless of the internal credit rating assigned to the counterparty or the underlying collateral.

Our bank exposure primarily relates to our global trade finance and U.S. dollar-clearing businesses. These exposures are predominately to investment grade counterparties and are short term in nature.

The asset manager portfolio exposures are high-quality with 99% of the exposures meeting our investment grade equivalent ratings criteria as of Dec. 31, 2015. These exposures are generally short-term liquidity facilities, with the vast majority to regulated mutual funds.

Commercial

The diversity of the commercial portfolio is presented in the following table.

Commercial portfolio exposure	**Dec. 31, 2015**					Dec. 31, 2014		
(dollar amounts in billions)	**Loans**	**Unfunded commitments**	**Total exposure**	**% Inv. grade**	**% due <1 yr**	Loans	Unfunded commitments	Total exposure
Manufacturing	**$ 0.6**	**$ 6.3**	**$ 6.9**	**92%**	**13%**	$ 0.3	$ 5.7	$ 6.0
Services and other	**0.8**	**5.5**	**6.3**	**94**	**17**	0.8	5.9	6.7
Energy and utilities	**0.6**	**4.9**	**5.5**	**97**	**14**	0.5	5.6	6.1
Media and telecom	**0.3**	**1.5**	**1.8**	**93**	**—**	0.1	1.5	1.6
Total	**$ 2.3**	**$ 18.2**	**$ 20.5**	**94%**	**13%**	$ 1.7	$ 18.7	$ 20.4

The commercial portfolio exposure increased slightly to $20.5 billion at Dec. 31, 2015 from $20.4 billion at Dec. 31, 2014, primarily reflecting an increase in exposure in the manufacturing and media and telecom portfolios, partially offset by a decrease in exposure to the energy and utilities and services and other portfolios. Utilities-related exposure represents approximately three-quarters of the energy and utilities portfolio. The remaining exposure in the energy and utilities portfolio, which includes exposure to refining, integrated companies, exploration and production companies and pipelines, was 94% investment grade at Dec. 31, 2015.

The table below summarizes the percentage of the financial institutions and commercial portfolio exposures that are investment grade.

Percentage of the portfolios that are investment grade	**Dec. 31, 2015**	2014	2013
Financial institutions	**96%**	93%	93%
Commercial	**94%**	94%	94%

Our credit strategy is to focus on investment grade names to support cross-selling opportunities. The execution of our strategy has resulted in 96% of our financial institutions portfolio and 94% of our commercial portfolio rated as investment grade at Dec. 31, 2015.

Wealth management loans and mortgages

Our wealth management exposure was $14.9 billion at Dec. 31, 2015 compared with $12.9 billion at Dec. 31, 2014. Wealth management loans and mortgages primarily consist of loans to high-net-worth individuals, which are secured by marketable securities and/or residential property. Wealth management mortgages are primarily interest-only adjustable rate mortgages with a weighted-average loan-to-value ratio of 61% at origination. In the wealth management portfolio, less than 1% of the mortgages were past due at Dec. 31, 2015.

At Dec. 31, 2015, the wealth management mortgage portfolio consisted of the following geographic concentrations: California - 23%; New York - 21%; Massachusetts - 13%; Florida - 8%; and other - 35%.

Commercial real estate

Our income producing commercial real estate facilities are focused on experienced owners and are structured with moderate leverage based on existing cash flows. Our commercial real estate lending activities also include construction and renovation facilities. Our client base consists of experienced developers and long-term holders of real estate assets. Loans are approved on the basis of existing or projected cash flows, and supported by appraisals and knowledge of local market conditions. Development loans are structured with moderate leverage, and in many instances, involve some level of recourse to the developer. Our commercial real estate exposure totaled $7.2 billion at Dec. 31, 2015 compared with $5.2 billion at Dec. 31, 2014.

At Dec. 31, 2015, 61% of our commercial real estate portfolio was secured. The secured portfolio is diverse by project type, with 53% secured by residential buildings, 27% secured by office buildings, 14% secured by retail properties and 6% secured by other categories. Approximately 98% of the unsecured portfolio consists of real estate investment trusts (“REITs”), which are predominantly investment grade, and real estate operating companies.

At Dec. 31, 2015, our commercial real estate portfolio consists of the following concentrations: New York metro - 41%; REITs and real estate operating companies - 39%; and other - 20%.

Lease financings

The leasing portfolio exposure totaled $1.9 billion at Dec. 31, 2015, compared with $2.2 billion at Dec. 31, 2014. At Dec. 31, 2015, approximately 86% of the leasing portfolio exposure was investment grade, or investment grade equivalent.

At Dec. 31, 2015, the lease financing portfolio consisted of exposures backed by well-diversified assets, primarily large-ticket transportation equipment. The largest component is rail, consisting of both passenger and freight train cars. Assets are both domestic and foreign-based, with primary concentrations in the United States and Germany. Approximately 46% of this portfolio is additionally secured by highly rated securities and/or letters of credit from investment grade issuers. Counterparty rating equivalents at Dec. 31, 2015 were as follows:

- 39% of the counterparties were A, or equivalent;
- 47% were BBB; and
- 14% were non-investment grade.

The lease financing portfolio is part of our tax management strategy.

Other residential mortgages

The other residential mortgages portfolio primarily consists of 1-4 family residential mortgage loans and totaled $1.1 billion at Dec. 31, 2015 and $1.2 billion at Dec. 31, 2014. Included in this portfolio at Dec. 31, 2015 are $283 million of mortgage loans purchased in 2005, 2006 and the first quarter of 2007 that are predominantly prime mortgage loans, with a small portion of Alt-A loans. As of Dec. 31, 2015, the purchased loans in this portfolio had a weighted-average loan-to-value ratio of 76% at origination and 16% of the serviced loan balance was at least 60 days delinquent. The properties securing the prime and Alt-A mortgage loans were located (in order of concentration) in California, Florida, Virginia, the tri-state area (New York, New Jersey and Connecticut) and Maryland.

To determine the projected loss on the prime and Alt-A mortgage portfolios, we calculate the total estimated defaults of these mortgages and multiply that amount by an estimate of realizable value upon sale in the marketplace (severity).

Overdrafts

Overdrafts primarily relate to custody and securities clearance clients. Overdrafts occur on a daily basis in the custody and securities clearance business and are generally repaid within two business days.

Other loans

Other loans primarily include loans to consumers that are fully collateralized with equities, mutual funds and fixed income securities.

Margin loans

Margin loans are collateralized with marketable securities and borrowers are required to maintain a daily collateral margin in excess of 100% of the value of the loan. Margin loans included $7.8 billion of loans at Dec. 31, 2015 and $8.7 billion at Dec. 31, 2014 related to a term loan program that offers fully collateralized loans to broker-dealers.

Loans by category

The following table shows trends in the loans outstanding at year-end over the last five years.

Loans by category – at year-end *(in millions)*	**2015**	2014	2013	2012	2011
Domestic:					
Financial institutions	**$ 6,640**	$ 5,603	$ 4,511	$ 5,455	$ 4,606
Commercial	**2,115**	1,390	1,534	1,306	752
Wealth management loans and mortgages	**13,247**	11,095	9,743	8,796	7,342
Commercial real estate	**3,899**	2,524	2,001	1,677	1,449
Lease financings	**1,007**	1,282	1,322	1,329	1,558
Other residential mortgages	**1,055**	1,222	1,385	1,632	1,923
Overdrafts	**911**	1,348	1,314	2,228	2,958
Other	**1,137**	1,113	768	639	623
Margin loans	**19,340**	20,034	15,652	13,397	12,760
Total domestic	**49,351**	45,611	38,230	36,459	33,971
Foreign:					
Financial institutions	**9,259**	7,716	9,848	5,833	6,538
Commercial	**227**	252	113	111	528
Wealth management loans and mortgages	**100**	89	75	68	—
Commercial real estate	**46**	6	9	63	—
Lease financings	**850**	889	945	1,025	1,051
Other (primarily overdrafts)	**3,637**	4,569	2,437	3,070	1,891
Margin loans	**233**	—	—	—	—
Total foreign	**14,352**	13,521	13,427	10,170	10,008
Total loans *(a)*	**$ 63,703**	$ 59,132	$ 51,657	$ 46,629	$ 43,979

(a) *Net of unearned income of $674 million at Dec. 31, 2015, $866 million at Dec. 31, 2014, $1,020 million at Dec. 31, 2013, $1,135 million at Dec. 31, 2012 and $1,343 million at Dec. 31, 2011, primarily on domestic and foreign lease financings.*

Maturity of loan portfolio

The following table shows the maturity structure of our loan portfolio at Dec. 31, 2015.

Maturity of loan portfolio at Dec. 31, 2015 *(a)* *(in millions)*	Within 1 year	Between 1 and 5 years	After 5 years	Total
Domestic:				
Financial institutions	$ 5,279	$ 693	$ 668	$ 6,640
Commercial	389	1,606	120	2,115
Commercial real estate	598	2,064	1,237	3,899
Overdrafts	911	—	—	911
Other	1,137	—	—	1,137
Margin loans	18,840	500	—	19,340
Subtotal	27,154	4,863	2,025	34,042
Foreign	12,650	596	156	13,402
Total	$ 39,804	$ 5,459 *(b)*	$ 2,181 *(b)*	$ 47,444

(a) *Excludes loans collateralized by residential properties, lease financings and wealth management loans and mortgages.*
(b) *Variable rate loans due after one year totaled $7.4 billion and fixed rate loans totaled $79 million.*

International loans

We have credit relationships in the international markets, particularly in areas associated with our securities servicing and trade finance activities. Excluding lease financings, these activities resulted in outstanding international loans of $13.5 billion at Dec. 31, 2015 and $12.6 billion at Dec. 31, 2014. The increase primarily resulted from higher loans to financial institutions and margin loans, partially offset by lower overdrafts.

Asset quality and allowance for credit losses

Over the past several years, we have improved our risk profile through greater focus on clients who are active users of our non-credit services, de-emphasizing broad-based loan growth. Our primary exposure to the credit risk of a customer consists of funded loans, unfunded formal contractual commitments to lend, standby letters of credit and overdrafts associated with our custody and securities clearance businesses.

The role of credit has shifted to one that complements our other services instead of as a lead product. We believe credit solidifies customer relationships and, through a disciplined allocation of capital, can earn acceptable rates of return as part of an overall relationship.

The following table details changes in our allowance for credit losses.

Allowance for credit losses activity *(dollar amounts in millions)*	**2015**	2014	2013	2012	2011
Margin loans	**$ 19,573**	$ 20,034	$ 15,652	$ 13,397	$ 12,760
Non-margin loans	**43,708**	39,077	36,005	33,232	31,219
Total loans	**$ 63,281**	$ 59,111	$ 51,657	$ 46,629	$ 43,979
Average loans outstanding	**$ 60,672**	$ 54,210	$ 48,316	$ 43,060	$ 40,919
Balance, Jan. 1					
Domestic	**$ 236**	$ 288	$ 339	$ 439	$ 511
Foreign	**44**	56	48	58	60
Total allowance at Jan. 1	**280**	344	387	497	571
Charge-offs:					
Commercial	**—**	(12)	(4)	(2)	(6)
Commercial real estate	**—**	(2)	(1)	—	(4)
Financial institutions	**(170)**	—	—	(13)	(8)
Wealth management loans and mortgages	**—**	(1)	(1)	(1)	(1)
Other residential mortgages	**(2)**	(2)	(8)	(22)	(56)
Foreign	**—**	(3)	(3)	—	(8)
Total charge-offs	**(172)**	(20)	(17)	(38)	(83)
Recoveries:					
Commercial	**—**	1	1	2	3
Financial institutions	**1**	1	4	—	2
Other residential mortgages	**6**	2	4	6	3
Total recoveries	**7**	4	9	8	8
Net charge-offs	**(165)**	(16)	(8)	(30)	(75)
Provision for credit losses	**160**	(48)	(35)	(80)	1
Balance, Dec. 31,					
Domestic	**240**	236	288	339	439
Foreign	**35**	44	56	48	58
Total allowance, Dec. 31,	**$ 275**	$ 280	$ 344	$ 387	$ 497
Allowance for loan losses	**$ 157**	$ 191	$ 210	$ 266	$ 394
Allowance for lending-related commitments	**118**	89	134	121	103
Net charge-offs to average loans outstanding	**0.27%**	0.03%	0.02%	0.07%	0.18%
Net charge-offs to total allowance for credit losses	**60.00**	5.71	2.33	7.75	15.09
Allowance for loan losses as a percentage of total loans	**0.25**	0.32	0.41	0.57	0.90
Allowance for loan losses as a percentage of non-margin loans	**0.36**	0.49	0.58	0.80	1.26
Total allowance for credit losses as a percentage of total loans	**0.43**	0.47	0.67	0.83	1.13
Total allowance for credit losses as a percentage of non-margin loans	**0.63**	0.72	0.96	1.16	1.59

Net charge-offs of $165 million in 2015 were primarily reflected in the financial institution portfolios and included a portion of the unsecured loan to Sentinel that was reestablished in December 2015. Net charge-offs of $16 million in 2014 were primarily reflected in the commercial loan and foreign loan portfolios. Net charge-offs of $8 million in 2013 were primarily reflected in the other residential mortgages, commercial loan and foreign loan portfolios.

The provision for credit losses was $160 million in 2015, a credit of $48 million in 2014 and a credit of $35 million in 2013.

The total allowance for credit losses was $275 million at Dec. 31, 2015, $280 million at Dec. 31, 2014 and $344 million at Dec. 31, 2013. The ratio of the total allowance for credit losses to non-margin loans was 0.63% at Dec. 31, 2015, 0.72% at Dec. 31, 2014 and 0.96% at Dec. 31, 2013. The ratio of the allowance for loan losses to non-margin loans was 0.36% at Dec. 31, 2015 compared with 0.49% at Dec. 31, 2014 and 0.58% at Dec. 31, 2013. The decrease in the total allowance for credit losses and the lower ratios at Dec. 31, 2015 compared with Dec. 31, 2014 primarily reflects an improvement in the credit quality in the loan portfolio.

We had $19.6 billion of secured margin loans on our balance sheet at Dec. 31, 2015 compared with $20.0 billion at Dec. 31, 2014 and $15.7 billion at Dec. 31, 2013. We have rarely suffered a loss on these types of loans and do not allocate any of our allowance for credit losses to them. As a result, we believe that the ratio of total allowance for credit losses as a percentage of non-margin loans is a more appropriate metric to measure the adequacy of the reserve.

The allowance for loan losses and allowance for lending-related commitments represent management's estimate of probable losses inherent in our credit portfolio. This evaluation process is subject to numerous estimates and judgments.

Based on an evaluation of the allowance for credit losses as discussed in "Critical accounting estimates" and Note 1 of the Notes to Consolidated Financial Statements, we have allocated our allowance for credit losses as follows.

Allocation of allowance	Dec. 31,				
	2015	2014	2013	2012	2011
Commercial	**30%**	21%	24%	27%	18%
Commercial real estate	**22**	18	12	8	7
Foreign	**13**	16	16	12	12
Other residential mortgages	**12**	14	16	23	31
Financial institutions	**11**	11	14	9	13
Wealth management *(a)*	**7**	8	7	8	6
Lease financing	**5**	12	11	13	13
Total	**100%**	100%	100%	100%	100%

(a) Includes the allowance for wealth management mortgages.

The allocation of the allowance for credit losses is inherently judgmental, and the entire allowance for credit losses is available to absorb credit losses regardless of the nature of the loss.

Nonperforming assets

The following table shows the distribution of nonperforming assets at the end of each of the last five years.

Nonperforming assets	Dec. 31,				
(dollars in millions)	**2015**	2014	2013	2012	2011
Loans:					
Financial institutions	**$ 171**	$ —	$ —	$ 3	$ 23
Other residential mortgages	**102**	112	117	158	203
Wealth management loans and mortgages	**11**	12	11	30	32
Commercial real estate	**2**	1	4	18	40
Commercial	**—**	—	15	27	21
Foreign	**—**	—	6	9	10
Total nonperforming loans	**286**	125	153	245	329
Other assets owned	**6**	3	3	4	12
Total nonperforming assets *(a)*	**$ 292**	128	$ 156	$ 249	$ 341
Nonperforming assets ratio	**0.46%**	0.22%	0.30%	0.53%	0.78%
Nonperforming assets ratio, excluding margin loans	**0.7**	0.3	0.4	0.7	1.1
Allowance for loan losses/nonperforming loans	**54.9**	152.8	137.3	108.6	119.8
Allowance for loan losses/nonperforming assets	**53.8**	149.2	134.6	106.8	115.5
Total allowance for credit losses/nonperforming loans	**96.2**	224.0	224.8	158.0	151.1
Total allowance for credit losses/nonperforming assets	**94.2**	218.8	220.5	155.4	145.7

(a) Loans of consolidated investment management funds are not part of BNY Mellon's loan portfolio. Included in the loans of consolidated investment management funds are nonperforming loans of $53 million at Dec. 31, 2014, $16 million at Dec. 31, 2013, $174 million at Dec. 31, 2012, and $101 million at Dec. 31, 2011. These loans are recorded at fair value and therefore do not impact the provision for credit losses and allowance for loan losses, and accordingly are excluded from the nonperforming assets table above. In the second quarter of 2015, BNY Mellon adopted the new accounting guidance included in ASU 2015-02, Consolidations. As a result, we deconsolidated substantially all of the loans of consolidated investment management funds retrospectively to Jan. 1, 2015.

Nonperforming assets activity *(in millions)*		**2015**		2014
Balance at beginning of period	**$**	**128**	$	156
Additions		**360**		35
Return to accrual status		**(3)**		(14)
Charge-offs		**(172)**		(9)
Paydowns/sales		**(21)**		(40)
Balance at end of period	**$**	**292**	$	128

Nonperforming assets were $292 million at Dec. 31, 2015, an increase of $164 million compared with $128 million at Dec. 31, 2014. The increase in nonperforming loans primarily reflect the addition of an unsecured loan in the financial institutions portfolio related to Sentinel.

The following table shows loans past due 90 days or more and still accruing interest.

Past due loans >90 days still accruing interest at year-end *(in millions)*		**2015**		2014		2013		2012		2011
Domestic:										
Consumer	**$**	**5**	$	6	$	7	$	6	$	13
Commercial		**—**		—		—		—		—
Total domestic		**5**		6		7		6		13
Foreign		**—**		—		—		—		—
Total past due loans	**$**	**5**	$	6	$	7	$	6	$	13

Loans past due 90 days or more at Dec. 31, 2015 primarily consisted of other residential mortgage loans. See Note 5 of the Notes to Consolidated Financial Statements for additional information on our past due loans. See “Nonperforming assets” in Note 1 of the Notes to Consolidated Financial Statements for our policy for placing loans on nonaccrual status.

Deposits

We receive client deposits through a variety of investment management and investment servicing businesses and we rely on those deposits as a low-cost and stable source of funding.

Total deposits were $279.6 billion, an increase of 5% compared with $265.9 billion at Dec. 31, 2014. The increase in deposits primarily reflects higher interest-bearing deposits in non-U.S. offices primarily driven by higher client deposits in our Investment Services business.

Noninterest-bearing deposits were $96.3 billion at Dec. 31, 2015 compared with $104.3 billion at Dec. 31, 2014. Interest-bearing deposits were $183.3 billion at Dec. 31, 2015 compared with $161.6 billion at Dec. 31, 2014.

The aggregate amount of deposits by foreign customers in domestic offices was $28.1 billion and $28.3 billion at Dec. 31, 2015 and 2014, respectively.

Deposits in foreign offices totaled $138.8 billion at Dec. 31, 2015 and $116.7 billion at Dec. 31, 2014. The majority of these deposits were in amounts in excess of $100,000 and were primarily overnight foreign deposits.

The following table shows the maturity breakdown of domestic time deposits of $100,000 or more at Dec. 31, 2015.

Domestic time deposits > $100,000 at Dec. 31, 2015 *(in millions)*		Certificates of deposit		Other time deposits		Total
3 months or less	**$**	**26**	**$**	**41,595**	**$**	**41,621**
Between 3 and 6 months		**6**		**—**		**6**
Between 6 and 12 months		**14**		**—**		**14**
Over 12 months		**3**		**1**		**4**
Total	**$**	**49**	**$**	**41,596**	**$**	**41,645**

Short-term borrowings

We fund ourselves primarily through deposits and, to a lesser extent, other short-term borrowings and long-term debt. Short-term borrowings consist of federal funds purchased and securities sold under repurchase agreements, payables to customers and broker-dealers and other borrowed funds. Certain other borrowings, for example, securities sold under repurchase agreements, require the delivery of securities as collateral.

See “Liquidity and dividends” below for a discussion of long-term debt and liquidity metrics that we monitor.

Information related to federal funds purchased and securities sold under repurchase agreements is presented below.

Federal funds purchased and securities sold under repurchase agreements			
(dollars in millions)	**2015**	2014	2013
Maximum daily balance during the year	**$ 30,238**	$ 29,522	$ 23,022
Average daily balance	**$ 16,452**	$ 18,631	$ 10,942
Weighted-average rate during the year	**(0.04)%**	(0.07)%	(0.15)%
Ending balance at Dec. 31	**$ 15,002**	$ 11,469	$ 9,648
Weighted-average rate at Dec. 31	**0.10 %**	(0.02)%	(0.11)%

Federal funds purchased and securities sold under repurchase agreements	Quarter ended		
(dollars in millions)	**Dec. 31, 2015**	Sept. 30, 2015	Dec. 31, 2014
Maximum daily balance during the quarter	**$ 30,238**	$ 26,813	$ 26,777
Average daily balance	**$ 20,349**	$ 14,796	$ 20,285
Weighted-average rate during the quarter	**(0.03)%**	(0.04)%	(0.05)%
Ending balance	**$ 15,002**	$ 8,824	$ 11,469
Weighted-average rate at period end	**0.10 %**	(0.08)%	(0.02)%

Fluctuations of federal funds purchased and securities sold under repurchase agreements between periods resulted from overnight borrowing opportunities. The weighted-average rates in all periods presented reflect revenue earned on securities sold under repurchase agreements related to certain securities for which we were able to charge for lending them.

Information related to payables to customers and broker-dealers is presented below.

Payables to customers and broker-dealers			
(dollars in millions)	**2015**	2014	2013
Maximum daily balance during the year	**$ 26,988**	$ 25,224	$ 17,290
Average daily balance *(a)*	**$ 22,062**	$ 17,950	$ 15,365
Weighted-average rate during the year *(a)*	**0.06%**	0.09%	0.09%
Ending balance at Dec. 31	**$ 21,900**	$ 21,181	$ 15,707
Weighted-average rate at Dec. 31	**0.07%**	0.09%	0.07%

(a) *The weighted-average rate is calculated based on, and is applied to, the average interest-bearing payables to customers and broker-dealers, which were $11,649 million in 2015, $9,502 million in 2014 and $9,038 million in 2013.*

Payables to customers and broker-dealers	Quarter ended		
(dollars in millions)	**Dec. 31, 2015**	Sept. 30, 2015	Dec. 31, 2014
Maximum daily balance during the quarter	**$ 24,736**	$ 24,135	$ 22,112
Average daily balance *(a)*	**$ 22,654**	$ 21,941	$ 20,707
Weighted-average rate during the quarter *(a)*	**0.06%**	0.06%	0.08%
Ending balance	**$ 21,900**	$ 22,236	$ 21,181
Weighted-average rate at period end	**0.07%**	0.06%	0.09%

(a) *The weighted-average rate is calculated based on, and is applied to, the average interest-bearing payables to customers and broker-dealers, which were $12,904 million in the fourth quarter of 2015, $11,504 million in the third quarter of 2015 and $10,484 million in the fourth quarter of 2014.*

Payables to customers and broker-dealers represent funds awaiting re-investment and short sale proceeds payable on demand. Payables to customers and broker-dealers are driven by customer trading activity levels and market volatility.

Information related to commercial paper is presented below.

Commercial paper			
(dollars in millions)	**2015**	2014	2013
Maximum daily balance during the year	**$ 4,849**	$ 5,003	$ 4,873
Average daily balance	**$ 1,549**	$ 2,546	$ 690
Weighted-average rate during the year	**0.10%**	0.08%	0.06%
Ending balance at Dec. 31	**$ —**	$ —	$ 96
Weighted-average rate at Dec. 31	**—%**	—%	0.03%

Commercial paper	Quarter ended		
(dollars in millions)	**Dec. 31, 2015**	Sept. 30, 2015	Dec. 31, 2014
Maximum daily balance during the quarter	**$ —**	$ 4,801	$ 4,800
Average daily balance	**$ —**	$ 2,195	$ 4,400
Weighted-average rate during the quarter	**—%**	0.11%	0.09%
Ending balance	**$ —**	$ —	$ —
Weighted-average rate at period end	**—%**	—%	—%

The Parent's commercial paper program was terminated in August 2015.

Information related to other borrowed funds is presented below.

Other borrowed funds *(dollars in millions)*	**2015**	2014	2013
Maximum daily balance during the year	**$ 3,821**	$ 2,413	$ 7,383
Average daily balance	**$ 814**	$ 1,027	$ 1,177
Weighted-average rate during the year	**1.12%**	0.61%	0.55%
Ending balance	**$ 523**	$ 786	$ 663
Weighted-average rate at Dec. 31	**0.97%**	1.15%	0.81%

Other borrowed funds	Quarter ended		
(dollars in millions)	**Dec. 31, 2015**	Sept. 30, 2015	Dec. 31, 2014
Maximum daily balance during the quarter	**$ 1,687**	$ 1,065	$ 2,413
Average daily balance	**$ 733**	$ 628	$ 870
Weighted-average rate during the quarter	**1.13%**	1.18%	1.06%
Ending balance	**$ 523**	$ 648	$ 786
Weighted-average rate at period end	**0.97%**	1.15%	1.15%

Other borrowed funds primarily include overdrafts of sub-custodian account balances in our Investment Services businesses and borrowings under lines of credit by our Pershing subsidiaries. Overdrafts typically relate to timing differences for settlements. Fluctuations in other borrowed funds balances primarily reflect changes in overdrafts of sub-custodian account balances in our Investment Services businesses.

Liquidity and dividends

BNY Mellon defines liquidity as the ability of the Parent and its subsidiaries to access funding or convert assets to cash quickly and efficiently, or to rollover or issue new debt, especially during periods of market stress and in order to meet its short-term (up to one year) obligations. Liquidity risk is the risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or our financial condition. Liquidity risk can arise from cash flow mismatches, market constraints from the inability to convert assets to cash, inability to raise cash in the markets, deposit run-off, or contingent liquidity events. We also manage liquidity risks on an intra-day basis, in a manner designed to ensure that we can access required funds during the business day to make payments or settle immediate obligations, often in real time. Changes in economic conditions or exposure to credit, market, operational, legal, and reputational risks also can affect BNY Mellon's liquidity risk profile and are considered in our liquidity risk framework.

For additional information on our liquidity policy, see "Risk Management - Liquidity risk".

Our overall approach to liquidity management is to ensure that sources of liquidity are sufficient in amount and diversity such that changes in funding requirements at the Parent and at our significant bank and broker-dealer subsidiaries can be accommodated routinely without material adverse impact on earnings, daily operations or our financial condition.

BNY Mellon seeks to maintain an adequate liquidity cushion in both normal and stressed environments and seeks to diversify funding sources by line of business, customer and market segment. In addition, we monitor and control liquidity exposures and funding needs within and across significant legal entities, branches, currencies and business lines, taking into account, among other factors, any applicable restrictions on the transfer of liquidity among entities.

Additionally, we seek to maintain liquidity ratios within approved limits and liquidity risk tolerance, maintain a liquid asset buffer that can be liquidated, financed and/or pledged as necessary, and control the levels and sources of wholesale funds. Moreover, BNY Mellon also manages potential intraday liquidity risks, which are the risks that the firm cannot fund or settle obligations during the business day. Sources of intraday liquidity risks include timing mismatches of inflows and outflows, inability to hold or raise intraday cash, and unexpected market or idiosyncratic events. We monitor and manage intraday liquidity against existing and expected intraday liquid resources (such as cash balances, remaining intraday credit capacity, intraday contingency funding, and available collateral) to enable BNY Mellon to meet its obligations under normal and reasonably severe stressed conditions.

Potential uses of liquidity include withdrawals of customer deposits and client drawdowns on unfunded credit or liquidity facilities. We actively monitor unfunded lending-related commitments, thereby reducing unanticipated funding requirements.

When monitoring liquidity, we evaluate multiple metrics in order to have ample liquidity for expected and unexpected events. Metrics include cash flow mismatches, asset maturities, debt spreads, peer ratios, liquid assets, unencumbered collateral, funding sources and balance sheet liquidity ratios. We also maintain various internal liquidity limits as part of our standard analysis to monitor depositor and market funding concentration, liability maturity profile and potential liquidity draws due to off-balance sheet exposure.

U.S. regulators have established a liquidity coverage ratio ("LCR") that requires certain banking organizations, including BNY Mellon, to maintain a minimum amount of unencumbered high-quality liquid assets ("HQLA") sufficient to withstand the net cash outflow under a hypothetical standardized acute liquidity stress scenario for a 30-day time horizon.

The following table presents the Company's consolidated HQLA and LCR as of Dec. 31, 2015.

Consolidated HQLA and LCR		
(in billions)		Dec. 31, 2015
Securities *(a)*	$	108
Cash *(b)*		110
Total consolidated HQLA *(c)*	$	218
Liquidity coverage ratio *(d)*		106%

(a) *Primarily includes U.S. Treasury, U.S. agency, sovereign securities, securities of U.S. Government-sponsored enterprises, investment-grade corporate debt and publicly traded common equity.*
(b) *Primarily includes cash on deposit with central banks.*
(c) *Consolidated HQLA presented before haircuts. After haircuts, consolidated HQLA totaled $196 billion.*
(d) *Based on our interpretation of the final rule issued by the U.S. federal banking agencies to implement the LCR in the U.S. ("Final LCR Rule").*

Starting on Jan. 1, 2015, we and our domestic bank subsidiaries were required to meet an LCR of 80%, calculated monthly through June 30, 2015 and calculated daily since July 1, 2015. The required minimum LCR level will increase annually by 10% increments until Jan. 1, 2017, at which time, we will be required to meet an LCR of 100%. As of Dec. 31, 2015, based on our interpretation of the Final LCR Rule, we believe we and our domestic bank subsidiaries are in compliance with applicable LCR requirements on a fully phased-in basis. We are evaluating the FDIC's brokered deposits' FAQ to determine the implications, if any, on our deposit balances relative to the LCR and other requirements. For additional information on the LCR, see "Supervision and Regulation - Liquidity Standards - Basel III and U.S. Proposals."

We also perform liquidity stress tests to ensure the Company maintains sufficient liquidity resources under multiple stress scenarios. Stress tests are based on scenarios that measure liquidity risks under unlikely but plausible events. We perform these tests under various time horizons ranging from one day to one year in a base case, as well as supplemental tests to determine whether the Company's liquidity is sufficient for severe market events and firm-specific events. Under our scenario testing program, the results of the tests indicate that the Company has sufficient liquidity.

Beginning on Jan. 1, 2015, BHCs with total consolidated assets of $50 billion or more were subject to the Federal Reserve's Enhanced Prudential Standards, which include liquidity standards, described under "Supervision and Regulation - Enhanced Prudential Standards". BNY Mellon has taken actions to comply with these standards, including the adoption of various liquidity risk management standards and maintenance of a liquidity buffer of unencumbered highly liquid assets based on the results of internal liquidity stress testing.

We define available funds for internal liquidity management purposes as liquid funds (which include interest-bearing deposits with banks and federal funds sold and securities purchased under resale agreements), cash and due from banks, and interest-bearing deposits with the Federal Reserve and other central banks. The table below presents our total available funds including liquid funds at period-end and on an average basis. The increase in available funds at Dec. 31, 2015 compared with Dec. 31, 2014 primarily reflects an increase of overnight deposits with the Federal Reserve and other central banks, partially offset by our strategic effort to reduce our level of interbank deposits.

Available and liquid funds *(in millions)*	**Dec. 31, 2015**	Dec. 31, 2014	Average **2015**	Average 2014	Average 2013
Available funds:					
Liquid funds:					
Interest-bearing deposits with banks	**$ 15,146**	$ 19,495	**$ 20,531**	$ 35,588	$ 41,222
Federal funds sold and securities purchased under resale agreements	**24,373**	20,302	**23,384**	14,704	8,412
Total liquid funds	**39,519**	39,797	**43,915**	50,292	49,634
Cash and due from banks	**6,537**	6,970	**6,180**	5,472	5,662
Interest-bearing deposits with the Federal Reserve and other central banks	**113,203**	96,682	**83,029**	86,594	67,073
Total available funds	**$ 159,259**	$ 143,449	**$ 133,124**	$ 142,358	$ 122,369
Total available funds as a percentage of total assets	**40%**	37%	**36%**	38%	36%

On an average basis for 2015 and 2014, non-core sources of funds, such as money market rate accounts, federal funds purchased and securities sold under repurchase agreements, trading liabilities, commercial paper and other borrowings, were $26.7 billion and $30.0 billion, respectively. The decrease primarily reflects lower levels of securities sold under repurchase agreements and trading liabilities, partially offset by higher levels of money market rate accounts. Average foreign deposits, primarily from our European-based Investment Services business, were $109.6 billion for 2015 compared with $109.4 billion for 2014. The increase reflects growth in client deposits. Domestic savings, interest-bearing demand and time deposits averaged $48.3 billion for 2015 compared with $45.8 billion for 2014. The increase primarily reflects higher time deposits.

Average payables to customers and broker-dealers were $11.6 billion for 2015 and $9.5 billion for 2014. Payables to customers and broker-dealers are driven by customer trading activity and market volatility. Long-term debt averaged $20.8 billion for 2015 and $20.6 billion for 2014. Average noninterest-bearing deposits increased to $86.3 billion for 2015 from $81.7 billion for 2014, reflecting growth in client deposits. A significant reduction in our Investment Services business would reduce our access to deposits. See “Asset/liability management” for additional factors that could impact our deposit balances.

The Parent has three major sources of liquidity:

- cash on hand;
- dividends from its subsidiaries; and
- access to the debt and equity markets.

Subsequent to Dec. 31, 2015, our bank subsidiaries could declare dividends to the Parent of approximately $3.1 billion, without the need for a regulatory waiver. Currently, The Bank of New York Mellon, our primary subsidiary, is no longer paying regular dividends to the Parent in order to build capital in advance of implementing the SLR. In addition, at Dec. 31, 2015, non-bank subsidiaries of the Parent had liquid assets of approximately $1.3 billion.

The Parent’s liquidity policy is to have sufficient unencumbered cash and cash equivalents on hand at each quarter-end to meet its forecasted debt redemptions, net interest payments and net tax payments over a minimum of the next 18 months without the need to receive dividends from its bank subsidiaries or issue debt. As of Dec. 31, 2015, the Parent was in compliance with this policy.

In 2015, BNY Mellon paid a quarterly common stock cash dividend of $0.17 per common share. Our common stock dividend payout ratio was 25% for 2015. The Federal Reserve’s current guidance provides that, for large bank holding companies like us, dividend payout ratios exceeding 30% of after-tax net income will receive particularly close scrutiny.

Restrictions on our ability to obtain funds from our subsidiaries are discussed in more detail in “Supervision and Regulation - Capital Planning and Stress Testing - Payment of Dividends, Stock Repurchases and Other Capital Distributions” and in Note 19 of the Notes to Consolidated Financial Statements.

In 2015 and 2014, the Parent’s average commercial paper borrowings were $1.5 billion and $2.5 billion, respectively. The Parent’s commercial paper program ended in August 2015. There was no overnight commercial paper outstanding issued by the Parent at Dec. 31, 2014.

The Parent had cash of $9.1 billion at Dec. 31, 2015, compared with $7.4 billion at Dec. 31, 2014, an increase of $1.7 billion primarily reflecting the issuance of long-term debt and preferred stock and a net increase in loans from subsidiaries, partially offset by maturities of long-term debt and net common share repurchases.

The Parent's major uses of funds are payment of dividends, repurchases of common stock, principal and interest payments on its borrowings, acquisitions and additional investments in and loans to its subsidiaries.

In 2015, we repurchased 55.6 million common shares at an average price of $42.35 per common share for a total cost of $2.4 billion.

Our ability to access the capital markets on favorable terms, or at all, is partially dependent on our credit ratings, which are as follows:

Credit ratings	Moody's	S&P	Fitch	DBRS
Parent:				
Long-term senior debt	A1	A	AA-	AA (low)
Subordinated debt	A2	A-	A+	A (high)
Preferred stock	Baa1	BBB	BBB	A (low)
Trust preferred securities	A3	BBB	BBB+	A (high)
Outlook - Parent:	Stable	Stable	Stable	Stable
The Bank of New York Mellon:				
Long-term senior debt	Aa2	AA-	AA	AA
Long-term deposits	Aa1	AA-	AA+	AA
Short-term deposits	P1	A-1+	F1+	R-1 (high)
BNY Mellon, N.A.:				
Long-term senior debt	Aa2	AA-	AA *(a)*	AA
Subordinated debt	Aa3	A	A+	NR
Long-term deposits	Aa1	AA-	AA+	AA
Short-term deposits	P1	A-1+	F1+	R-1 (high)
Outlook - Banks:	Stable	Stable	Stable	Stable

(a) Represents senior debt issuer default rating.
NR - Not rated.

On Dec. 2, 2015, S&P removed the government support assumptions on the eight U.S. G-SIBs, including the Parent. The withdrawal of the assumed government support resulted in a one-notch downgrade of the Parent's long-term senior and subordinated debt as well as the subordinated debt of The Bank of New York Mellon. For further discussion on the impact of a credit rating downgrade, see Note 17 of the Notes to Consolidated Financial Statements and our Risk Factor - "Any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, The Bank of New York Mellon or BNY Mellon, N.A., could increase the cost of funding and borrowing to us and our rated subsidiaries and have a material adverse effect on our results of operations and financial condition and on the value of the securities we issue."

Long-term debt totaled $21.5 billion at Dec. 31, 2015 and $20.3 billion at Dec. 31, 2014. In 2015, the Parent issued $5.0 billion of senior debt, partially offset by the maturity of $3.05 billion of long-term debt. Additionally, the Parent called $600 million of senior debt in 2015. The Parent has $2.45 billion of long-term debt that will mature in 2016.

In February 2016, we issued $1.0 billion of senior medium-term notes maturing in 2021 at an annual interest rate of 2.5%.

The following table presents the long-term debt issued by the Parent in 2015.

Debt issuances		
(in millions)		**2015**
Senior medium-term notes:		
1.6% senior medium-term notes due 2018	$	500
3-month LIBOR + 38 bps senior medium-term notes due 2018		300
2.15% senior medium-term notes due 2020		1,250
2.6% senior medium-term notes due 2020		1,100
3-month LIBOR + 87 bps senior medium-term notes due 2020		300
2.45% senior medium-term notes due 2020		800
3.0% senior medium-term notes due 2025		750
Total debt issuances	$	5,000

The double leverage ratio is the ratio of investment in the equity of our subsidiaries divided by our consolidated equity, which includes our noncumulative perpetual preferred stock plus trust preferred securities. Our double leverage ratio was 115.7% at Dec. 31, 2015 and 112.0% at Dec. 31, 2014. The double leverage ratio is monitored by regulators and rating agencies and is an important constraint on our ability to invest in our subsidiaries and expand our businesses.

Pershing LLC, an indirect subsidiary of BNY Mellon, has uncommitted lines of credit in place for liquidity purposes which are guaranteed by the Parent. Pershing LLC has eight separate uncommitted lines of credit amounting to $1.5 billion in aggregate. Average daily borrowing under these lines was $5 million, in aggregate, in 2015. Pershing Limited, an indirect UK-based subsidiary of BNY Mellon, has two separate uncommitted lines of credit amounting to $250 million in aggregate in place for liquidity purposes, which are guaranteed by the Parent. Average borrowings under these lines were $34 million, in aggregate, in 2015.

Statement of cash flows

Cash provided by operating activities was $4.1 billion in 2015 compared with $4.5 billion in 2014 and $642 million used for operations in in 2013. In 2015, cash flows from operations were principally the result of earnings. In 2014, cash flows from operations were principally the result of earnings and changes in trading activities, partially offset by changes in accruals and other balances. In 2013, cash flows used for operations were principally the result of changes in trading activities and accruals, partially offset by earnings.

Cash used for investing activities was $19.8 billion in 2015 compared with $11.7 billion in 2014 and $13.2 billion in 2013. In 2015, purchases of securities, an increase in interest-bearing deposits with the Federal Reserve and other central banks, changes in loans and changes in federal funds sold and securities purchased under resale agreements were significant uses of funds, partially offset by sales, paydowns and maturities of securities and a decrease in interest bearing deposits with banks. In 2014, purchases of securities, changes in federal funds sold and securities purchased under resale agreements and an increase in loans were significant uses of funds, partially offset by sales, paydowns and maturities of securities and decreases in deposits with banks and with the Federal Reserve and other central banks. In 2013, purchases of securities, changes in interest-bearing deposits with the Federal Reserve and other central banks, loans and federal funds sold and securities purchased under resale agreements were a significant use of funds, partially offset by sales, paydowns and maturities of securities and a decrease in interest-bearing deposits with banks.

Cash provided by financing activities was $15.2 billion in 2015 compared with $7.8 billion in 2014 and $15.6 billion in 2013. In 2015, an increase in deposits, the issuance of long-term debt and changes in federal funds purchased and securities sold under repurchase agreements were significant sources of funds, partially offset by the repayment of long-term debt and common stock repurchases. In 2014, increases in payables to broker-dealers and the proceeds from the issuance of long-term debt were significant sources of funds, partially offset by the repayment of long-term debt and treasury stock repurchases. In 2013, an increase in deposits, the net proceeds from the issuance of long-term debt and changes in federal funds purchased and securities sold under repurchase agreements were significant sources of funds, partially offset by repayment of long-term debt and common stock repurchases.

Commitments and obligations

We have contractual obligations to make fixed and determinable payments to third parties as indicated in the table below. The table excludes certain obligations such as trade payables and trading liabilities, where the obligation is short-term or subject to valuation based on market factors. In addition to the amounts shown in the table below, at Dec. 31, 2015, $649 million of unrecognized tax benefits have been recorded as liabilities in accordance with ASC 740. Related to these unrecognized tax benefits, we have also recorded a liability for potential interest of $194 million. At this point, it is not possible to determine when these amounts will be settled or resolved.

Contractual obligations at Dec. 31, 2015		Payments due by period			
(in millions)	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
Deposits without a stated maturity	**$ 110,230**	$ 110,230	$ —	$ —	$ —
Term deposits	**73,103**	73,097	4	1	1
Federal funds purchased and securities sold under repurchase agreements	**15,002**	15,002	—	—	—
Payables to customers and broker-dealers	**21,900**	21,900	—	—	—
Other borrowed funds	**523**	523	—	—	—
Long-term debt *(a)*	**24,225**	2,981	5,818	8,868	6,558
Unfunded pension and post-retirement benefits	**320**	38	82	60	140
Capital leases	**56**	25	29	2	—
Investment commitments *(b)*	**393**	221	153	7	12
Total contractual obligations	**$ 245,752**	$ 224,017	$ 6,086	$ 8,938	$ 6,711

(a) Includes interest.
(b) Includes Community Reinvestment Act commitments.

We have entered into fixed and determinable commitments as indicated in the table below:

Other commitments at Dec. 31, 2015		Amount of commitment expiration per period			
(in millions)	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
Securities lending indemnifications *(a)*	**$ 294,108**	$ 294,108	$ —	$ —	$ —
Lending commitments	**54,505**	31,077	9,020	14,166	242
Standby letters of credit	**4,915**	2,771	1,900	244	—
Operating leases	**2,073**	343	551	406	773
Purchase obligations *(b)*	**922**	538	330	34	20
Commercial letters of credit	**303**	298	—	—	5
Private equity commitments	**58**	—	8	50	—
Total commitments	**$ 356,884**	$ 329,135	$ 11,809	$ 14,900	$ 1,040

(a) Excludes the indemnifications for securities booked at BNY Mellon beginning in late 2013 resulting from the CIBC Mellon joint venture which totaled $54 billion at Dec. 31, 2015.
(b) Purchase obligations are defined as agreements to purchase goods or services that are enforceable and legally binding and specify all significant terms.

See "Liquidity and dividends" and Note 22 of the Notes to Consolidated Financial Statements for a further discussion of the source of funds for our commitments and obligations and known material trends in our capital resources.

Off-balance sheet arrangements

Off-balance sheet arrangements discussed in this section are limited to guarantees, retained or contingent interests and obligations arising out of unconsolidated variable interest entities ("VIEs"). For BNY Mellon, these items include certain credit guarantees and securitizations. Guarantees include lending-related guarantees issued as part of our corporate banking business and securities lending indemnifications issued as part of our Investment Services business. See Note 22 of the Notes to Consolidated Financial Statements for a further discussion of our off-balance sheet arrangements.

Capital

Capital data *(dollar amounts in millions except per share amounts; common shares in thousands)*		**2015**		2014
At period end:				
BNY Mellon shareholders' equity to total assets ratio – GAAP *(a)*		**9.7%**		9.7%
BNY Mellon common shareholders' equity to total assets ratio – GAAP *(a)*		**9.0%**		9.3%
BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP *(a)*		**6.5%**		6.5%
Total BNY Mellon shareholders' equity – GAAP	**$**	**38,037**	$	37,441
Total BNY Mellon common shareholders' equity – GAAP	**$**	**35,485**	$	35,879
BNY Mellon tangible common shareholders' equity – Non-GAAP *(a)*	**$**	**16,574**	$	16,439
Book value per common share – GAAP *(a)*	**$**	**32.69**	$	32.09
Tangible book value per common share – Non-GAAP *(a)*	**$**	**15.27**	$	14.70
Closing stock price per common share	**$**	**41.22**	$	40.57
Market capitalization	**$**	**44,738**	$	45,366
Common shares outstanding		**1,085,343**		1,118,228
Full-year:				
Average common equity to average assets		**9.6%**		9.8%
Cash dividends per common share	**$**	**0.68**	$	0.66
Common dividend payout ratio		**25%**		31%
Common dividend yield *(annualized)*		**1.6%**		1.6%

(a) See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 125 for a reconciliation of GAAP to Non-GAAP.

The Bank of New York Mellon Corporation total shareholders' equity increased to $38.0 billion at Dec. 31, 2015 from $37.4 billion at Dec. 31, 2014. The increase primarily reflects earnings retention, the issuance of $1 billion of noncumulative perpetual preferred stock and approximately $662 million resulting from stock awards, the exercise of stock options and stock issued for employee benefit plans. The increase was partially offset by share repurchases, foreign currency translation adjustments, and a decrease in the unrealized gain on our investment securities portfolio.

The unrealized gain net of tax on our investment securities portfolio recorded in accumulated other comprehensive income was $329 million Dec. 31, 2015 compared with $675 million at Dec. 31, 2014. The decrease in the unrealized gain, net of tax, was primarily driven by an increase in interest rates.

In 2015, we repurchased 55.6 million common shares at an average price of $42.35 per common share for a total cost of $2.4 billion.

On Jan. 21, 2016, The Bank of New York Mellon Corporation declared a quarterly common stock dividend of $0.17 per common share. This cash dividend was paid on Feb. 12, 2016 to shareholders of record as of the close of business on Feb. 2, 2016.

BNY Mellon's tangible common shareholders' equity to tangible assets of operations ratio (Non-GAAP) was 6.5% at both Dec. 31, 2015 and Dec. 31, 2014.

Capital adequacy

Regulators establish certain levels of capital for bank holding companies and banks, including BNY Mellon and our bank subsidiaries, in accordance with established quantitative measurements. For the Parent to maintain its status as a financial holding company, our bank subsidiaries and BNY Mellon must, among other things, qualify as "well capitalized".

As of Dec. 31, 2015, and Dec. 31, 2014, BNY Mellon and our bank subsidiaries were considered "well capitalized" on the basis of the Tier 1 and Total capital ratios and, in the case of our bank subsidiaries, the CET1 ratio and the leverage capital ratio (Tier 1 capital to quarterly average assets as defined for regulatory purposes).

Failure to satisfy regulatory standards, including "well capitalized" status or capital adequacy rules more generally, could result in limitations on our activities and adversely affect our financial condition. See the discussion of these matters in "Supervision and Regulation - Regulated Entities of BNY Mellon and Ancillary Regulatory Requirements" and "Risk

Factors - Operational and Business Risk - Failure to satisfy regulatory standards, including "well capitalized" and "well managed" status or capital adequacy and liquidity rules more generally, could result in limitations on our activities and adversely affect our business and financial condition."

The U.S. banking agencies' capital rules have been based on the framework adopted by the Basel Committee on Banking Supervision, as amended from time to time. For additional information on these capital requirements see "Supervision and Regulation." BNY Mellon is subject to U.S. capital rules, which are being gradually phased-in over a multi-year period through 2018. Effective in the second quarter of 2014, BNY Mellon was approved to exit parallel run reporting for U.S. regulatory capital purposes related to the U.S. capital rules' Advanced Approaches. In the first quarter of 2015, we implemented the Basel III Standardized Approach which replaced the Basel I-based calculation of RWA with a revised methodology using a broader array of more risk sensitive risk-weighting categories.

Our estimated CET1 ratios on a fully phased-in basis are based on our current interpretation of the U.S. capital rules. RWA at Dec. 31, 2014 for credit risk under the estimated fully phased-in Advanced Approach reflected the use of a simple VaR methodology for repo-style transactions (including agented indemnified securities lending transactions), eligible margin loans, and similar transactions. The estimated fully phased-in Advanced Approach RWA at Dec. 31, 2015 no longer assumes the use of this methodology.

Our risk-based capital adequacy is determined using the higher of RWA determined using the Advanced Approach and Standardized Approach. The consolidated and The Bank of New York Mellon ratios included in the table below are based on the Advanced Approach as the related RWA were higher using that framework at Dec. 31, 2015 and Dec. 31, 2014. Our consolidated and largest bank subsidiary, The Bank of New York Mellon, regulatory capital ratios are shown below.

Consolidated and largest bank subsidiary regulatory capital ratios	Dec. 31, 2015				
	Well capitalized		Minimum required	Capital ratios	Dec. 31, 2014
Consolidated regulatory capital ratios:					
CET1 ratio	N/A	*(a)*	4.5%	**10.8%**	11.2%
Tier 1 capital ratio	6%		6%	**12.3%**	12.2%
Total (Tier 1 plus Tier 2) capital ratio	10%		8%	**12.5%**	12.5%
Leverage capital ratio	N/A	*(a)*	4%	**6.0%**	5.6%
Selected regulatory capital ratios – fully phased-in – Non-GAAP:					
Estimated CET1 ratio:					
Standardized Approach	*(b)*		4.5%	**10.2%**	10.6%
Advanced Approach	*(b)*		4.5%	**9.5%**	9.8%
Estimated SLR	*(b)*		3%	**4.9%**	4.4%
The Bank of New York Mellon regulatory capital ratios:					
CET1 ratio	6.5%	*(c)*	4.5%	**11.8%**	N/A
Tier 1 capital ratio	8%	*(c)*	6%	**12.3%**	12.4%
Total (Tier 1 plus Tier 2) capital ratio	10%	*(c)*	8%	**12.5%**	12.6%
Leverage capital ratio	5%		4%	**5.9%**	5.2%
Selected regulatory capital ratios – fully phased-in – Non-GAAP:					
Estimated SLR	6%		3%	**4.8%**	N/A

(a) The Federal Reserve's regulations do not establish well-capitalized thresholds for these measures for bank holding companies.
(b) See page 61 for the capital ratios with the phase-in of the capital conservation buffer and the estimated U.S. G-SIB surcharge.
(c) On a fully phased-in basis, bank-level minimum capital ratio thresholds plus anticipated buffers are expected to exceed bank-level "well capitalized" thresholds.

Our estimated CET1 ratio (Non-GAAP) calculated under the Advanced Approach on a fully phased-in basis was 9.5% at Dec. 31, 2015 and 9.8% at Dec. 31, 2014. Our estimated CET1 ratio (Non-GAAP) calculated under the Standardized Approach on a fully phased-in basis was 10.2% at Dec. 31, 2015 and 10.6% at Dec. 31, 2014. The decrease in the estimated CET1 ratio (Non-GAAP) calculated under the Advanced Approach from Dec. 31, 2014 was primarily driven by higher RWA driven by an increase in operational risk and the negative impact of no longer using the simple VaR methodology, partially offset by the deconsolidation of certain consolidated investment management funds.

The estimated fully phased-in SLR (Non-GAAP) of 4.9% at Dec. 31, 2015 and 4.4% at Dec. 31, 2014 was based on our interpretation of the U.S. capital rules, as supplemented by the Federal Reserve's final rules on the SLR. We expect to be compliant with the SLR as we move closer to implementation in 2018.

For additional information on the U.S. capital rules, see "Supervision and Regulation - Capital Requirements - Generally."

The Basel III Advanced Approach capital ratios are significantly impacted by RWA for operational risk. Our operational loss risk model is informed by external losses, including fines and penalties levied against institutions in the financial services industry, particularly those that relate to businesses in which we operate, and as a result external losses have impacted and could in the future impact the amount of capital that we are required to hold.

Management views the estimated fully phased-in CET1 and other risk-based capital ratios and SLR as key measures in monitoring BNY Mellon's capital position and progress against future regulatory capital standards. Additionally, the presentation of the estimated fully phased-in CET1 and other risk-based capital ratios and SLR are intended to allow investors to compare these ratios with estimates presented by other companies.

Our capital ratios are necessarily subject to, among other things, BNY Mellon's further review of applicable rules, anticipated compliance with all necessary enhancements to model calibration, approval by regulators of certain models used as part of RWA calculations, further implementation guidance from regulators, market practices and standards and any changes BNY Mellon may make to its businesses. As a consequence of these factors, our capital ratios may materially change, and may be volatile over time and from period to period.

Minimum capital ratios and capital buffers

The U.S. capital rules include a series of buffers and surcharges over required minimums that apply to bank holding companies, including BNY Mellon, which are being phased-in over time. Banking organizations with a risk-based ratio or SLR above the minimum required level, but with a risk-based ratio or SLR below the minimum level with buffers, will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. Different regulatory capital minimums, buffers and surcharges apply to our banking subsidiaries.

The U.S. capital rules introduced a capital conservation buffer and countercyclical capital buffer that add to the minimum regulatory capital ratios presented above. The capital conservation buffer is designed to absorb losses during periods of economic stress and applies to all banking organizations. During periods of excessive growth, the capital conservation buffer may be expanded up to an additional 2.5% through the imposition of a countercyclical capital buffer. The countercyclical capital buffer, when applicable, applies only to Advanced Approach banking organizations. The countercyclical capital buffer is initially set to zero, but it could increase if the banking agencies determine that excessive credit in the broader markets could result in systemic disruption.

BNY Mellon is subject to an additional G-SIB surcharge, which will be implemented as an extension of the capital conservation buffer and must be satisfied with CET1 capital. On July 20, 2015, the Federal Reserve published final rules to implement the G-SIB surcharge. For 2016, the G-SIB surcharge applicable to BNY Mellon is 1.5%, subject to applicable phase-ins.

In addition, the U.S. capital rules include an SLR to become effective on Jan. 1, 2018, although commencing in January 2015 each Advanced Approach banking organization was required to calculate and report its SLR. BNY Mellon will be subjected to an enhanced SLR, which will require a buffer in excess of 2% over the minimum SLR of 3%.

The insured depository institution subsidiaries of the U.S. G-SIBs, including those of BNY Mellon, must maintain a 6% SLR to be considered "well capitalized."

These buffers, other than the SLR buffer, and surcharges will be phased in beginning on Jan. 1, 2016 until fully implemented on Jan. 1, 2019. The following table presents the minimum capital ratio requirements with buffers and surcharges, as phased-in, applicable to the Parent. This table does not include the imposition of a countercyclical capital buffer. The U.S. capital rules also provide for transitional arrangements for qualifying instruments, deductions, and adjustments, which are not reflected in this table. Buffers and surcharges are not applicable to the leverage capital ratio.

Consolidated capital ratio requirements	Well capitalized	Minimum ratios	Minimum ratios with buffers, as phased-in				
			2015	2016	2017	2018	2019
Capital conservation buffer (CET1)			N/A	0.625%	1.25%	1.875%	2.5%
U.S. G-SIB surcharge (CET1) *(a)*			N/A	0.375%	0.75%	1.125%	1.5%
CET1 ratio	N/A	4.5%	4.5%	5.5%	6.5%	7.5%	8.5%
Tier 1 capital ratio	6.0%	6.0%	6.0%	7.0%	8.0%	9.0%	10.0%
Total capital ratio	10.0%	8.0%	8.0%	9.0%	10.0%	11.0%	12.0%
Enhanced SLR buffer (Tier 1 capital)	N/A		N/A	N/A	N/A	2.0%	2.0%
SLR	N/A	3.0%	N/A	N/A	N/A	5.0%	5.0%

(a) The U.S. G-SIB surcharge is subject to change.

The table below presents the factors that impacted fully phased-in CET1 (Non-GAAP).

Estimated CET1 generation presented on a fully phased-in basis – Non-GAAP	
(in millions)	**2015**
Estimated fully phased-in CET1 – Non-GAAP – Beginning of year	**$ 15,931**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	**3,053**
Goodwill and intangible assets, net of related deferred tax liabilities	**529**
Gross CET1 generated	**3,582**
Capital deployed:	
Dividends	**(762)**
Common stock repurchased	**(2,355)**
Total capital deployed	**(3,117)**
Other comprehensive income (loss):	
Foreign currency translation	**(563)**
Unrealized (loss) on assets available-for-sale	**(415)**
Pension liabilities	**4**
Unrealized gain on cash flow hedges	**8**
Total other comprehensive (loss)	**(966)**
Additional paid-in capital *(a)*	**636**
Other additions (deductions):	
Net pension fund assets	**(29)**
Deferred tax assets	**(2)**
Cash flow hedges	**—**
Embedded goodwill	**54**
Other	**(7)**
Total other additions	**16**
Net CET1 generated	**151**
Estimated fully phased-in CET1 – Non-GAAP – End of year	**$ 16,082**

(a) Primarily related to stock awards, the exercise of stock options and stock issued for employee benefit plans.

The following table presents the components of our transitional and fully phased-in CET1, Tier 1 and Tier 2 capital, the RWA determined under both the Standardized and Advanced Approaches, the average assets used for leverage capital purposes and the total leverage exposure for estimated SLR purposes.

Capital components and ratios	**Dec. 31, 2015**		Dec. 31, 2014	
(dollars in millions)	**Transitional Approach** *(a)*	**Fully phased-in - Non-GAAP**	Transitional Approach *(a)*	Fully phased-in - Non-GAAP
CET1:				
Common shareholders' equity	**$ 36,067**	**$ 35,485**	$ 36,326	$ 35,879
Goodwill and intangible assets	**(17,295)**	**(18,911)**	(17,111)	(19,440)
Net pension fund assets	**(46)**	**(116)**	(17)	(87)
Equity method investments	**(296)**	**(347)**	(314)	(401)
Deferred tax assets	**(8)**	**(20)**	(4)	(18)
Other	**(5)**	**(9)**	4	(2)
Total CET1	**18,417**	**16,082**	18,884	15,931
Other Tier 1 capital:				
Preferred stock	**2,552**	**2,552**	1,562	1,562
Trust preferred securities	**74**	**—**	156	—
Disallowed deferred tax assets	**(12)**	**—**	(14)	—
Net pension fund assets	**(70)**	**—**	(69)	—
Other	**(25)**	**(22)**	(17)	(12)
Total Tier 1 capital	**20,936**	**18,612**	20,502	17,481
Tier 2 capital:				
Trust preferred securities	**222**	**—**	156	—
Subordinated debt	**149**	**149**	298	298
Allowance for credit losses	**275**	**275**	280	280
Other	**(12)**	**(12)**	(11)	(11)
Total Tier 2 capital - Standardized Approach	**634**	**412**	723	567
Excess of expected credit losses	**37**	**37**	13	24
Less: Allowance for credit losses	**275**	**275**	280	280
Total Tier 2 capital - Advanced Approach	**$ 396**	**$ 174**	$ 456	$ 311
Total capital:				
Standardized Approach	**$ 21,570**	**$ 19,024**	$ 21,225	$ 18,048
Advanced Approach	**$ 21,332**	**$ 18,786**	$ 20,958	$ 17,792
Risk-weighted assets:				
Standardized Approach *(b)*	**$ 159,893**	**$ 158,015**	$ 125,562	$ 150,881
Advanced Approach:				
Credit Risk	**$ 106,974**	**$ 105,099**	$ 120,122	$ 114,105
Market Risk	**2,148**	**2,148**	3,046	3,046
Operational Risk	**61,262**	**61,262**	45,112	45,112
Total Advanced Approach	**$ 170,384**	**$ 168,509**	$ 168,280	$ 162,263
Standardized Approach:				
CET1 ratio	**11.5%**	**10.2%**	15.0%	10.6%
Tier 1 capital ratio	**13.1%**	**11.8%**	16.3%	11.6%
Total (Tier 1 plus Tier 2) capital ratio	**13.5%**	**12.0%**	16.9%	12.0%
Advanced Approach:				
CET1 ratio	**10.8%**	**9.5%**	11.2%	9.8%
Tier 1 capital ratio	**12.3%**	**11.0%**	12.2%	10.8%
Total (Tier 1 plus Tier 2) capital ratio	**12.5%**	**11.1%**	12.5%	11.0%

Average assets for leverage capital purposes	**$**	**351,435**	$	368,140
Total leverage exposure for estimated SLR purposes - Non-GAAP	**$**	**382,810**	$	398,813

(a) *Reflects transitional adjustments to CET1, Tier 1 capital and Tier 2 capital required in 2015 and 2014 under the U.S. capital rules.*
(b) *RWA under the Standardized Approach at Dec. 31, 2014 was determined using a Basel I-based calculation. Effective Jan. 1, 2015, we implemented the Basel III Standardized Approach which used a broader array of more risk sensitive risk-weighting categories.*

The following table presents the amount of capital by which BNY Mellon and our largest bank subsidiary, The Bank of New York Mellon, exceeded the capital thresholds determined under the transitional rules at Dec. 31, 2015.

Capital above thresholds at Dec. 31, 2015

(in millions)	Consolidated		The Bank of New York Mellon *(b)*
CET1	$ 10,750	*(a)*	$ 7,333
Tier 1 capital	10,713	*(b)*	5,837
Total capital	4,294	*(b)*	3,394
Leverage capital	6,879	*(a)*	2,464

(a) Based on minimum required standards.
(b) Based on well-capitalized standards.

The following table shows the impact of a $1 billion increase or decrease in RWA, quarterly average assets or total leverage exposure, or a $100 million increase or decrease in common equity on the consolidated capital ratios at Dec. 31, 2015.

Sensitivity of consolidated capital ratios at Dec. 31, 2015

	Increase or decrease of	
(in basis points)	$100 million in common equity	$1 billion in RWA, quarterly average assets, or total leverage exposure
CET1:		
Standardized Approach	6 bps	7 bps
Advanced Approach	6	6
Tier 1 capital:		
Standardized Approach	6	8
Advanced Approach	6	7
Total capital:		
Standardized Approach	6	8
Advanced Approach	6	7
Leverage capital	3	2
Estimated CET1 ratio, fully phased-in – Non-GAAP:		
Standardized Approach	6	6
Advanced Approach	6	6
Estimated SLR, fully phased-in – Non-GAAP	3	1

At Dec. 31, 2015, we had $296 million of outstanding trust preferred securities, of which 25% qualifies as Tier 1 capital in 2015 and none of which will qualify as Tier 1 capital in 2016, although a portion of the trust preferred securities are eligible for inclusion in Tier 2 capital. Any decision to take action with respect to these trust preferred securities will be based on several considerations including interest rates and the availability of cash and capital.

Capital ratios vary depending on the size of the balance sheet at quarter-end and the level and types of investments in assets. The balance sheet size fluctuates from quarter to quarter based on levels of customer and market activity. In general, when servicing clients are more actively trading securities, deposit balances and the balance sheet as a whole are higher. In addition, when markets experience significant volatility or stress, our balance sheet size may increase considerably as client deposit levels increase.

Supplementary Leverage Ratio

BNY Mellon has presented its consolidated and largest bank subsidiary estimated fully phased-in SLR based on its interpretation of the U.S. capital rules, which are being gradually phased-in over a multi-year period and on the application of such rules to BNY Mellon's businesses as currently conducted.

The following table presents the components of our estimated SLR using fully phased-in components of capital.

Estimated fully phased-in SLR – Non-GAAP *(dollars in millions)*	**Dec. 31, 2015**	Dec. 31, 2014
Total estimated fully phased-in CET1 – Non-GAAP	**$ 16,082**	$ 15,931
Additional Tier 1 capital	**2,530**	1,550
Total Tier 1 capital	**$ 18,612**	$ 17,481
Total leverage exposure:		
Quarterly average total assets	**$ 368,590**	$ 385,232
Less: Amounts deducted from Tier 1 capital	**19,403**	19,947
Total on-balance sheet assets, as adjusted	**349,187**	365,285
Off-balance sheet exposures:		
Potential future exposure for derivatives contracts (plus certain other items)	**7,158**	11,376
Repo-style transaction exposures included in SLR	**440**	302
Credit-equivalent amount of other off-balance sheet exposures (less SLR exclusions)	**26,025**	21,850
Total off-balance sheet exposures	**33,623**	33,528
Total leverage exposure	**$ 382,810**	$ 398,813
Estimated fully phased-in SLR – Non-GAAP	**4.9%** *(a)*	4.4%

(a) The estimated SLR on a fully phased-in basis (Non-GAAP) for our largest bank subsidiary, The Bank of New York Mellon, was 4.8% at Dec. 31, 2015. At Dec. 31, 2015, total Tier 1 capital was $15,142 million and total leverage exposure was $316,270 million for The Bank of New York Mellon.

Issuer purchases of equity securities

Share repurchases - fourth quarter of 2015 *(dollars in millions, except per share information; common shares in thousands)*	Total shares repurchased	Average price per share	Total shares repurchased as part of a publicly announced plan or program	Maximum approximate dollar value of shares that may yet be purchased under the publicly announced plans or programs at Dec. 31, 2015
October 2015	5,096	$ 42.56	5,096	$ 1,315
November 2015	4	41.89	4	1,315
December 2015	5,014	42.66	5,014	1,101
Fourth quarter of 2015 *(a)*	**10,114**	**42.61**	**10,114**	**1,101** *(b)*

(a) Includes 22 thousand shares repurchased at a purchase price of $1 million from employees, primarily in connection with the employees' payment of taxes upon the vesting of restricted stock. The average price per share of open market purchases was $42.61.
(b) Represents the maximum value of the shares authorized to be repurchased through the second quarter of 2016, including employee benefit plan repurchases, in connection with the Federal Reserve's non-objection to our 2015 capital plan.

On March 11, 2015, in connection with the Federal Reserve's non-objection to our 2015 capital plan, BNY Mellon announced a stock purchase program providing for the repurchase of an aggregate of $3.1 billion of common stock, of which $700 million was contingent on a prior issuance of $1 billion of qualifying preferred stock. The Company completed the issuance of preferred stock on April 28, 2015.

The 2015 capital plan began in the second quarter of 2015 and continues through the second quarter of 2016.

Share repurchases may be executed through repurchase plans designed to comply with Rule 10b5-1 and through derivative, accelerated share repurchase and other structured transactions.

Trading activities and risk management

Our trading activities are focused on acting as a market-maker for our customers and facilitating customer trades in compliance with the Volcker Rule. The risk from market-making activities for customers is managed by our traders and limited in total exposure through a system of position limits, VaR methodology based on a Monte Carlo simulation, stop loss advisory triggers, and other market sensitivity measures. The calculation of our VaR used by management and presented below assumes a one-day holding period, utilizes a 99% confidence level, and incorporates the non-linear characteristics of options. See Note 23 of the Notes to Consolidated Financial Statements for additional information on the VaR methodology.

The following tables indicate the calculated VaR amounts for the trading portfolio for the designated periods.

VaR *(a)*	**2015**			
(in millions)	**Average**	**Minimum**	**Maximum**	**Dec. 31,**
Interest rate	**$ 5.1**	**$ 3.6**	**$ 8.0**	**$ 5.2**
Foreign exchange	**1.0**	**0.5**	**1.9**	**1.2**
Equity	**1.0**	**0.5**	**1.9**	**0.6**
Credit	**—**	**—**	**0.3**	**0.3**
Diversification	**(1.9)**	**N/M**	**N/M**	**(2.2)**
Overall portfolio	**5.2**	**3.9**	**8.5**	**5.1**

VaR *(a)*	2014			
(in millions)	Average	Minimum	Maximum	Dec. 31,
Interest rate	$ 6.8	$ 3.8	$ 13.4	$ 3.8
Foreign exchange	1.0	0.4	2.7	0.7
Equity	1.6	0.6	4.0	0.8
Diversification	(2.3)	N/M	N/M	(1.3)
Overall portfolio	7.1	4.0	13.0	4.0

(a) VaR figures do not reflect the impact of the CVA guidance in ASC 820. This is consistent with the regulatory treatment. VaR exposure does not include the impact of the Company's consolidated investment management funds and seed capital investments.

N/M - Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a minimum and maximum portfolio diversification effect.

The interest rate component of VaR represents instruments whose values predominantly vary with the level or volatility of interest rates. These instruments include, but are not limited to: debt securities, mortgage-backed securities, swaps, swaptions, forward rate agreements, exchange-traded futures and options, and other interest rate derivative products.

The foreign exchange component of VaR represents instruments whose values predominantly vary with the level or volatility of currency exchange rates or interest rates. These instruments include, but are not limited to: currency balances, spot and forward transactions, currency options, exchange-traded futures and options, and other currency derivative products.

The equity component of VaR consists of instruments that represent an ownership interest in the form of domestic and foreign common stock or other equity-linked instruments. These instruments include, but are not limited to: common stock, exchange-traded funds, Depositary Receipts, listed equity options (puts and calls), OTC equity options, equity total return swaps, equity index futures and other equity derivative products.

The credit component of VaR represents instruments whose values predominantly vary with the credit worthiness of counterparties. These instruments include, but are not limited to credit derivatives (credit default swaps and exchange traded credit index instruments). Credit derivatives are used to hedge various credit exposures.

The diversification component of VaR is the risk reduction benefit that occurs when combining portfolios and offsetting positions, and from the correlated behavior of risk factor movements.

During 2015, interest rate risk generated 72% of average gross VaR, foreign exchange risk generated 14% of average gross VaR and equity risk accounted for 14% of average gross VaR. During 2015, our daily trading loss exceeded our calculated VaR amount of the overall portfolio on one occasion.

The following table of total daily trading revenue or loss illustrates the number of trading days in which our trading revenue or loss fell within particular ranges during the past five quarters. The year-over-year and sequential variances are driven by lower revenue volatility in interest rate derivatives.

Distribution of trading revenue (loss) *(a)*	Quarter ended				
(dollar amounts in millions)	**Dec. 31, 2015**	Sept. 30, 2015	June 30, 2015	March 31, 2015	Dec. 31, 2014
Revenue range:	Number of days				
Less than $(2.5)	**—**	—	—	1	—
$(2.5) - $0	**4**	7	3	2	7
$0 - $2.5	**23**	27	27	18	28
$2.5 - $5.0	**29**	21	26	24	18
More than $5.0	**6**	10	8	16	9

(a) Trading revenue (loss) includes realized and unrealized gains and losses primarily related to spot and forward foreign exchange transactions, derivatives, and securities trades for our customers and excludes any associated commissions, underwriting fees and net interest revenue.

Trading assets include debt and equity instruments and derivative assets, primarily interest rate and foreign exchange contracts, not designated as hedging instruments. Trading assets were $7 billion at Dec. 31, 2015 and $10 billion at Dec. 31, 2014.

Trading liabilities include debt and equity instruments and derivative liabilities, primarily interest rate and foreign exchange contracts, not designated as hedging instruments. Trading liabilities were $5 billion at Dec. 31, 2015 and $7 billion at Dec. 31, 2014.

Under our fair value methodology for derivative contracts, an initial “risk-neutral” valuation is performed on each position assuming time-discounting based on a AA credit curve. In addition, we consider credit risk in arriving at the fair value of our derivatives.

We reflect external credit ratings as well as observable credit default swap spreads for both ourselves as well as our counterparties when measuring the fair value of our derivative positions. Accordingly, the valuation of our derivative positions is sensitive to the current changes in our own credit spreads, as well as those of our counterparties.

At Dec. 31, 2015, our OTC derivative assets of $4.7 billion included a CVA deduction of $46 million. Our OTC derivative liabilities of $4.3 billion included a DVA of $6 million related to our own credit spread. Net of hedges, the CVA increased by $2 million and the DVA increased $1 million in 2015. The net impact of these adjustments decreased foreign exchange and other trading revenue by $1 million in 2015. During 2015, a $2 million realized loss was charged off against CVA reserves.

At Dec. 31, 2014, our OTC derivative assets of $6.2 billion included a CVA deduction of $49 million. Our OTC derivative liabilities of $7.2 billion included a DVA of $6 million related to our own credit spread. Net of hedges, the CVA decreased $8 million and DVA increased $1 million in 2014. The net impact of these adjustments increased foreign exchange and other trading revenue by $9 million in 2014. During 2014, a $5 million realized loss was charged off against CVA reserves.

The table below summarizes the risk ratings for our foreign exchange and interest rate derivative counterparty credit exposure. This information indicates the degree of risk to which we are exposed. Significant changes in ratings classifications for our foreign exchange and other trading activity could result in increased risk for us.

Foreign exchange and other trading counterparty risk rating profile *(a)*	Quarter ended				
	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015	Dec. 31, 2014
Rating:					
AAA to AA-	**43%**	46%	41%	37%	37%
A+ to A-	**42**	38	42	47	46
BBB+ to BBB-	**13**	14	13	14	14
Non-investment grade (BB+ and lower)	**2**	2	4	2	3
Total	**100%**	100%	100%	100%	100%

(a) Represents credit rating agency equivalent of internal credit ratings.

Asset/liability management

Our diversified business activities include processing securities, accepting deposits, investing in securities, lending, raising money as needed to fund assets, and other transactions. The market risks from these activities are interest rate risk and foreign exchange risk. Our primary market risk is exposure to movements in U.S. dollar interest rates and certain foreign currency interest rates. We actively manage interest rate sensitivity and use earnings simulation and discounted cash flow models to identify interest rate exposures.

An earnings simulation model is the primary tool used to assess changes in pre-tax net interest revenue. The model incorporates management's assumptions regarding interest rates, balance changes on core deposits, market spreads, changes in the prepayment behavior of loans and securities and the impact of derivative financial instruments used for interest rate risk management purposes. These assumptions have been developed through a combination of historical analysis and future expected pricing behavior and are inherently uncertain. As a result, the earnings simulation model cannot precisely estimate net interest revenue or the impact of higher or lower interest rates on net interest revenue. Actual results may differ from projected results due to timing, magnitude and frequency of interest rate changes, and changes in market conditions and management's strategies, among other factors.

These scenarios do not reflect strategies that management could employ to limit the impact as interest rate expectations change. The table below relies on certain critical assumptions regarding the balance sheet and depositors' behavior related to interest rate fluctuations and the prepayment and extension risk in certain of our assets. To the extent that actual behavior is different from that assumed in the models, there could be a change in interest rate sensitivity.

We evaluate the effect on earnings by running various interest rate ramp scenarios from a baseline scenario. The interest rate ramp scenarios are reviewed to examine the impact of large interest rate movements. Interest rate sensitivity is quantified by calculating the change in pre-tax net interest revenue between the scenarios over a 12-month measurement period.

The following table shows net interest revenue sensitivity for BNY Mellon.

Estimated changes in net interest revenue *(dollars in millions)*	**Dec. 31, 2015**	Sept. 30, 2015	June 30, 2015	March 31, 2015	Dec. 31, 2014
up 200 bps parallel rate ramp vs. baseline *(a)*	**$ 179**	$ 275	$ 224	$ 210	$ 363
up 100 bps parallel rate ramp vs. baseline *(a)*	**191**	290	245	262	326
Long-term up 50 bps, short-term unchanged *(b)*	**33**	20	28	14	28
Long-term down 50 bps, short-term unchanged *(b)*	**(91)**	(81)	(73)	(69)	(54)

(a) In the parallel rate ramp, both short-term and long-term rates move in four equal quarterly increments.
(b) Long-term is equal to or greater than one year.

The Dec. 31, 2015 calculations in the estimated changes in net interest revenue table above are based on a forecast that uses our year-end balance sheet and an updated forward yield curve to take into consideration significant market changes that occurred subsequent to year-end. The 100 basis point ramp scenario assumes rates increase 25 basis points above the forward yield curve in each of the next four quarters and the 200 basis point ramp scenario assumes a 50 basis point per quarter increase. Because it is our practice to utilize forward yield curves in this analysis, the estimated impact of rate changes that have occurred since the prior quarter is embedded in the starting point, or base forecast, of the current quarter calculation. For example, the impact of the Federal Reserve's Dec. 16, 2015 rate hike is embedded in the Dec. 31, 2015 base forecast. As a result, the change in sensitivity is largely driven by an increase in the net interest revenue base forecast as well as higher outflows of noninterest-bearing deposits than previously forecasted.

Our net interest revenue sensitivity table above incorporates assumptions about the impact of changes in interest rates on depositor behavior based on historical experience. Given the current historically low interest rate environment and the potential change to implementation of monetary policy, the impact of depositor behavior is highly uncertain.

Growth or contraction of deposits could also be affected by the following factors:

- Monetary policy;
- Global economic uncertainty;
- Our ratings relative to other financial institutions' ratings; and
- Money market mutual fund and other regulatory reform.

Any of these events could change our assumptions about depositor behavior and have a significant impact on our balance sheet and net interest revenue.

We also project future cash flows from our assets and liabilities over a long-term horizon and then discount these cash flows using instantaneous parallel shocks to prevailing interest rates. This measure reflects the structural balance sheet interest rate sensitivity by discounting all future cash flows. The aggregation of these discounted cash flows is the economic value of equity ("EVE"). The following table shows how the EVE would change in response to changes in interest rates.

Estimated changes in EVE	**Dec. 31, 2015**
Rate change:	
up 200 bps vs. baseline	**(8.0)%**
up 100 bps vs. baseline	**(3.5)%**

The asymmetrical accounting treatment of the impact of a change in interest rates on our balance sheet may create a situation in which an increase in interest rates can adversely affect reported equity and regulatory capital, even though economically there may be no impact on our economic capital position. For example, an increase in rates will result in a decline in the value of our available-for-sale securities portfolio, which will be reflected through a reduction in accumulated other comprehensive income in our shareholders' equity thereby affecting our tangible common equity ("TCE") ratios. Under current accounting rules, to the extent the fair value option provided in ASC 825 is not applied, there is no corresponding change on our fixed liabilities, even though economically these liabilities are more valuable as rates rise.

We project the impact of this change using the same interest rate shock assumptions described earlier and compare the projected mark-to-market on the investment securities portfolio at Dec. 31, 2015, under the higher rate environments versus a stable rate scenario. The table below shows the impact of a change in interest rates on the TCE ratio.

Estimated changes in TCE ratio *(in basis points)*	**Dec. 31, 2015**
up 200 bps vs. baseline	**(70)**
up 100 bps vs. baseline	**(34)**

These results do not reflect strategies that management could employ to limit the impact as interest rate expectations change.

To manage foreign exchange risk, we fund foreign currency-denominated assets with liability instruments denominated in the same currency. We utilize various foreign exchange contracts if a liability denominated in the same currency is not available or desired, and to minimize the earnings impact of translation gains or losses created by investments in foreign markets. The foreign exchange risk related to the interest rate spread on foreign currency-denominated asset/liability positions is managed as part of our trading activities. We use forward foreign exchange contracts to protect the value of our net investment in foreign operations. At Dec. 31, 2015, net investments in foreign operations totaled $11 billion and were spread across 13 foreign currencies.

Risk management overview

Governance

Risk management and oversight begins with the board of directors and two key board committees: the Risk Committee and the Audit Committee.

The Risk Committee is comprised entirely of independent directors and meets on a regular basis to review and assess the control processes with respect to the Company's inherent risks. They also review and assess the risk management activities of the Company and the Company's fiduciary risk policies and activities. Policy formulation and day-to-day oversight of the Risk Management Framework is delegated to the Chief Risk Officer, who, together with the Chief Auditor and Chief Compliance Officer, helps ensure an effective risk management governance structure. The roles and responsibilities of the Risk Committee are described in more detail in its charter, a copy of which is available on our website, www.bnymellon.com.

The Audit Committee is also comprised entirely of independent directors, all of whom are financially literate within the meaning of the NYSE listing standards, and two of whom have been determined to be an audit committee financial expert as set out in the rules and regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with accounting or related financial management expertise within the meaning of the NYSE listing standards. All members of the Audit Committee have been determined to have banking and financial management expertise within the meaning of the FDIC rules. The Audit Committee meets on a regular basis to perform an oversight review of the integrity of the financial statements and financial reporting process, compliance with legal and regulatory requirements, our independent registered public accountant's qualifications and independence, and the performance of our registered public accountant and internal audit function. The Audit Committee also reviews management's assessment of the adequacy of internal controls. The functions of the Audit Committee are described in more detail in its charter, a copy of which is available on our website, www.bnymellon.com.

The Senior Risk Management Committee ("SRMC") is the most senior management body responsible for ensuring that emerging risks are weighed against the corporate risk appetite and that any material amendments to the risk appetite statement are properly vetted and recommended to the Executive Committee and the Board for approval. The SRMC also reviews any material breaches to our risk appetite and approves action plans required to remediate the issue. SRMC provides oversight for the risk management, compliance and ethics framework. The Chief Executive Officer, Chief Risk Officer and Chief Financial Officer are among SRMC's members.

Primary risk types

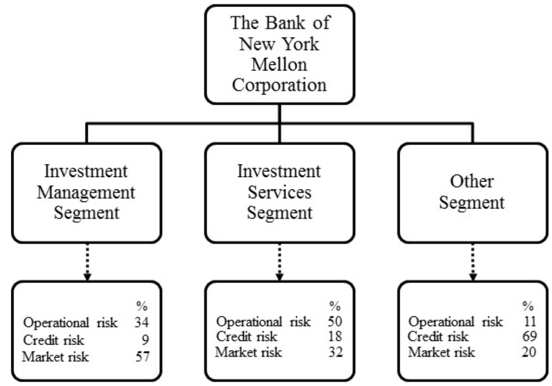
The understanding, identification and management of risk are essential elements for the successful management of BNY Mellon. Our primary risk categories are:

Type of risk	Description
Operational/ business	The risk of loss resulting from inadequate or failed internal processes, human factors and systems, breaches of technology and information systems, or from external events. Also includes fiduciary risk, reputational risk, and litigation risk.
Market	The risk of loss due to adverse changes in the financial markets. Our market risks are primarily interest rate, foreign exchange, and equity risk. Market risk particularly impacts our exposures that are marked-to-market such as the securities portfolio, trading book, and equity investments.
Credit	The possible loss we would suffer if any of our borrowers or other counterparties were to default on their obligations to us. Credit risk is resident in the majority of our assets, but primarily concentrated in the loan and securities books, as well as off-balance sheet exposures such as lending commitments, letters of credit, and securities lending indemnifications.
Liquidity	The risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints from inability to convert assets to cash, inability to raise cash in the markets, deposit run-off, or contingent liquidity events. Thus, liquidity risk can be inherent in the majority of our balance sheet exposures.

The following table presents the primary types of risk typically embedded in on- and off-balance sheet instruments.

Risks of our on- and off-balance sheet instruments	
Assets:	
Interest-bearing deposits with banks	credit
Federal funds sold and securities purchased under resale agreements	market, credit
Securities	market, credit
Trading assets	market, credit
Loans	credit
Goodwill	operational/business, market
Intangible assets	operational/business, market
Liabilities:	
Deposits	liquidity
Federal funds purchased and securities sold under repurchase agreements	liquidity
Trading liabilities	market, liquidity
Payables to customers and broker-dealers	liquidity
Off-balance sheet instruments:	
Lending commitments	credit, liquidity
Standby letters of credit	credit, liquidity
Commercial letters of credit	credit, liquidity
Securities lending indemnifications	market, credit

The following chart provides a guide to the primary risks inherent in our businesses. Liquidity risk is managed on a stand-alone basis at the Consolidated and Bank levels. Management of liquidity risk is the responsibility of Corporate Treasury which is reported in the Other segment. The percentages below are based on the allocation of economic capital at Dec. 31, 2015 to protect against unexpected economic losses over a one-year period at a level consistent with the solvency of a target debt rating.



Operational/business risk

Overview

In providing a comprehensive array of products and services, we may be exposed to operational/business risk. Operational/business risk may result from, but is not limited to, errors related to transaction processing, breaches of internal control systems and compliance requirements, fraud by employees or persons outside BNY Mellon or business interruption due to system failures or other events. Operational/business risk may also include breaches of our technology and information systems resulting from unauthorized access to confidential information or from internal or external threats, such as cyber attacks. Operational/business risk also includes potential legal or regulatory actions that could arise as a result of noncompliance with applicable laws and/or regulatory requirements. In the case of an operational event, we could suffer a financial loss as well as damage to our reputation.

To address these risks, we maintain comprehensive policies and procedures and an internal control framework designed to provide a sound operational environment. These controls have been designed to manage operational/business risk at appropriate levels given our financial strength, the business environment and markets in which we operate, the nature of our businesses, and considering factors such as competition and regulation. Our internal auditors and internal control group monitor and test the overall effectiveness of our internal controls and financial reporting systems on an ongoing basis.

We have also established procedures that are designed to ensure compliance with generally accepted conduct, ethics and business practices which are defined in our corporate policies. These include training programs such as for our "Code of Conduct," and "Know Your Customer" programs, and compliance training programs such as those regarding information protection, suspicious activity reporting, and operational risk.

Operational/business risk management

We have established operational/business risk management as an independent risk discipline. The organizational framework for operational/business risk is based upon a strong risk culture that incorporates both governance and risk management activities comprising:

- Board Oversight and Governance - The Risk Committee of the Board approves and oversees our operational/business risk management strategy in addition to credit and market risk. The Risk Committee meets regularly to review operational/business risk management initiatives, discuss key risk issues, and review the effectiveness of the risk management systems.
- Accountability of Businesses - Business managers are responsible for maintaining an effective system of internal controls commensurate with their risk profiles and in accordance with BNY Mellon policies and procedures.
- The Operational Risk Management Group is responsible for developing risk management policies and tools for assessing, measuring, monitoring and managing operational risk for BNY Mellon. The primary objectives of the Operational Risk Management Group are to promote effective risk management, identify emerging risks, create incentives for generating continuous improvement in controls, and to optimize capital.
- The Information Risk Management Group is responsible for developing policies, methods and tools for identifying, assessing, measuring, monitoring and governing information and technology risk for BNY Mellon. The Information Risk Management Group partners with the businesses to help maintain and protect the confidentiality, integrity, and availability of the firm's information and technology assets from internal and external threats such as cyber attacks.

Market risk

In addition to the Risk Committee and SRMC, oversight of market risk is performed by certain committees and through executive review meetings. Detailed reviews of derivative trading positions and stress tests results are conducted during the Markets Group Weekly Risk Review. Senior managers from Risk Management, Finance and Sales and Trading attend the review.

Regarding the Corporate Treasury function, oversight is provided by the Treasury Risk Committee, bi-weekly Portfolio Management Group risk meetings, Business Risk Committee, and numerous portfolio reviews.

The Business Risk Committee for the Markets Group business also provides a forum for market risk oversight. The goal of the Business Risk Committee meeting, which is held at least quarterly, is to review key risk and control issues and related initiatives facing all lines of business including the Markets Group. The following activities are also addressed during Business Risk Committee meetings:

- Reporting of all new Monitoring Limits and changes to existing limits; and
- Monitoring of trading exposures, VaR, market sensitivities and stress testing results.

The Markets Group Documentation Committee reviews and approves variations in the Company's documentation standards as it relates to derivative transactions. In addition, this committee reviews all outstanding confirmations to identify potential exposure to the Company. Finally, the Risk Quantification and Modeling Committee reviews backtesting results for the Company's VaR model.

Credit risk

To balance the value of our activities with the credit risk incurred in pursuing them, we set and monitor internal credit limits for activities that entail credit risk, most often on the size of the exposure and the quality of the counterparty. For credit exposures driven by changing market rates and prices, exposure measures include an add-on for such potential changes.

We manage credit risk at both the individual exposure level as well as the portfolio level. Credit risk at the individual exposure level is managed through our credit approval system and involves four approval levels up to and including the Chief Risk Officer of the Company. The requisite approvals are based upon the size and relative risk of the aggregate exposure under consideration. The Credit Risk Group is responsible for approving the size, terms and maturity of all credit exposures as well as the ongoing monitoring of the creditworthiness of the counterparty. In addition, they are responsible for assigning and maintaining the internal risk ratings on each exposure.

Credit risk management at the portfolio level is supported by the Basel & Capital Adequacy Group, within the Risk Management and Compliance Sector. The Basel & Capital Adequacy Group is responsible for calculating two fundamental credit measures. First, we project a statistically probable credit loss, used to help determine the appropriate loan loss reserve and to measure customer profitability. Credit loss considers three basic components: the estimated size of the exposure whenever default might occur, the probability of default before maturity and the severity of the loss we would incur, commonly called "loss given default." For institutional lending, where most of our credit risk is created, unfunded commitments are assigned a usage given default percentage. Borrowers/Counterparties are assigned ratings by Credit Portfolio Managers on an 18-grade scale, which translate to a scaled probability of default. Additionally, transactions are assigned loss-given-default ratings (on a 7-grade scale) that reflect the transactions' structures including the effects of guarantees, collateral, and relative seniority of position.

The second fundamental measurement of credit risk calculated by the Basel & Capital Adequacy Group is called economic capital. Our economic capital model estimates the capital required to support the overall credit risk portfolio. Using a Monte Carlo simulation engine and measures of correlation among borrower defaults, the economic model examines extreme and highly unlikely scenarios of portfolio credit loss in order to estimate credit-related capital, and then allocates that capital to individual borrowers and exposures. The credit-related capital calculation supports a second tier of policy standards and limits by serving as an input to both profitability analysis and concentration limits of capital at risk with any one borrower, industry or country.

The Basel & Capital Adequacy Group is responsible for the calculation methodologies and the estimates of the inputs used in those methodologies for the determination of expected loss and economic capital. These methodologies and input estimates are regularly evaluated to ensure their appropriateness and accuracy. As new techniques and data become available, Basel & Capital Adequacy attempts to incorporate, where appropriate, those techniques or data.

Credit risk is intrinsic to much of the banking business. However, BNY Mellon seeks to limit both on- and off-balance sheet credit risk through prudent underwriting and the use of capital only where risk-adjusted returns warrant. We seek to manage risk and improve our portfolio diversification through syndications, asset sales, credit enhancements, credit derivatives, and active collateralization and netting agreements. In addition, we have a separate Credit Risk Review Group, which is part of Internal Audit, made up of experienced loan review officers who perform timely reviews of the loan files and credit ratings assigned to the loans.

Liquidity risk

Our overall approach to liquidity management is to ensure that sources of liquidity are sufficient in amount and diversity such that changes in funding requirements at the Parent and at the various bank subsidiaries can be accommodated routinely without material adverse impact on earnings, daily operations or our financial condition.

The board of directors is ultimately responsible for the liquidity risk of the Company and approves the liquidity risk tolerances. The Asset Liability Committee ("ALCO") is the senior management committee responsible for the oversight of liquidity management. ALCO is responsible to ensure that Board approved strategies, policies, and procedures for managing liquidity are appropriately executed. Senior management is also responsible for regularly reporting the liquidity position of the Company to the board of directors. The Treasury Risk Committee is responsible for reviewing liquidity stress tests and various liquidity metrics including contractual cash flow gaps for liquidity, liquidity stress metrics and ratios, Liquidity Coverage Ratio, Net Stable Funding

Ratio and client deposit concentration. The Treasury Risk Committee approves and validates stress test methodologies and assumptions.

BNY Mellon seeks to maintain an adequate liquidity cushion in both normal and stressed environments and seeks to diversify funding sources by line of business, customer and market segment. Additionally, we seek to maintain liquidity ratios within approved limits and liquidity risk tolerance, maintain a liquid asset buffer that can be liquidated, financed and/or pledged as necessary, and control the levels and sources of wholesale funds.

Potential uses of liquidity include withdrawals of customer deposits and client drawdowns on unfunded credit or liquidity facilities. We actively monitor unfunded lending-related commitments, thereby reducing unanticipated funding requirements.

When monitoring liquidity, we evaluate multiple metrics to ensure ample liquidity for expected and unexpected events. Metrics include cash flow mismatches, asset maturities, debt spreads, peer ratios, liquid assets, unencumbered collateral, funding sources and balance sheet liquidity ratios. We monitor the LCR, as well as various internal liquidity limits as part of our standard analysis to monitor depositor and market funding concentration, liability maturity profile and potential liquidity draws due to off-balance sheet exposure.

We also perform liquidity stress tests to ensure the Company maintains sufficient liquidity resources under multiple stress scenarios, including stress tests required by rules adopted by the Federal Reserve under the Dodd-Frank Act. Stress tests are based on scenarios that measure liquidity risks under unlikely but plausible events. The Company performs these tests under various time horizons ranging from one day to one year in a base case, as well as supplemental tests to determine whether the Company's liquidity is sufficient for severe market events and firm-specific events. Under our scenario testing program, the results of the tests indicate that the Company has sufficient liquidity.

Stress Testing

It is the policy of the Company to perform Enterprise-wide Stress Testing at regular intervals as part of its Internal Capital Adequacy Assessment Process ("ICAAP"). Additionally, the Company performs an analysis of capital adequacy in a stressed environment in its Enterprise-Wide Stress Test Framework, as required by the enhanced prudential standards issued pursuant to the Dodd-Frank Act.

Enterprise-Wide Stress Testing performs analyses across the Company's lines of business, products, geographic areas, and risk types incorporating the results from the different underlying models and projections given a certain stress-test scenario. It is an important component of assessing the adequacy of capital (as in the ICAAP) as well as identifying any high risk touch points in business activities. Furthermore, by integrating enterprise-wide stress testing into the Company's capital planning process, the results provide a forward-looking evaluation of the ability to complete planned capital actions in a more-adverse-than-anticipated economic environment.

Economic capital required

BNY Mellon has implemented a methodology to quantify economic capital. We define economic capital as the capital required to protect against unexpected economic losses over a one-year period at a level consistent with the solvency of a target debt rating. We quantify economic capital requirements for the risks inherent in our business activities using statistical modeling techniques and then aggregate them at the consolidated level. A capital reduction, or diversification benefit, is applied to reflect the unlikely event of experiencing an extremely large loss in each type of risk at the same time. Economic capital requirements are directly related to our risk profile. As such, they have become a part of our ICAAP and, along with regulatory capital, are a key component to ensuring that the actual level of capital is commensurate with our risk profile and sufficient to provide the financial flexibility to undertake future strategic business initiatives.

The framework and methodologies to quantify each of our risk types have been developed by the Basel & Capital Adequacy Group and are designed to be consistent with our risk management principles. The framework has been approved by senior management and has been reviewed by the Risk Committee of the board of directors. Due to the evolving nature of quantification techniques, we expect to continue to refine the methodologies used to estimate our economic capital requirements.

The following table presents our economic capital required at Dec. 31, 2015, on a consolidated basis.

Economic capital required at Dec. 31, 2015 *(in millions)*		
Credit	$	5,018
Market		2,504
Operational		5,271
Other *(a)*		540
Economic capital required - consolidated	$	13,333
CET1	$	18,417
Capital cushion	$	5,084

(a) Includes interest rate risk, reputational risk and diversification benefit.

Global compliance

Our global compliance function provides leadership, guidance, and oversight to help our businesses identify applicable laws and regulations and implement effective measures to meet the specific requirements. Compliance takes a proactive approach by anticipating evolving regulatory standards and remaining aware of industry best practices, legislative initiatives, competitive issues, and public expectations and perceptions. The function uses its global reach to disseminate information about compliance-related matters throughout BNY Mellon. The Chief Compliance and Ethics Officer reports to the Chief Risk Officer, is a member of key committees of BNY Mellon and provides regular updates to the Risk Committee of the board of directors.

Internal audit

Internal Audit is an independent, objective assurance function that reports directly to the Audit Committee of the Company's Board of Directors. It assists the Company in accomplishing its objectives by bringing a systematic, disciplined, risk-based approach to evaluate and improve the effectiveness of the Company's risk management, control, and governance processes. The scope of Internal Audit's work includes the review and evaluation of the adequacy, effectiveness, and sustainability of risk management procedures, internal control systems, information systems and governance processes.

Evolving Regulatory Environment

BNY Mellon engages in banking, investment advisory and other financial activities in the U.S. and 34 other countries, and is subject to extensive regulation in the jurisdictions in which it operates. Global supervisory authorities generally are charged with ensuring the safety and soundness of financial institutions, protecting the interests of customers, including depositors in banking entities and investors in mutual funds and other pooled vehicles, safeguarding the integrity of securities and other financial markets and promoting systemic resiliency and financial stability in the relevant country. They are not, however, generally charged with protecting the interests of our shareholders or non-deposit creditors. This discussion outlines the material elements of selected laws and regulations applicable to us. Changes in these standards, or in their application, cannot be predicted, but may have a material effect on our businesses and results of operations.

The financial services industry has been the subject of enhanced regulatory scrutiny in recent years globally, and we expect this trend to continue in the future. Our businesses have been subject to a significant number of new global reform measures. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) and its implementing regulations are significantly restructuring the financial regulatory regime in the United States and enhancing supervision and prudential standards for large BHCs like BNY Mellon. The implications of the Dodd-Frank Act for our businesses depend to a large extent on the manner in which its implementing regulations are established and interpreted by the primary U.S. financial regulatory agencies - the Federal Reserve, the FDIC, the OCC, the SEC and the CFTC. The implications are also dependent on changes in market practices and structures in response to the requirements of the Dodd-Frank Act and financial reforms in other jurisdictions. Certain aspects of the Dodd-Frank Act remain subject to further rulemaking, take effect over various transition periods, or contain other elements that make it difficult to precisely anticipate their full impact. In addition, other national and global reform measures that have been adopted by various policy makers or are being considered may materially impact us. Relevant regulatory initiatives are discussed further below.

Enhanced Prudential Standards and Large Exposures

Sections 165 and 166 of the Dodd-Frank Act direct the Federal Reserve to enact heightened prudential standards and early remediation requirements applicable to BHCs with total consolidated assets of $50 billion or more, such as BNY Mellon, and certain designated nonbank financial companies (generally referred to as “SIFIs”). The Dodd-Frank Act mandates that the requirements applicable to SIFIs be more stringent than those applicable to other financial companies. In December 2011, the Federal Reserve issued for public comment a notice of proposed rulemaking, which we refer to as the “Proposed SIFI Rules,” establishing enhanced prudential standards for:

- risk-based capital requirements and leverage limits;
- liquidity requirements;
- single-counterparty credit exposure limits;
- stress testing of capital;
- overall risk management requirements; and
- remedial actions that SIFIs must take during the early stages of financial distress if specified trigger events occur (referred to as the “early remediation provisions”).

In addition, in the release accompanying the Proposed SIFI Rules, the Federal Reserve indicated it would consider whether to institute limits on short-term debt.

The Federal Reserve has adopted rules (“Final SIFI Rules”) to implement the liquidity, stress testing of capital and risk management requirements of the Proposed SIFI Rules. Beginning Jan. 1, 2015, BNY Mellon has been required to comply with enhanced liquidity and overall risk management standards, which include maintenance of a buffer of highly liquid assets based on projected funding needs for 30 days. The liquidity buffer is in addition to the U.S. banking agencies’ rules regarding the LCR, discussed below and is described by the Federal Reserve as being “complementary” to those liquidity standards.

The Final SIFI Rules do not address single-counterparty credit limits or early remediation provisions. The Federal Reserve noted that it is still developing the single-counterparty credit limit rule, and that, in finalizing that rule, it would take into account the Basel Committee's framework for large exposure limits.

The Basel Committee's framework for large exposures scheduled to become effective on Jan. 1, 2019:

- Limits exposures between a banking organization and a single counterparty or a group of connected counterparties to 25% of Tier 1 capital;
- Limits exposures between G-SIBs to 15% of Tier 1 capital;
- Excludes from the limit intraday interbank exposures and sovereign and central bank exposures; and
- Requires actions that SIFIs must take during the early stages of financial distress if specified trigger events occur (referred to as the "early remediation provisions").

The framework is conceptually analogous to the single-counterparty credit limits in the Proposed SIFI Rules. It will become binding on U.S. banking organizations only to the extent that the U.S. banking agencies implement the framework, including through the Federal Reserve's adoption of final single counterparty credit limits implementing section 165(e) of the Dodd-Frank Act.

The Basel Committee's large exposures framework does not specify a methodology to measure exposures from securities financing transactions ("SFTs"), such as securities lending and repurchase agreements. Instead, the Basel Committee expects to use the forthcoming revised comprehensive approach and supervisory haircuts or an equivalent method that does not rely on internal models to measure SFT exposures. The Basel Committee expects to finish its review of this revised approach before the 2019 deadline, but in the event of a delay, banks may continue to use the method they currently use to calculate their risk-based capital requirements for SFTs.

Capital Planning and Stress Testing

Payment of Dividends, Stock Repurchases and Other Capital Distributions

The Parent is a legal entity separate and distinct from its bank and other subsidiaries. Dividends and interest from its subsidiaries are the Parent's principal sources of funds to make capital contributions or loans to its subsidiaries, to service its own debt, to honor its guarantees of debt issued by its subsidiaries or of trust preferred securities issued by a trust or to make its own capital distributions. Various federal and state laws and regulations limit the amount of dividends that may be paid to the Parent by our bank subsidiaries without regulatory consent. If, in the opinion of the applicable federal regulatory agency, a depository institution under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), the regulator may require, after notice and hearing, that the bank cease and desist from such practice. The OCC, the Federal Reserve and the FDIC have indicated that the payment of dividends would constitute an unsafe and unsound practice if the payment would reduce a depository institution's capital to an inadequate level. Moreover, under the Federal Deposit Insurance Act, as amended (the "FDI Act"), an insured depository institution may not pay any dividends if the institution is undercapitalized or if the payment of the dividend would cause the institution to become undercapitalized. In addition, the federal bank regulatory agencies have issued policy statements which provide that FDIC-insured depository institutions and their holding companies should generally pay dividends only out of their current operating earnings.

In general, the amount of dividends that may be paid by our U.S. banking subsidiaries, including to the Parent, is limited to the lesser of the amounts calculated under a "recent earnings" test and an "undivided profits" test. Under the recent earnings test, a dividend may not be paid if the total of all dividends declared and paid by the entity in any calendar year exceeds the current year's net income combined with the retained net income of the two preceding years, unless the entity obtains prior regulatory approval. Under the undivided profits test, a dividend may not be paid in excess of the entity's "undivided profits" (generally, accumulated net profits that have not been paid out as dividends or transferred to surplus). The ability of our bank subsidiaries to pay dividends to the Parent may also be affected by various minimum capital requirements for banking organizations.

BNY Mellon's capital distributions are subject to Federal Reserve oversight. The major component of that oversight is the Federal Reserve's CCAR, implementing its capital plan rule. That rule requires BHCs having $50 billion or more in total consolidated assets (including BNY Mellon) to submit annual capital plans to their respective Federal Reserve Bank. We are also required to collect and report certain related data on a quarterly basis to allow the Federal Reserve to monitor progress against the annual capital plans. BNY Mellon and other affected BHCs may pay dividends, repurchase stock, and make other capital distributions only in accordance with a capital plan that has been reviewed by the Federal Reserve and as to which the Federal Reserve has not objected. The Federal Reserve may object to a capital plan if the plan does not show that the covered BHC will meet, for each quarter throughout the nine-quarter planning horizon covered by the capital plan, all minimum regulatory capital ratios under applicable capital rules as in effect for that quarter on a *pro forma* basis under the base case and stressed scenarios (including a severely adverse scenario provided by the Federal Reserve). The capital plan rule also stipulates that a covered BHC may not make a capital distribution unless after giving effect to the distribution it will meet all minimum regulatory capital ratios.

The purpose of CCAR is to ensure that these BHCs have robust, forward-looking capital planning processes that account for their unique risks and that permit continued operations during times of economic and financial stress. The 2016 CCAR instructions, consistent with prior Federal Reserve guidance, provide that capital plans contemplating dividend payout ratios exceeding 30% of projected after-tax net income will receive particularly close scrutiny. BNY Mellon's common stock dividend payout ratio was 25% for 2015.

In March 2015, BNY Mellon received confirmation that the Federal Reserve did not object to our 2015 CCAR. The board of directors subsequently approved the repurchase of up to $3.1 billion worth of common stock for a five-quarter period beginning in the second quarter of 2015 and continuing through the second quarter of 2016, including employee benefit plan repurchases. Of the $3.1 billion authorization, common stock repurchases of $700 million were contingent on a prior issuance of $1 billion of qualifying preferred stock, which issuance was completed in April 2015. We repurchased 45.3 million common shares for $2.0 billion in 2015 under the current program, which began in the second quarter of 2015 and continues through the second quarter of 2016. We expect to continue to repurchase shares in the first half of 2016 under the 2015 capital plan.

In October 2014, the Federal Reserve revised aspects of its rules pertaining to CCAR and Dodd Frank Act stress tests ("DFAST"). These revisions include, among other changes, an adjusted timeline for the submission of capital plans and stress tests for BHCs subject to CCAR and the limitations on capital distributions to the extent that actual capital issuances are less than the amounts indicated in the capital plan. Beginning in 2016, BHCs, including BNY Mellon, are required to submit their capital plans and stress testing results to the Federal Reserve on or before April 5.

On Nov. 25, 2015, the Federal Reserve modified certain aspects of the CCAR and DFAST regulations, including the following:

- Removing the requirement to calculate a 5% Tier 1 common ratio;
- Delaying, for purposes of the DFAST and CCAR, implementation of the SLR as a quantitative measure until the 2017 stress-testing cycle; and
- Indefinitely deferring the use of the U.S. capital rules' Advanced Approach RWA framework in CCAR and DFAST.

In December 2015 the Federal Reserve issued guidance that consolidates capital planning expectations, including expectations for CCAR. The guidance makes explicit that the Federal Reserve maintains heightened expectations regarding capital planning by large BHCs such as BNY Mellon. In particular, the Federal Reserve expects firms such as BNY Mellon to exceed the minimum expectations set forth in the Federal Reserve's guidance and maintain highly sophisticated, comprehensive, and robust capital planning practices.

Regulatory Stress-Testing Requirements

In addition to the CCAR stress testing requirements, Federal Reserve regulations also include DFAST. The CCAR and DFAST requirements substantially overlap, and the Federal Reserve implements them at the BHC level on a coordinated basis. Under these DFAST regulations, we are required to undergo regulatory stress tests conducted by the Federal Reserve annually, and to conduct our own internal stress tests pursuant to regulatory requirements twice annually. In addition, The Bank of New York Mellon is required to conduct its own annual internal stress test (although this bank is permitted to combine certain reporting and disclosure of its stress test results with the results of BNY Mellon). These requirements involve both company-run and supervisory-run testing of capital under various scenarios, including baseline, adverse and severely adverse scenarios provided by the appropriate banking regulator. Results from our annual company-run stress tests are reported to the appropriate regulators and published. We published the results of our most recent company-run annual stress test on March 11, 2015, and the results of our company-run mid-year stress test on July 13, 2015.

Capital Requirements - Generally

As a BHC, we are subject to U.S. capital rules, administered by the Federal Reserve. Our bank subsidiaries are subject to similar capital requirements administered by the Federal Reserve in the case of The Bank of New York Mellon and by the OCC in the case of our national bank subsidiaries, BNY Mellon, N.A. and The Bank of New York Mellon Trust Company, National Association. These requirements are intended to ensure that banking organizations have adequate capital given the risk levels of their assets and off-balance sheet exposures.

The U.S. capital rules are largely based on the Basel Committee's December 2010 final capital framework for strengthening international capital standards, now officially identified by the Basel Committee as "Basel III", and also implement, through the new "Standardized Approach" discussed below, a revised calculation of RWA, effective Jan. 1, 2015. Notwithstanding the detailed U.S. capital rules, the federal banking agencies retain significant discretion to set higher capital requirements for categories of banks or for an individual bank as situations warrant.

The U.S. capital rules, among other matters:

- define the components of capital in the numerator of regulatory capital ratios in a more narrow way than previous capital standards;
- introduce a minimum CET1 risk-based capital ratio and increase the minimum required Tier 1 risk-based capital ratio;
- designate their new "Standardized Approach" as the "generally applicable risk-based capital" standard;
- change the calculation of risk-weighted assets in the denominator of the risk-based capital ratios in the Advanced Approaches rules (defined below);
- establish a capital conservation buffer;
- introduce a countercyclical capital buffer for banking organizations subject to the Advanced Approaches ("Advanced Approaches banking organizations"); and
- establish an SLR for Advanced Approaches banking organizations.

The U.S. capital rules allow a graduated implementation schedule and will be substantially phased-in by 2019. BNY Mellon began using the new Standardized Approach risk-weightings on Jan. 1, 2015. In addition, BNY Mellon began meeting the minimum ratios for the capital conservation buffer and countercyclical capital buffer, including the G-SIB surcharge, during the transition period beginning on Jan. 1, 2016 and must begin compliance with the SLR on Jan. 1, 2018.

U.S. Capital Rules - New Minimum Capital Ratios and Capital Buffers

Consistent with the terms of the Basel III framework and the Dodd-Frank Act, the U.S. capital rules require Advanced Approaches banking organizations, such as BNY Mellon, to satisfy three minimum risk-based capital ratios using both the new Standardized Approach risk-weightings on Jan. 1, 2015 (during 2014, the U.S. capital rules used the Basel I-based risk weightings in lieu of the Standardized Approach) and the Advanced Approaches:

- a CET1 ratio of 4.5% beginning Jan. 1, 2015;
- a Tier 1 capital ratio of 6.0% beginning Jan. 1, 2015; and

- a Total capital ratio of 8.0% (unchanged from the earlier general risk-based capital rules).

In addition, these minimum ratios will be supplemented by a new capital conservation buffer required threshold that began being phased in on Jan. 1, 2016, in increments of 0.625% per year until it reaches 2.5% on Jan. 1, 2019. The capital conservation buffer required threshold can only be satisfied with CET1 capital.

The capital conservation buffer required threshold is designed to enable a banking organization to absorb losses during periods of economic stress and applies to all banking organizations that are subject to the U.S. capital rules. Banking organizations with a CET1 ratio above the minimum but below the conservation buffer required threshold (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

During periods of excessive growth, the capital conservation buffer may be expanded up to an additional 2.5% through the imposition of a countercyclical capital buffer. For internationally active banks such as BNY Mellon, the countercyclical capital buffer required threshold is a weighted average of the countercyclical capital buffers deployed in each of the jurisdictions in which the bank has private sector credit exposures. In December 2015, the Federal Reserve issued a proposed policy statement outlining the framework for calculating the countercyclical capital buffer applicable to banks' U.S. exposures. Under the proposed policy statement, the countercyclical capital buffer is designed to increase the resilience of large banking organizations when the Federal Reserve sees an elevated risk of above-normal losses and supplements existing capital requirements to account for various financial system vulnerabilities and quantitative indicators. The Federal Reserve, in consultation with the OCC and FDIC, also voted to affirm the current countercyclical capital buffer level for U.S. exposures of 0% and noted that any future modifications to the buffer would generally be subject to a 12-month phase-in period. Any countercyclical capital buffer required threshold arising from exposures outside the United States will also generally be subject to a 12-month phase-in period.

The U.S. capital rules' buffers are also supplemented by a risk-based capital surcharge on G-SIBs. On July 20, 2015, the Federal Reserve published final rules to implement the G-SIB surcharge (the "Final U.S. G-SIB Rule"). The final rule requires G-SIBs to calculate their surcharges under two methods (referred to as "method 1" and "method 2") and use the higher of the two surcharges. The first method is based on the Basel Committee's framework and considers a G-SIB's size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity. The second method uses similar inputs, but is calibrated to result in significantly higher surcharges and replaces substitutability with a measure of reliance on short-term wholesale funding. The Final U.S. G-SIB Rule does not add the G-SIB surcharge to post-stress minimum risk-based capital ratios for purposes of DFAST or CCAR. Consistent with the phase-in of the capital conservation buffer, the G-SIB capital surcharge began to be phased-in beginning on Jan. 1, 2016 and will become fully effective on Jan. 1, 2019. For 2016, the G-SIB surcharge applicable to BNY Mellon is 1.5%, subject to applicable phase-ins.

At Dec. 31, 2015, calculated on a transitionally phased-in basis and under the Advanced Approach, BNY Mellon's CET1 ratio was 10.8%, the Tier 1 capital ratio was 12.3%, the Total capital ratio was 12.5% and its leverage ratio was 6.0%.

At Dec. 31, 2015, our estimated fully phased-in CET 1 ratio was 9.5% under the Advanced Approach and 10.2% under the Standardized Approach, based on our current interpretations of the U.S. capital rules and the final market risk rules.

U.S. Capital Rules - Deductions from and Adjustments to Capital Elements

The U.S. capital rules, like Basel III, provide for a number of deductions from and adjustments to CET1 capital. These include, for example, providing that unrealized gains and losses on all available-for-sale debt securities may *not* be filtered out for regulatory capital purposes, and the requirement that mortgage servicing rights, deferred tax assets dependent upon future taxable income and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1.

The U.S. capital rules redefine regulatory capital elements resulting in, among other things, trust preferred instruments no longer qualifying as Tier 1 capital, subject to a phase-out schedule. At Dec. 31, 2015, BNY Mellon had $296 million of outstanding trust preferred securities, of which 25% qualifies as Tier 1 capital in 2015 and none of which will qualify as Tier 1 capital in 2016, although a portion of the trust preferred securities are eligible for inclusion in Tier 2 capital.

U.S. Capital Rules - Advanced Approach Risk-Based Capital Rules

The U.S. capital rules' Advanced Approach asset risk-weighting framework (the "Advanced Approach") is based on Basel II's Advanced Approach. Under the U.S. capital rule's Advanced Approaches framework, credit risk risk-weightings are generally based on risk-sensitive approaches that largely rely on the use of internal credit models and parameters, whereas under the Standardized Approach credit risk risk-weightings are generally based on supervisory risk-weightings which vary primarily by counterparty type and asset class. BNY Mellon is required to comply with Advanced Approach reporting and public disclosures commencing on June 30, 2014. Under the U.S. capital rules, this means, among other things, for purposes of determining whether we meet minimum risk-based capital requirements, starting with the second quarter of 2014 our CET1 ratio, Tier 1 capital ratio, and total capital ratio is the lower of that calculated under the generally applicable risk-based capital standard and under the Advanced Approach rule.

U.S. Capital Rules - New Generally Applicable Risk-Based Capital Rules: Standardized Approach

The agencies' generally applicable risk-based capital rules calculate risk-weighted assets in the denominator of capital ratios using a broad array of risk weighting categories that are intended to be risk sensitive (the "Standardized Approach"). The risk-weights for the Standardized Approach generally range from 0% to 1,250%. Higher risk-weights under the Standardized Approach apply to a variety of exposures, including certain securitization exposures, equity exposures, claims on securities firms and exposures to counterparties on over-the-counter derivatives.

Concerning securities finance transactions, including transactions in which we serve as agent and provide securities replacement indemnification to a securities lender, the U.S. capital rules do not permit a banking organization to use a simple VaR approach to calculate exposure amounts for repo-style transactions or to use internal models to calculate the exposure amount for the counterparty credit exposure for repo-style transactions under the Standardized Approach (although these methodologies are included in the Advanced Approach). Under the Standardized Approach, a banking organization may use a collateral haircut approach to recognize the credit risk mitigation benefits of financial collateral that secures a repo-style transaction, including an agented securities lending transaction, among other transactions. To apply the collateral haircut approach, a banking organization must determine the exposure amount and the relevant risk weight for the counterparty or guarantor. Banking organizations may calculate market price volatility and foreign exchange volatility using their own internal estimates with prior written approval of their primary Federal supervisor.

In December 2015, the Basel Committee issued a consultative document proposing revisions to the Standardized Approach. Among other things, the proposal maintains external credit ratings as the primary basis for determining risk weights for financial institution and corporate exposures, but requires additional due diligence by firms to confirm the credit risk exposure. The new proposal offers alternative approaches for jurisdictions that do not allow the use of credit ratings, such as the United States. The new proposal also includes a framework for credit risk mitigation and for commitments. The U.S. banking agencies, including the Federal Reserve, have issued a joint statement stating that they intend to consider the new Basel Committee proposal with the goal of developing a stronger and more transparent risk-based capital framework for the largest financial institutions.

Leverage Ratios

The U.S. capital rules require a minimum 4% leverage ratio for all banking organizations. At Dec. 31, 2015, the Tier 1 leverage ratio for the Parent was 6.0% and the Tier 1 leverage ratio for our primary banking subsidiary, The Bank of New York Mellon, was 5.9%.

The U.S. capital rules also implement a new 3% Basel III-based SLR for Advanced Approach banking organizations, including BNY Mellon, to become effective Jan. 1, 2018. Unlike the Tier 1 leverage ratio, the SLR includes certain off-balance sheet exposures in the denominator, including the potential future credit exposure of derivative contracts and 10% of the notional amount of unconditionally cancelable commitments.

The U.S. G-SIBs (including BNY Mellon) and their insured depository institution subsidiaries are subject to an enhanced SLR, which requires BNY Mellon and other U.S. G-SIBs to maintain an SLR of greater than 5% (composed of the current minimum requirement of 3% plus a greater than 2% buffer) and requires bank subsidiaries of those bank holding companies to maintain at least a 6% SLR in order to qualify as "well capitalized" under the prompt corrective action regulations discussed below. The final enhanced SLR rule for U.S. G-SIBs, like the SLR more generally applicable to all Advanced Approach banking organizations, will become effective on Jan. 1, 2018.

Interest Rate Risk in the Banking Book

On June 8, 2015, the Basel Committee issued a consultative document on the risk management, capital treatment, and supervision of interest rate risk in the banking book ("IRRBB"). This IRRBB proposal expands upon and is intended to replace the Basel Committee's 2004 Principles for the Management and Supervision of Interest Rate Risk. The proposal presents two options for the capital treatment of IRRBB: a uniform quantitative measure that imposes minimum capital requirements, and a supervisory approach that includes quantitative calculation and disclosure. Historically, IRRBB has been regulated under a supervisory approach. The Basel Committee has not yet finalized IRRBB or proposed an implementation timeline.

Fundamental Review of the Trading Book

The Basel Committee released revised minimum capital requirements for market risk in January 2016. The purpose of the revised market risk framework is to ensure that the standardized and internal model approaches to market risk deliver credible capital outcomes and promote consistent implementation of the standards across jurisdictions. BNY Mellon is assessing the final framework but does not expect any material business issues or compliance matters should the framework be implemented in the U.S.

Total Loss-Absorbing Capacity

On Oct. 30, 2015, the Federal Reserve issued a notice of proposed rulemaking (the "Proposed TLAC Rules") to establish external total loss-absorbing capacity ("TLAC") and related requirements for U.S. G-SIBs at the top-tier holding company level, including BNY Mellon. Except as stated below, the proposed requirements would be effective on Jan. 1, 2019. Under the proposal, U.S. G-SIBs would be required to maintain a minimum external TLAC of the greater of 16% of risk-weighted assets and 9.5% of the denominator of the SLR in 2019, increasing to the greater of 18% of risk-weighted assets and 9.5% of the denominator of the SLR in 2022. The external TLAC requirement would be met using a combination of Tier 1 capital and eligible external long-term debt ("ELTD"). The proposal would apply an additional buffer to the external TLAC requirement consisting of the sum of 2.5% of risk-weighted assets, the G-SIB surcharge calculated under method 1, and any applicable countercyclical buffer to be met using CET1. Separately, ELTD would be required to be maintained in an amount equal to the greater of 6% of risk-weighted assets plus the G-SIB surcharge (calculated using the greater of method 1 and method 2), and 4.5% of the denominator of the SLR. In order to qualify as ELTD, debt instruments must be unsecured, not be structured notes, be governed by U.S. law and have a remaining maturity of more than one year. In addition, the proposal requires that ELTD generally not have acceleration rights, other than in the event of non-payment or the bankruptcy or insolvency of the issuer. Instruments that have a maturity of less than two years but more than one year would be subject to a 50% haircut. Further, the top-tier holding companies of U.S. G-SIBs would not be permitted to issue certain guarantees of subsidiary liabilities, incur certain liabilities guaranteed by subsidiaries, issue short-term debt to third parties, or enter into derivatives and certain other financial contracts with external counterparties. Finally, under the proposal, certain liabilities of the top-tier holding companies of U.S. G-SIBs that are junior to or pari passu with ELTD would be capped at 5% of the value of the U.S. G-SIB's eligible external TLAC instruments.

The Proposed TLAC Rules would disqualify from ELTD, among other instruments, senior debt securities that permit acceleration for reasons other than an issuer insolvency or payment default. The currently outstanding senior long-term debt of U.S. G-SIBs, including BNY Mellon, typically permits acceleration for reasons other than an issuer insolvency or payment default and, as a result, neither such outstanding senior long-term debt, nor any subsequently issued senior long-term debt with similar terms would qualify as ELTD under the Proposed TLAC Rules. The steps that the U.S. G-SIBs, including BNY Mellon, may need to take to come into compliance with the final TLAC rules, including the amount and form of long-term debt that must be refinanced or issued, will depend in substantial part on the ultimate eligibility requirements for senior long-term debt and any grandfathering provisions included in the final TLAC rules.

The Proposed TLAC Rules could have a materially negative impact on BNY Mellon, unless modified prior to becoming final. Please see the Risk Factor - "We are subject to extensive government regulations and supervision and have been impacted by the significant amount of rulemaking since the 2008 financial crisis. These rules and regulations have, and in the future may, compel us to change how we manage our businesses, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, these rules and regulations have increased our compliance and operational risks and costs."

The Financial Stability Board ("FSB") has also issued a final TLAC standard on Nov. 9, 2015. There are several important differences between the final FSB TLAC standard and the Proposed TLAC Rules:

- The Federal Reserve proposal and the FSB standard have the same minimum external TLAC requirement using risk-weighted assets, but the Federal Reserve proposal has a higher leverage ratio backstop of 9.5% as opposed to the FSB's 6.75%.
- The Federal Reserve proposal has a minimum ELTD requirement, as described above, which is not required by the FSB.
- The final FSB standard sets an "internal" TLAC requirement requiring material sub-groups of G-SIBs that are not themselves resolution entities to maintain 75-90% of the external TLAC minimum. Under the U.S. Proposed TLAC Rules, the Federal Reserve is considering requiring internal TLAC at domestic subsidiaries of U.S. G-SIBs, but has not yet proposed rules implementing such internal TLAC requirements.

Prompt Corrective Action

The FDI Act, as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), requires the federal banking agencies to take "prompt corrective action" in respect of depository institutions that do not meet specified capital requirements. FDICIA establishes five capital categories for FDIC-insured banks: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." The FDI Act imposes progressively more restrictive constraints on operations, management and capital distributions the less capital the institution holds.

Effective Jan. 1, 2015, the U.S. capital rules established revised "well capitalized" thresholds for insured depository institutions under the federal banking agencies' prompt corrective action framework. Under the U.S. capital rules, an insured depository institution is deemed to be "well capitalized" if it has:

- a CET1 of at least 6.5%;
- a Tier 1 capital ratio of at least 8%;
- a Total capital ratio of at least 10%; and
- a Tier 1 leverage ratio of at least 5%.

Effective Jan. 1, 2018, the U.S. capital rules also require an Advanced Approach banking organization to maintain a SLR of at least 3% to qualify for the "adequately capitalized" status.

In addition, as noted above, the U.S. federal banking agencies' revisions to the enhanced SLR establish a SLR "well capitalized" threshold of 6% for covered insured depository institutions, including The Bank of New York Mellon and BNY Mellon N.A.

FDICIA's prompt corrective action provisions only apply to depository institutions and not to BHCs. The Federal Reserve's regulations applicable to BHCs separately define "well capitalized" for BHCs to require maintaining a total risk-based capital ratio of at least 10.0% and a Tier 1 risk-based capital ratio of at least 6.0% (but not a leverage measure). A financial holding company that is not well capitalized and well managed (or whose bank subsidiaries are not well capitalized and well managed under applicable prompt corrective action standards) may be restricted in certain of its activities and ultimately may lose financial holding company status.

At Dec. 31, 2015, BNY Mellon and all of its bank subsidiaries were “well capitalized” based on the ratios and rules applicable to them noted above. A bank’s capital category, however, is determined solely for the purpose of applying the prompt corrective action rules and may not be an accurate representation of the bank’s overall financial condition or prospects.

Liquidity Standards - Basel III and U.S. Rules and Proposals

Historically, regulation and monitoring of bank and BHC liquidity principally have been addressed as a supervisory matter, both in the U.S. and internationally, without required quantitative measures. The Basel III framework requires banks and BHCs to measure their liquidity against specific liquidity tests that, although similar in some respects to liquidity measures historically applied on a discretionary basis by banks and regulators for management and supervisory purposes, are now mandatory. One test, the LCR, is designed to ensure that the banking entity maintains an adequate level of unencumbered high-quality liquid assets equal to the entity’s expected net cash outflow for a 30-day time horizon under an acute liquidity stress scenario. The other, referred to as the NSFR, is designed to promote more medium- and long-term funding of the assets and activities of banking entities over a one-year time horizon. The Basel Committee issued the final LCR document in January 2013 and the final NSFR document in October 2014. The Basel III liquidity framework, as modified in January 2013, contemplates that the NSFR will be subject to an observation period through mid-2016 and, subject to any revisions resulting from the analyses conducted and data collected during the observation period, implemented as a minimum standard by Jan. 1, 2018. The U.S. banking agencies finalized rules implementing the LCR (as discussed below) but have not yet proposed rules implementing the NSFR.

The U.S. banking agencies issued a final rule (the “Final LCR Rule”) to implement the Basel III LCR in the U.S. The Final LCR Rule is more stringent than the Basel III LCR in several respects, including additional restrictions on the eligibility of HQLA and an accelerated implementation timeline.

Since Jan. 1, 2015, covered companies, including BNY Mellon, The Bank of New York Mellon and BNY Mellon, N.A., have been required to meet an LCR of 80%, calculated monthly for a six month period, after which the LCR was required to be calculated daily. The required minimum LCR level will increase annually by 10% increments until Jan. 1, 2017, at which time covered companies would be required to meet an LCR of 100%. As of Dec. 31, 2015, based on our current interpretation of the Final LCR Rule, we believe that we and our domestic bank subsidiaries are in compliance with applicable LCR requirements on a fully phased in basis.

Separately, as noted above, the Final SIFI Rules address liquidity requirements for BHCs with $50 billion or more in total assets, including BNY Mellon. These enhanced liquidity requirements became effective on Jan. 1, 2015 and include an independent review of liquidity risk management; establishment of cash flow projections; a contingency funding plan, and liquidity risk limits; liquidity stress testing under multiple stress scenarios and time horizons tailored to the specific products and profile of the company; and maintenance of a liquidity buffer of unencumbered highly liquid assets sufficient to meet projected net cash outflows over 30 days under a range of stress scenarios. In the release accompanying those rules, the Federal Reserve states that these enhanced liquidity requirements are designed to complement the LCR. The LCR would provide a standardized measure to allow comparison across BHCs, while the Final SIFI Rules’ internal stress test requirements provide a view of the BHC under various scenarios and time horizons which is tailored to the profile of the company. The Federal Reserve has also issued a proposed rule that would require BNY Mellon and other BHCs subject to the LCR to publicly disclose on quarterly basis quantitative and qualitative information regarding their LCR calculations beginning in the third quarter of 2016.

Volcker Rule

The Dodd-Frank Act imposed broad prohibitions and restrictions on proprietary trading and investments in or sponsorship of hedge funds and private equity funds by banking organizations and their affiliates, commonly referred to as the "Volcker Rule."

Banking organizations, including BNY Mellon, and their affiliates generally were required to conform their covered activities and investments with the final Volcker Rule regulations by July 21, 2015. The Federal Reserve extended this conformance period by one year (until July 21, 2016) for investments in and relationships with covered funds and foreign funds that were in place prior to Dec. 31, 2013. The Federal Reserve also stated that it intends to act to grant an additional one-year extension of this conformance period until July 21, 2017. We are expected to engage in good-faith efforts that will result in conformance of all of our covered activities and investments by no later than the end of this conformance period. The final Volcker Rule regulations also require us to develop and maintain an extensive compliance program, subject to CEO attestation, addressing proprietary trading and covered fund activities.

The Volcker Rule, subject to certain exceptions, prohibits "banking entities," including BNY Mellon, from engaging in proprietary trading and limits our sponsorship of, and investments in, private equity and hedge funds ("covered funds"), including our ability to own or provide seed capital to covered funds and the ability for a covered fund to share the same or similar name with a BNY Mellon affiliate. In addition, the Volcker Rule restricts us from engaging in certain transactions with covered funds (including, without limitation, certain U.S. funds for which BNY Mellon acts as both sponsor/manager and custodian).

The restrictions concerning proprietary trading do not contain a broad exemption for asset-liability management functions, but contain more limited exceptions for, among other things, bona fide liquidity risk management and risk-mitigating hedging activities, as well as certain classes of exempted instruments, including government securities. Ownership interests in covered funds that banking organizations organize and offer are generally limited to 3% of the total number or value of the outstanding ownership interests of any individual fund at any time more than one year after the date of its establishment, and with respect to the aggregate value of all such ownership interests in covered funds (when combined with ownership interests in covered funds held under the Volcker Rule's ABS issuer exemption and underwriting and market-making exemption), 3% of the banking organization's Tier 1 capital. Moreover, a banking entity relying on the final Volcker Rule's exemption for sponsoring covered funds must deduct from its Tier 1 capital, the value of related ownership interests, calculated in accordance with the final rule.

Derivatives

U.S., EU and APAC regulators are in the process of implementing comprehensive rules governing the supervision, structure, trading and regulation of cleared and over-the-counter derivatives markets and participants. The Dodd-Frank Act, the European regulation on OTC derivatives, central counterparties and trade repositories, and APAC regulations each require or impose, or are in the process of formulating, as the case may be, a large number of requirements in this area, not all of which are final. However, increasingly, these regulatory regimes, individually and collectively, tend to affect the way various BNY Mellon subsidiaries operate, including where and with whom they transact, and therefore any such changes may impact business models and profitability of certain BNY Mellon subsidiaries.

In October 2015 the U.S. prudential regulators adopted joint final rules establishing minimum margin requirements for the uncleared swap transactions engaged in by those dealers subject to their jurisdiction (each, a "Covered Swap Entity"). The effective date of these new rules is April 2016, with compliance requirements set to begin in September 2016. From this latter point forward, variation margin requirements will be phased in over a six month period while initial margin requirements will be phased in over a four year period. In each instance, the higher a Covered Swap Entity's derivatives exposure, the earlier in the phase-in period it will be required to comply. In addition, the new rules will require the initial margin posted to or by a Covered Swap Entity be segregated at a third-party custodian. Based on its current derivatives exposure, BNY Mellon does not expect to be required to comply with these requirements in 2016.

Money Market Fund Reforms

In July 2014, the SEC finalized rules (the "MMF Rules") that will require institutional prime money market funds (including institutional municipal money market funds) to maintain a floating NAV based on the current market value of the securities in their portfolios rounded to the fourth decimal place.

Previously, such funds could maintain a stable NAV of $1.00. Government MMFs and retail MMFs are exempt from these requirements and may continue to maintain a stable NAV, provided each type of fund continues to satisfy certain definitional requirements under the new rule. The MMF Rules also provide new tools to MMFs' boards of directors to address high net redemption activity during periods of market stress. In particular the MMF Rules allow a MMF's board of directors to impose liquidity fees or temporarily suspend redemptions if a MMF's level of weekly liquid assets falls below certain thresholds. Government MMFs are not required to adopt the liquidity fees and redemption gates provision, but they may opt to do so. In addition, there is a two year transition period before implementation of the floating NAV and fees and gating structures is required.

Beyond these primary reforms, the MMF Rules also expand disclosure requirements, tighten the diversification requirements and impose additional stress testing requirements. There is a transition period concluding in April 2016 before mandatory implementation is required. The MMF Rules also introduce a new Form N-CR, which will require MMFs to disclose certain events (for example, the imposition or removal of fees or gates, the primary consideration or factors taken into account by a board of directors, in its decision related to fees and gates, and portfolio security defaults). The MMF Rules requiring reporting on Form N-CR went into effect in July 2015.

The final MMF Rules are highly complex, and we are continuing to evaluate their impact. The compliance date for the amendments related to the fundamental reforms (floating NAV and liquidity fees and sales etc.) is Oct. 14, 2016. It is possible that the MMF Rules could result in changes to the size and composition of our AUM, AUC/A, and total deposits.

The European Union's proposed Money Market Funds Regulation ("MMFR") continues its progression through the EU legislative process. Under the version of MMFR proposed by the European Parliament, constant value net asset value MMFs would be available only in a very limited number of circumstances, and low volatility net asset value MMFs would be subject to a sunset clause. Other significant restrictions would apply, such as the need for MMFs to apply liquidity fees and redemption gates, to diversify asset portfolios, extensive valuation and reporting requirements and limits on external support. During 2016, we expect the Council of the European Union to continue work developing its own version of the MMFR proposal.

Tri-Party Repo Reform

BNY Mellon offers tri-party collateral agency services to dealers and cash investors active in the tri-party repurchase, or repo, market and currently has approximately 85% of the market share of the U.S. tri-party repo market. As agent, we facilitate settlement between sellers (cash borrowers) and buyers (cash lenders). Our involvement in a transaction commences after a seller and buyer agree to a tri-party repo trade and send instructions to us. We settle the trade, maintain custody of the collateral (the subject securities of the repo), monitor the eligibility and sufficiency of the collateral, and execute the payment and delivery instructions agreed to and provided by the principles.

Regulatory agencies worldwide have re-examined systemic risks in various financial markets, including the tri-party repo market. The Payment Risk Committee of the Federal Reserve Bank of New York sponsored a Task Force on Tri-Party Repo Infrastructure Reform to examine the risks in the tri-party repo market and to decide what changes should be implemented so that such risks may be mitigated or avoided in the future. The Task Force issued its final report regarding the tri-party repo market in 2012.

BNY Mellon has reduced the amount of secured intraday credit it provides to sellers in connection with their tri-party repo trades in a number of ways. Moving forward, BNY Mellon will continue to invest in and enhance its tri-party repo capabilities, including working closely with market participants to improve the process for settling Interbank General Collateral Finance repo trades.

Recovery and Resolution

As required by the Dodd-Frank Act, the Federal Reserve and FDIC have jointly issued a final rule requiring certain organizations, including each BHC with consolidated assets of $50 billion or more, such as BNY Mellon, to submit annually to the Federal Reserve and the FDIC a plan for its rapid and orderly resolution in the event of material financial distress or failure. In addition, the FDIC has issued a final rule that requires insured depository institutions with $50 billion or more in total assets, such as The Bank of New York Mellon, to submit annually to the FDIC a plan for resolution in the event of the institution's failure.

The two resolution plan rules are complementary, and we have been submitting our resolution plans in conformity with both rules since 2012. Most recently, BNY Mellon and The Bank of New York Mellon filed their 2015 resolution plan on July 1, 2015. A public portion of our resolution plan is available on the Federal Reserve's and FDIC's websites.

If the Federal Reserve and FDIC jointly determine that a covered BHC's resolution plan is not credible and the covered BHC fails to address the deficiencies in a timely manner, the FDIC and the Federal Reserve may jointly impose more stringent capital, leverage or liquidity requirements or restrictions on a covered BHC's growth, activities or operations. If the covered BHC continues to fail to adequately remedy any deficiencies, it could be required to divest assets or operations that the regulators determine necessary to facilitate its orderly resolution.

BNY Mellon is also subject to heightened supervisory expectations for recovery and resolution preparedness. These expectations, issued by the Federal Reserve in January 2014, apply to eight domestic bank holding companies designated by the Federal Reserve, including BNY Mellon, and relate to capabilities critical to operational resilience and contingency planning, including: effective processes for managing, identifying, and valuing collateral; a comprehensive understanding of obligations and exposures associated with payment, clearing, and settlement activities; the ability to analyze liquidity and funding sources, uses, and risks; demonstrated management information systems capabilities on a legal entity basis; and robust arrangements for the continued provision of shared and outsourced services. The Federal Reserve incorporates reviews of these key capabilities as part of its ongoing supervision of BNY Mellon.

The European Union Bank Recovery and Resolution Directive ("BRRD") was required to be transposed into national law by Member States of the European Union by Dec. 31, 2014 and applied from Jan. 1, 2015. The BRRD includes bail-in provisions, which are required to be adopted from Jan. 1, 2016, at the latest. The implementing legislation in respect of the BRRD applies to various subsidiaries and branches of BNY Mellon.

This directive provides for recovery and resolution planning and a set of harmonized powers to resolve or implement recovery of relevant institutions, including branches of non-European Economic Area ("EEA") banks operating within the EEA. The directive includes the preparation of recovery and resolution plans, giving relevant EEA regulators powers to impose requirements on an institution before resolution actions become necessary; a set of resolution tools and powers to facilitate the resolution of failing entities, such as the power to "bail-in" the debt of an institution (including certain deposit obligations); and the power to require a firm to change its structure to remove impediments to resolvability.

BRRD provides for a "multiple points of entry" approach coupled with intra-group bail-in requirements. The BRRD also includes a minimum requirement for own funds, defined as regulatory capital, and eligible liabilities ("MREL") to ensure that institutions maintain enough capital capable of being written down and/or bailed-in. Following the final proposals of the European Banking Authority ("EBA") in regard to MREL, the European Union institutions intend to finalize their legislative proposal for MREL during 2016. It is expected that MREL will be set on a case-by-case basis for each institution subject to the BRRD, based on six criteria: resolvability, capital, exclusions from bail-in, deposit guarantee schemes, institution-specific risk, and systemic risk. MREL is the EU equivalent of TLAC, and is generally aligned with the FSB's TLAC proposals. In contrast with TLAC, MREL will apply to all institutions subject to the BRRD (not only G-SIBs).

In addition, BRRD requires EU-domiciled credit institutions, and certain other firms, to prepare recovery plans. We submitted recovery plans in respect of the following EMEA entities during 2015: The Bank of New York Mellon SA/NV, The Bank of New York Mellon (Luxembourg) SA, BNY Mellon Holdings (UK) Limited (a UK group recovery plan encompassing The Bank of New York Mellon

(International) Limited), and BNY Mellon Capital Markets EMEA Limited. We will submit our first group recovery plan for Pershing Holdings (UK) Limited during 2016. We will submit updated recovery plans during 2016 as required under applicable timescales.

The FSB is also focused on cross-border resolution and measures to promote resolvability. On Nov. 3, 2015, the FSB published a consultative document on Arrangements to Support Operational Continuity in Resolution and a separate consultative document on Temporary Funding Needed to Support the Orderly Resolution of a Global Systemically Important Bank. The proposed guidance on operational continuity sets out arrangements to ensure the continuity of critical shared services that are necessary to maintain a firm's critical functions in resolution. The proposed guidance on funding addresses the risk of G-SIBs not having sufficient liquidity to maintain critical operations during resolution, and proposes principles to ensure that temporary funding is available to allow the effective resolution of G-SIBs.

The FSB consultation on operational continuity is closely linked with similar efforts in the UK. In October and December 2015, the UK Prudential Regulation Authority ("PRA") published a consultation paper and addendum regarding "Ensuring Operational Continuity in Resolution." Under the UK proposals, BNY Mellon may be required to review and update intra-group services agreements and service levels in order to support operational continuity. BNY Mellon may be required to hold additional financial resources to support the provision of shared services under the "financial resilience" criteria of operational continuity proposals.

The EU proposals also require each EU Member State (either individually, or collectively with other EU Member States) to establish a resolution fund, which is to be funded by the banking industry. Most EU Member States will participate in a Single Resolution Fund ("SRF"), under the control of a Single Resolution Board ("SRB"). The SRB commenced operation on Jan. 1, 2015, and has broad powers in case of bank resolution. Contributions to the SRF start in 2016, and the SRF will build up over eight years, to a target level of 1% of covered deposits. Certain BNY Mellon entities will be subject to contributions to the SRF, most notably The Bank of New York Mellon SA/NV. The Bank of New York Mellon SA/NV believes that its contributions to the SRF will constitute a meaningful cost for The Bank of New York Mellon SA/NV during the calendar years 2016 to 2023. The UK is not participating in the SRB or SRF. The Bank of England is the equivalent resolution authority in the UK, with similarly broad powers in case of bank resolution.

BNY Mellon agreed to adhere to the 2015 Resolution Stay Protocol developed by the International Swaps and Derivatives Association, Inc. The Resolution Stay Protocol provides for the contractual recognition of cross-border stays under various statutory resolution regimes and a contractual stay on certain cross-default rights. BNY Mellon entities that currently engage in relevant transactions have adhered to the Protocol.

Insolvency of an Insured Depository Institution or a Bank Holding Company; Orderly Liquidation Authority

If the FDIC is appointed as conservator or receiver for an insured depository institution such as The Bank of New York Mellon or BNY Mellon, N.A., upon its insolvency or in certain other circumstances, the FDIC has the power to:

- Transfer any of the depository institution's assets and liabilities to a new obligor, including a newly formed "bridge" bank without the approval of the depository institution's creditors;
- Enforce the terms of the depository institution's contracts pursuant to their terms without regard to any provisions triggered by the appointment of the FDIC in that capacity; or
- Repudiate or disaffirm any contract or lease to which the depository institution is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmance or repudiation of which is determined by the FDIC to promote the orderly administration of the depository institution.

In addition, under federal law, the claims of holders of domestic deposit liabilities and certain claims for administrative expenses against an insured depository institution would be afforded a priority over other general unsecured claims against such an institution, including claims of debt holders of the institution, in the "liquidation or other resolution" of such an institution by any receiver. As a result, whether or not the FDIC ever sought to repudiate any debt obligations of The Bank of New York Mellon or BNY Mellon, N.A., the debt holders would be treated differently from, and could receive, if anything, substantially less than, the depositors of the bank.

The Dodd-Frank Act created a new resolution regime (known as the "orderly liquidation authority") for systemically important financial companies, including BHCs and their affiliates. Under the orderly liquidation authority, the FDIC may be appointed as receiver for the systemically important institution, and its failed non-bank subsidiaries, for purposes of liquidating the entity if, among other conditions, it is determined at the time of the institution's failure that it is in default or in danger of default and the failure poses a risk to the stability of the U.S. financial system.

If the FDIC is appointed as receiver under the orderly liquidation authority, then the powers of the receiver, and the rights and obligations of creditors and other parties who have dealt with the institution, would be determined under the Dodd-Frank Act's orderly liquidation authority provisions, and not under the insolvency law that would otherwise apply. The powers of the receiver under the orderly liquidation authority were based on the powers of the FDIC as receiver for depository institutions under the FDI Act. However, the provisions governing the rights of creditors under the orderly liquidation authority were modified in certain respects to reduce disparities with the treatment of creditors' claims under the U.S. Bankruptcy Code as compared to the treatment of those claims under the new authority. Nonetheless, substantial differences in the rights of creditors exist as between these two regimes, including the right of the FDIC to disregard the strict priority of creditor claims in some circumstances, the use of an administrative claims procedure to determine creditors' claims (as opposed to the judicial procedure utilized in bankruptcy proceedings), and the right of the FDIC to transfer claims to a "bridge" entity.

In December 2013, the FDIC released a notice outlining the single point of entry ("SPOE") strategy and soliciting comments on how a SPOE resolution approach would be implemented in the U.S. A SPOE approach would replace a distressed BHC with a bridge holding company, which could then continue subsidiary bank operations.

Depositor Preference

Under U.S. federal law, certain deposits and certain claims for administrative expenses and employee compensation against an insured depository institution are afforded a priority over other general unsecured claims against such an institution, including federal funds and letters of credit, in the "liquidation or other resolution" of such an institution by any receiver.

In September 2014, the UK PRA, as the successor to the prudential functions of the FSA, published "Supervisory Statement SS10/14 - Supervising international banks: the PRA's approach to branch supervision". In SS10/14, the PRA expressed concern with non-EEA national depositor preference regimes, and stated that the PRA would consider a range of options, such as liaising with non-EEA regulatory authorities in regard to the non-EEA institution's recovery plan and the adequacy of the recovery plan from the perspective of the UK branch, or to require certain non-EEA institutions to convert their UK branch into a UK subsidiary.

Transactions with Affiliates

Transactions between BNY Mellon's banking subsidiaries, on the one hand, and the Parent and its non-bank subsidiaries and affiliates, on the other, are subject to certain restrictions, limitations and requirements, which include limits on the types and amounts of transactions (including extensions of credit and asset purchases by our banking subsidiaries) that may take place and generally require those transactions to be on arm's-length terms. In general, extensions of credit by a BNY Mellon banking subsidiary to any nonbank affiliate, including the Parent, must be secured by designated amounts of specified collateral and are limited in the aggregate to 10% of the relevant bank's capital and surplus for transactions with a single affiliate and to 20% of the relevant bank's capital and surplus for transactions with all affiliates. There are also limitations on affiliate credit exposures arising from derivative transactions and securities lending and borrowing transactions.

Deposit Insurance

Our U.S. banking subsidiaries, including The Bank of New York Mellon and BNY Mellon, N.A., accept deposits, and those deposits have the benefit of FDIC insurance up to the applicable limit. The current limit for FDIC insurance for deposit accounts is $250,000 for each depositor account. Under the FDI Act, insurance of deposits may be terminated by the FDIC upon a finding that the insured depository institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency.

The FDIC's Deposit Insurance Fund (the "DIF") is funded by assessments on insured depository institutions. The FDIC assesses DIF premiums based on a bank's average consolidated total assets, less the average tangible equity of the insured depository institution during the assessment period. For larger institutions, such as The Bank of New York Mellon and BNY Mellon, N.A., assessments are determined based on CAMELS ratings and forward-looking financial measures to calculate the assessment rate, which is subject to adjustments by the FDIC, and the assessment base.

The Dodd-Frank Act also directed the FDIC to determine whether and to what extent adjustments to the assessment base are appropriate for custody banks. Under the FDIC's regulations, a custody bank may deduct 100% of cash and balances due from depository institutions, securities, federal funds sold, and securities purchased under agreement to resell with a Standardized Approach risk-weight of 0% and may deduct 50% of such asset types with a Standardized Approach risk-weight of greater than 0% and up to and including 20%. This assessment base deduction may not exceed the average value of deposits that are classified as transaction accounts and are identified by the bank as being directly linked to a fiduciary or custodial and safekeeping account.

On Oct. 22, 2015, the FDIC issued a proposed rule that would implement an increase in the reserve ratio of the DIF from 1.15% to 1.35% of total insured deposits. The FDIC would increase the reserve ratio by imposing a surcharge on the quarterly assessments of insured depository institutions with $10 billion or more in total consolidated assets, including The Bank of New York Mellon and BNY Mellon, N.A. The annual 4.5 basis point surcharge would take effect in the first calendar quarter after the reserve ratio reaches 1.15% or the quarter in which the final rule becomes effective (whichever occurs later) and continue through the quarter in which the reserve ratio reaches or exceeds 1.35%. FDIC staff estimate that the reserve ratio will reach 1.15% in the first quarter of 2016 or earlier, and project that the proposed surcharges are sufficient to raise the reserve ratio to 1.35% before the end of 2018. If the ratio does not reach 1.35% by Dec. 31, 2018, the proposed rule would impose a further "shortfall assessment" on institutions with $10 billion or more in total consolidated assets. Based on Dec. 31, 2015 assets, we estimate the annualized FDIC expense would increase by approximately $35 million if the proposed rule were finalized as proposed.

Source of Strength and Liability of Commonly Controlled Depository Institutions

Federal Reserve policy historically has required BHCs to act as a source of strength to their bank subsidiaries and to commit capital and financial resources to support those subsidiaries. The Dodd-Frank Act codified this policy as a statutory requirement. Such support may be required by the Federal Reserve at times when we might otherwise determine not to provide it. In addition, any loans by BNY Mellon to its bank subsidiaries would be subordinate in right of payment to depositors and to certain other indebtedness of its banks. In the event of a BHC's bankruptcy, any commitment by the BHC to a federal bank regulator to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment. In addition, in certain circumstances BNY Mellon's insured depository institution subsidiaries could be held liable for losses incurred by another BNY Mellon insured depository institution subsidiary. In the event of impairment of the capital stock of one of BNY Mellon's national bank subsidiaries or The Bank of New York Mellon, BNY Mellon, as the banks' stockholder, could be required to pay such deficiency.

Incentive Compensation Arrangements Proposal

The Dodd-Frank Act requires federal regulators to prescribe regulations or guidelines regarding incentive-based compensation practices at certain financial institutions. On April 14, 2011, federal regulators including, among other agencies, the FDIC, the Federal Reserve and the SEC, issued a proposed rule which, among other things, would require certain executive officers of covered financial institutions with total consolidated assets of $50 billion or more, such as ours, to defer at least 50% of their annual incentive-based compensation for a minimum of three years. The comment period on the proposed rule closed May 31, 2011. Final regulations have not been issued as of the date of this Annual Report.

Anti-Money Laundering and the USA Patriot Act

A major focus of governmental policy on financial institutions has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 contains numerous anti-money laundering requirements for financial institutions that are applicable to BNY Mellon's bank, broker-dealer and investment adviser subsidiaries and mutual funds and private investment companies advised or sponsored by our subsidiaries. Those regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. Certain of those regulations impose specific due diligence requirements on financial institutions that maintain correspondent or private banking relationships with non-U.S. financial institutions or persons.

In December 2015, the New York Department of Financial Services ("NYDFS") proposed regulations expanding anti-money laundering and anti-terrorism laws for its regulated institutions, including The Bank of New York Mellon. The proposed regulation would require an institution's senior compliance officer to make an annual certification to the institution's compliance with the requirements of the regulation, with the potential for criminal penalties for the officer if the certification is incorrect or false. Among other requirements, the proposed regulation requires a financial institution to:

- Maintain a "Transaction Monitoring Program" to monitor transactions after their execution for potential anti-money laundering violations and suspicious activity reporting;
- Maintain a "Watch List Filtering Program" to prevent transactions that are prohibited by certain applicable sanctions; and
- Ensure that the Transaction Monitoring Program and the Watch List Filtering Program use all relevant data sources, provide for validation of data quality, are subject to governance and management oversight and are appropriately funded and staffed.

Privacy

The privacy provisions of the Gramm-Leach-Bliley Act generally prohibit financial institutions, including BNY Mellon, from disclosing nonpublic personal financial information of consumer customers to third parties for certain purposes (primarily marketing) unless customers have the opportunity to "opt out" of the disclosure. The Fair Credit Reporting Act restricts information sharing among affiliates for marketing purposes.

Acquisitions/Transactions

Federal and state laws impose notice and approval requirements for mergers and acquisitions involving depository institutions or BHCs. The BHC Act requires the prior approval of the Federal Reserve for the direct or indirect acquisition by a BHC of more than 5% of any class of the voting shares or all or substantially all of the assets of a commercial bank, savings and loan association or BHC. In reviewing bank acquisition and merger applications, the bank regulatory authorities will consider, among other things, the competitive effect of the transaction, financial and managerial resources including the capital position of the combined organization, convenience and needs of the community factors, including the applicant's record under the Community Reinvestment Act of 1977 which requires U.S. banks to help serve the credit needs of their communities (including credit to low and moderate income individuals and geographies), the effectiveness of the subject organizations in combating money laundering activities and the risk to the stability of the U.S. banking or financial system. In addition, prior Federal Reserve approval would be required for certain large non-banking acquisitions and investments.

Regulated Entities of BNY Mellon and Ancillary Regulatory Requirements

BNY Mellon is registered as a BHC an FHC under the Bank Holding Company Act of 1956, as amended by the Gramm-Leach-Bliley Act and by the Dodd-Frank Act (the "BHC Act"). We are subject to supervision by the Federal Reserve. In general, the BHC Act limits an FHC's business activities to banking, managing or controlling banks, performing certain servicing activities for subsidiaries, engaging in activities incidental to banking, and engaging in any activity, or acquiring and retaining the shares of any company engaged in any activity, that is either financial in nature or complementary to a financial activity and does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

A BHC's ability to maintain FHC status is dependent upon a number of factors, including:

- its U.S. depository institution subsidiaries qualifying on an ongoing basis as "well capitalized" and "well managed" under the prompt corrective regulations of the appropriate regulatory agency (discussed above under "Prompt Corrective Action"); and
- the BHC itself, qualifying on an ongoing basis as "well capitalized" and "well managed" under applicable Federal Reserve regulations.

An FHC that does not continue to meet all the requirements for FHC status will, depending on which requirements it fails to meet, lose the ability to undertake new activities, or make acquisitions, that are not generally permissible for BHCs without FHC status or to continue such activities. At Dec. 31, 2015, BNY Mellon and all of its bank subsidiaries were "well capitalized" based on the ratios and rules applicable to them.

The Bank of New York Mellon, which is BNY Mellon's largest banking subsidiary, is a New York state-chartered bank, and a member of the Federal Reserve System and is subject to regulation, supervision and examination by the Federal Reserve, the FDIC and the NYDFS. BNY Mellon's national bank subsidiaries, BNY Mellon, N.A. and The Bank of New York Mellon Trust Company, National Association, are chartered as national banking associations subject to primary regulation, supervision and examination by the OCC.

We operate a number of broker-dealers that engage in securities underwriting and other broker-dealer activities in the United States. These companies are SEC-registered broker-dealers and members of Financial Industry Regulatory Authority, Inc. ("FINRA"), a securities industry self-regulatory organization. BNY Mellon's non-bank subsidiaries engaged in securities-related activities are regulated by supervisory agencies in the countries in which they conduct business.

Certain of BNY Mellon's public finance and advisory activities are regulated by the Municipal Securities Rulemaking Board. The SEC issued its final Municipal Advisors Rule, effective July 2014, to require municipal advisors to register with the SEC if they provide advice to municipal entities or certain other persons on the issuance of municipal securities, or about certain investment strategies or municipal derivatives.

Certain of BNY Mellon's subsidiaries are registered with the CFTC as commodity pool operators or commodity trading advisors and, as such, are subject to CFTC regulation. The Bank of New York Mellon is provisionally registered as a Swap Dealer (as defined in the Dodd-Frank Act) with the CFTC, through the National Futures Association ("NFA"). As a Swap Dealer, The Bank of New York Mellon is subject to regulation, supervision and examination by the CFTC and NFA. In connection with certain Dodd-Frank clearing requirements, The Bank of New York Mellon is a member of LCH Clearnet Limited's SwapClear interest rate swap clearing service.

Certain of our subsidiaries are registered investment advisors under the Investment Advisers Act of 1940, as amended, and as such are supervised by the SEC. They are also subject to various U.S. federal and state laws and regulations and to the laws and regulations of any countries in which they conduct business. Our subsidiaries advise both public investment companies which are registered with the SEC under the Investment Company Act of 1940 (the "'40 Act"), including the Dreyfus family of mutual funds, and private investment companies which are not registered under the '40 Act.

Certain of our investment management, trust and custody operations provide services to employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), administered by the U.S. Department of Labor ("DOL"). ERISA imposes certain statutory duties, liabilities, disclosure obligations, and restrictions on fiduciaries, as applicable, related to the services being performed and fees being paid.

Department of Labor Proposed Fiduciary Rule

The U.S. Department of Labor has recently proposed a regulation that, among other things, would expand the definition of who is designated a "fiduciary" of an employee benefit plan or individual retirement account (IRA) under ERISA and the Internal Revenue Code, respectively. If designated an ERISA fiduciary, the entity or individual will be subject to various duties, liabilities, disclosure obligations, and restrictions related to the services it performs for ERISA plans and IRAs, as well as the compensation or other benefits the fiduciary receives in connection with those services. Certain BNY Mellon businesses may need to modify their practices in order to comply with the rule or modify how they transact with third parties that are impacted by the rule, both of which could adversely affect the financial results of such businesses. The final rule is expected to be issued in the second quarter of 2016.

Operations and Regulations Outside the United States

In Europe, branches of The Bank of New York Mellon are subject to regulation in the countries in which they are established, in addition to being subject to oversight by the US regulators referred to above. The Bank of New York Mellon SA/NV is a public limited liability company incorporated under the laws of Belgium. The Bank of New York Mellon SA/NV, has been granted a banking license by the National Bank of Belgium ("NBB") and is authorized to carry out all banking and savings activities as a credit institution. In 2014, the European Central Bank ("ECB") assumed responsibility for the supervision of 120 significant banks and banking groups in the euro area, including The Bank of New York Mellon SA/NV. The ECB's supervision is carried out in conjunction with the relevant national prudential regulator (NBB in The Bank of New York Mellon SA/NV's case). The Bank of New York Mellon SA/NV conducts its activities in Belgium as well as through branch offices in the United Kingdom, Ireland, Luxembourg, the Netherlands, France and Germany.

Certain of our financial services operations in the UK are subject to regulation and supervision by the FCA and PRA. The PRA is responsible for the authorization and prudential regulation of firms that carry on PRA-regulated activities, including banks. PRA-authorized firms are also subject to regulation by the FCA for conduct purposes. In contrast, FCA-authorized firms (such as investment management firms) have the FCA as their sole regulator for both prudential and conduct purposes although subject to the residual overarching jurisdiction of the PRA, if matters of systemic significance are in issue. As a result, FCA-authorized firms must comply with FCA prudential and conduct rules and the FCA's Principles for Businesses, while dual-regulated firms must comply with the FCA conduct rules and FCA Principles, as well as the applicable PRA prudential rules and the PRA's Principles for Businesses.

The PRA regulates The Bank of New York Mellon (International) Limited, our UK incorporated bank, as well as the UK branch of The Bank of New York Mellon and, to a more limited extent, The Bank of New York Mellon SA/NV. Certain of BNY Mellon's UK incorporated subsidiaries are authorized to conduct investment business in the UK. Their investment management advisory activities and their sale and marketing of retail investment products are regulated by the FCA. Certain UK investment funds, including BNY Mellon Investment Funds, are registered with the FCA and are offered for retail sale in the UK.

Since the financial crisis, the European Union and its Member States have engaged in a significant overhaul of bank regulation and supervision. To increase the resilience of banks and to reduce the impact of potential bank failures, new rules on capital requirements for banks and bank recovery and resolution have been adopted. The European Union's Banking Union has been launched. Further measures are under way, including providing for a structural separation of the risks associated with certain banks' trading activities from their deposit-taking function.

Aspects of the Banking Union entered into force on Nov. 4, 2014 in most EU jurisdictions. The UK is not participating in the Banking Union. The key components of the Banking Union include a single resolution mechanism ("SRM") and a single supervisory mechanism ("SSM").

The SRM approach endorses the bail-in rules established in the BRRD. The SRM provides for a Single Resolution Fund, which is to be funded by the banking industry. It also provides for a Single Resolution Board with broad powers in case of bank resolution. Finally, it provides for EU Member States entering into cooperation agreements with non-EEA countries with the caveat that in certain circumstances they can refuse to recognize proceedings. Various BNY Mellon subsidiaries and branches will fall within the scope of the SRM.

In addition, the Capital Requirements Directive IV (and related Regulation) ("CRD IV") affects BNY Mellon's EU subsidiaries by implementing Basel III and other changes, including the enhancement of the quality of capital, and the strengthening of capital requirements for counterparty credit risk, resulting in higher capital requirements. In the EU Member States, CRD IV also introduces substantive parts of the new European supervisory architecture, including the development of a single set of harmonized prudential rules for financial services. This set of rules would replace existing separately implemented rules within EU Member States, with a harmonized approach to implementation across the EU. Elements of CRD IV apply not only to BNY Mellon banking branches and subsidiaries but also to investment management and brokerage entities. CRD IV became effective on Jan. 1, 2014, with certain provisions phased in from 2014 to 2019.

Our Investment Management and Investment Services businesses are subject to significant regulation in numerous jurisdictions around the world relating to, among other things, the safeguarding, administration and management of client assets and client funds. Various new and revised European directives and regulations will impact our provision of these services, including the Markets in Financial Instruments Directive II and Markets in Financial Instruments Regulations (collectively, "MiFID II"), the Alternative Investment Fund Managers Directive ("AIFMD"), the Directive on Undertakings for Collective Investments in Transferable Securities ("UCITS V"), the Central Securities Depositories Regulation ("CSDR"), and the regulation on OTC derivatives, central counterparties and trade repositories. These European directives and regulations may impact our operations and risk profile but may also provide new opportunities for the provision of BNY Mellon products and services. Several of these European directives and regulations are still subject to finalization by the legislature and/or substantial secondary legislation. This creates uncertainty as to business impact.

The types of activities in which the foreign branches of our banking subsidiaries and our international subsidiaries may engage are subject to various restrictions imposed by the Federal Reserve. Those foreign branches and international subsidiaries are also subject to the laws and regulatory authorities of the countries in which they operate and, in the case of banking subsidiaries, may be subject to regulatory capital requirements in the jurisdictions in which they operate. As of Dec. 31, 2015, each of BNY Mellon's non-U.S. banking subsidiaries had capital ratios above their specified minimum requirements.

European Central Bank SSM and Comprehensive Assessments

In October 2013, the Council of the European Union adopted a regulation creating an SSM to oversee banks and other credit institutions. The SSM is composed of the ECB and the supervisory authorities of the member states. It covers the prudential supervision of all major banks in the 19 euro area countries as well as any non-euro area countries that choose to participate through close cooperation agreements.

In advance of the SSM, the ECB began in November 2013 a comprehensive assessment of certain credit institutions, which due to their size and systemic characteristics, fall under direct supervision by the ECB. The assessment consisted of a supervisory risk assessment of key risks, an asset quality review to enhance transparency of bank assets, and a stress test to review the resiliency of bank balance sheets, which was conducted in conjunction with the European Banking Authority. The Bank of New York Mellon SA/NV, our Belgian banking subsidiary, was included in this exercise, and passed successfully.

European Resolution Legislation and Structural Reform Proposals

Deposit Guarantee Scheme Directive. Under the recast Deposit Guarantee Scheme Directive, the scope of deposit protection in the EU is being extended to cover most corporate entities, and contributions to deposit guarantee schemes are expected to move to a risk-based calculation method. BNY Mellon expects that the extension of deposit protection to most corporate entities will require certain BNY Mellon entities to contribute to relevant deposit protection schemes. The contributions and required systems enhancements may constitute a meaningful cost for those BNY Mellon entities.

The European Commission has proposed a European Deposit Insurance Scheme ("EDIS") for euro area member states. Under the EDIS proposal, existing euro area deposit guarantee schemes would transition over a number of years to a mutualized deposit guarantee scheme applicable in the Eurozone.

Structural Reform. In addition, European and Member State regulators (for example, the PRA in the UK) continue to develop proposals in regard to bank structural reform. The details of the European Union Bank Structural Reform proposal continue to be developed, and at this stage the final outcome of such proposal is not certain. Bank structural reform proposals, if implemented, may require BNY Mellon to review its existing corporate structure, and may impact upon the business activities that BNY Mellon subsidiaries and branches can undertake. It is not clear whether bank structural reforms in the European Union will operate on the basis of changes to corporate structure or prohibitions on certain forms of trading (including proprietary trading), or a combination of these approaches. The proposal on structural reform of European Union banks is intended to apply only to the largest and most complex European Union banks with significant trading activities.

Transactions with the Shadow Banking Sector

In December 2015, the EBA finalized its guidance on large exposure limits of credit institutions to shadow banking entities. The guidelines impose a large exposure limit to the shadow banking sector as a whole. The EBA has used a broad definition of the shadow banking sector (for example, money market funds are in scope). EU member states are expected to implement the guidelines by January 2017.

On Jan. 29, 2014, in addition to the proposed new rules on structural reform of the European Union banking sector referred to above, the European Commission proposed measures aimed at increasing transparency of certain transactions in the "shadow banking" sector, including for providing for enhanced transparency and reporting of SFTs (securities financing transactions). In January 2016, the resulting Securities Financing Transactions Regulation entered into force.

European Financial Markets and Market Infrastructure

The EU continues to develop proposals and regulations in relation to financial markets and market infrastructures. The MiFID II, Markets in Financial Instruments Regulation ("MiFIR") and European Market Infrastructure Regulation ("EMIR") are at the detailed rule-making stage, and involve a significant volume of change to be implemented in relatively short timeframes. MiFID II/MiFIR/EMIR may create new business opportunities in European markets, but will also require existing business activities and processes to be reviewed. The volume of change required may result in some implementation/execution risk.

A key policy objective of the 2014-19 European Commission is to develop a Capital Markets Union ("CMU") in the EU. In September 2015, the European Commission published its CMU Action Plan, which set out a range of initiatives that the Commission intends to undertake between 2015-19. Some examples of CMU-related initiatives include a review of the EU regulatory framework for financial services, a review of the macroprudential framework, a new Prospectus Regulation, a review of the Capital Requirements Regulation and a project to address national barriers to free movement of capital and cross-border funds distribution.

Investment Services in Europe

The AIFMD has a direct effect on our alternative fund manager clients and our depository business and other products offered across Europe. AIFMD imposes heightened obligations upon depositories, which have both operational and, potentially, capital effects. The European Securities and Markets Authority is expected to publish guidelines on asset segregation under AIFMD in late 2016.

Our businesses servicing regulated funds in Europe will also be affected by the revised directive governing undertakings for collective investment in transferable securities, known as UCITS V, will take effect in March 2016.

Making or continuing an investment in securities issued by us involves certain risks that you should carefully consider. The following discussion sets forth the most significant risk factors that could affect our business, financial condition or results of operations. However, other factors, other than those discussed below or in other of our reports filed with or furnished to the SEC, also could adversely affect our business, financial condition or results of operations. We cannot assure you that the risk factors described below or elsewhere in our reports address all potential risks that we may face. These risk factors also serve to describe factors which may cause our results to differ materially from those described in forward-looking statements included herein or in other documents or statements that make reference to this Annual Report. See "Forward-looking Statements."

Operational and Business Risk

An information security event or technology disruption that results in a loss of confidential information or impacts our ability to provide services to our clients may materially adversely affect our business and results of operations.

We rely on communications and information systems to conduct our business. Our businesses rely heavily on technology, and are vulnerable to attacks and technology disruptions, which are occurring globally with greater frequency. Our information systems have been subjected to cyber threats, including hacker attacks, computer viruses or other malicious software, denial of service efforts, limited unavailability of service, phishing attacks, and unauthorized access attempts. We deploy a broad range of sophisticated defenses, but notwithstanding these efforts, it is possible we could suffer a material impact or disruption. The security of our computer systems, software and networks, and those functions that we may outsource, may continue to be subjected to cyber threats that could result in failures or disruptions in our business. In addition, as our business areas evolve due to the introduction of technology, new service offering requirements for our clients and customers, or changes in regulation relative to these service offerings, the business processes which this technology supports could introduce unforeseen risks that could materially impact business operations. Despite our efforts to ensure the integrity of our systems and information, it is possible that we may not be able to anticipate or to implement effective preventive measures against all cyber threats, or detect all such threats, especially because the techniques used change frequently or are not recognized until launched, and because attacks can originate from a wide variety of sources, including outside third parties such as persons who are involved with organized crime or who may be linked to terrorist organizations or hostile foreign governments. Those parties may also attempt to place individuals within BNY Mellon or fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers or clients.

Security events may occur through intentional or unintentional acts by individuals or groups having authorized or unauthorized access to our systems or our clients' or counterparties' confidential information. These individuals or groups include employees, vendors and customers, as well as hackers. An event that results in the loss of information may require us to reconstruct lost data, reimburse clients for data and credit monitoring services, result in loss of customer business, or damage to our computers or systems and those of our customers and counterparties. These impacts could be costly and time-consuming and materially negatively impact our business operations and reputation. Additionally, security events or disruptions of our information systems, or those of our service providers, could impact our ability to provide services to our clients, which could expose us to liability for damages, result in the loss of business, damage our reputation, subject us to regulatory scrutiny or expose us to litigation, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, the failure to upgrade or maintain our computer systems, software and networks, as necessary, could also make us vulnerable to attack and unauthorized access and misuse. There can be no assurance that any such failures, interruptions or security events will not occur or, if they do occur, that they will be adequately addressed. We may be required to expend significant additional resources to modify, investigate or remediate vulnerabilities or other exposures arising from information systems security risks. Furthermore, attacks on us or other large financial institutions, service providers or industry utilities could disrupt the overall functioning of the financial system.

As a result of the importance of communications and information systems to our business, we could also be adversely affected if attacks affecting the third party providers of our technology, communications or other services impair our ability to process transactions and communicate with customers and counterparties. For a discussion of operational risk, see “Risk Management - Operational/business risk” and “Business Continuity” in the MD&A section in this Annual Report.

If our technology or that of a third party or vendor fails, or if we neglect to update our technology, develop and market new technology to meet our clients’ needs or protect our intellectual property, our business may be materially adversely affected.

Our businesses are highly dependent on our ability to process large volumes of data requiring global capabilities and scale from our technology platforms. As our businesses evolve, the technology used becomes increasingly complex and relies on the continued effectiveness of the programming code and integrity of the data that is inputted. We maintain controls designed to reduce the risk of flaws in our data, models, systems or processes. Nevertheless, such risk cannot be completely eliminated. In addition, our BNY Mellon businesses and their service offerings rely upon the employees and technology of unaffiliated third parties and a failure on their part could lead to a failure of our technology systems or the inability to service our clients.

As a result of financial entities and technology systems across the globe becoming more interdependent and complex, a technology failure that significantly degrades, deletes or compromises the systems or data of one or more financial entities or suppliers could have a material impact on counterparties or other market participants, including us. Any such failure could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our businesses.

Rapid technological changes, together with competitive pressures, require us to make significant and ongoing investments in technology to develop competitive new products and services or adopt new technologies. Our financial performance depends in part on our ability to develop and market these new products and services, adopt or develop new technologies that differentiate our products or provide cost efficiencies and deliver these products and services to the market in a timely manner at a competitive price. The unsuccessful implementation of technological upgrades and new products and services may adversely impact our ability to service and retain customers. The costs we incur in enhancing our technology could be substantial and may not ultimately improve our competitiveness or profitability.

The failure to maintain an adequate technology infrastructure with effective cybersecurity controls relative to the type, size and complexity of operations, markets and products traded, access to trading venues and our market interconnectedness could impact operations and impede our productivity and growth, which could cause our earnings to decline or could impact our ability to comply with regulatory obligations leading to regulatory fines and sanctions. In addition, the failure to ensure adequate review and consideration of critical business changes prior to and during introduction and deployment of key technological systems or failure to adequately align evolving client commitments and expectations with operational capabilities could have a negative impact on our operations.

We rely on a variety of measures to protect our intellectual property and proprietary information, including copyrights, trademarks, patents and controls on access and distribution. These measures may not prevent misappropriation or infringement of our intellectual property or proprietary information and a resulting loss of competitive advantage. Furthermore, if a third party were to assert a claim of infringement or misappropriation of its proprietary rights, obtained through patents or otherwise, against us, we could be required to spend significant amounts to defend such claims, develop alternative methods of operations, pay substantial money damages, obtain a license from the third party or possibly stop providing one or more products or services.

We are subject to extensive government regulation and supervision and have been impacted by the significant amount of rulemaking since the 2008 financial crisis. These rules and regulations have, and in the future may, compel us to change how we manage our businesses, which could have a material adverse effect on our business, financial condition and results of operations. In addition, these rules and regulations have increased our compliance and operational risks and costs.

We operate in a highly regulated environment, and are subject to a comprehensive statutory and regulatory regime, including oversight by governmental agencies both in the U.S. and outside the U.S. Since the 2008 financial crisis, domestic and international policy makers and regulators have substantially increased their focus on the financial services industry. New or modified regulations and related regulatory guidance and supervisory oversight are significantly altering the regulatory framework in which we operate and have affected how we analyze certain business opportunities, increased our regulatory capital and liquidity requirements, altered the revenue profile of certain of our core activities and imposed additional costs on us. In addition, they could otherwise materially adversely affect our business, financial condition and results of operations and have other negative consequences. The regulatory and supervisory focus of U.S. banking agencies is primarily intended to protect the safety and soundness of the banking system and federally insured deposits, and not to protect investors in our securities or creditors. Additionally, banking regulators have wide supervisory discretion in the ongoing examination and the enforcement of applicable banking statutes, regulations, and guidelines, and may restrict our ability to engage in certain activities or acquisitions, or may require us to maintain more capital or highly liquid assets.

In common with their U.S. counterparts, European policy makers and regulators have also increased their focus on financial services providers, and our European operations are directly affected and will continue to be affected by changes to the regulatory environment.

The most significant risks of the regulatory environment in which we operate are discussed below. See “Supervision and Regulation” in this Annual Report for additional information regarding the potential impact of the regulatory environment on our business. The Dodd-Frank Act, which became law in July 2010, has had, and will continue to have, a significant impact on the regulatory structure of the global financial markets and has imposed, and is expected to continue to impose, significant additional costs on us. While U.S. regulators have finalized many regulations to implement various provisions of the Dodd-Frank Act, they plan to propose or finalize additional implementing regulations in the future. In light of the further rule-making required, as well as the discretion afforded to federal regulators, the full impact of this legislation on us, our business strategies and financial performance is not known at this time, may not be known for a number of years and could materially adversely impact us. In addition, new bodies created by the Dodd-Frank Act (including the Financial Stability Oversight Council and the Consumer Financial Protection Bureau) have commenced operations. The related findings of various regulatory and commission studies, the interpretations issued as part of the rulemaking process and the final regulations that are issued with respect to various elements of the Dodd-Frank Act may cause changes that impact the profitability of our business activities and require that we change certain of our business practices and plans. These changes will continue to expose us to additional regulatory costs and require us to invest significant management attention and resources to make any necessary changes, all of which could impact our profitability.

Several provisions of the Dodd-Frank Act, such as the Volcker Rule and enhanced prudential standards for financial institutions designated as SIFIs, impose or are expected to impose significant additional operational, compliance and risk management costs both in the near-term, as we develop and integrate appropriate systems and procedures, and on a recurring basis thereafter, as we monitor, support and refine those systems and procedures.

The U.S. capital rules subject us and our U.S. banking subsidiaries to more stringent capital requirements, which could restrict growth, activities or operations, trigger divestiture of assets or operations or limit our ability to return capital to shareholders. We must also separately obtain final approval from the agencies for the use of certain models used to calculate risk-weighted assets under the Advanced Approach. As discussed in additional detail in “Supervision and Regulation,” the U.S. G-SIB capital surcharge began to be phased in beginning on Jan. 1, 2016 and will become fully effective on Jan. 1, 2019. For 2016, the G-SIB surcharge applicable to BNY Mellon is 1.5%, subject to applicable phase-ins. Failure to meet current or future capital requirements could materially adversely affect our financial condition. Additional impacts relating to compliance with these rules could include, but are not limited to, potential dilution of existing shareholders and competitive disadvantage compared to financial institutions not under the same regulatory framework. In addition, the SLR subjects us a more stringent leverage requirement, which could restrict growth, activities, operations or could result in certain restrictions on capital distributions and discretionary bonus payments.

The LCR requires us to increase our holdings of high-quality and potentially lower-yielding liquid assets. When the final rule regarding the NSFR is ultimately implemented in the U.S., those requirements could also require BNY Mellon to increase its holdings of high-quality, and potentially lower-yielding, liquid assets, and to reevaluate the composition of its liabilities structure to include more longer-dated debt. To the extent that these and other reforms, such as the proposed TLAC Rules, differ from BNY Mellon's current funding profile, we may need to materially increase our aggregate long-term debt levels and/or alter the composition and terms of our assets and liabilities, which could lead to increased costs of funds and have a negative impact on net interest revenue, among other potential impacts.

Title II of the Dodd-Frank Act established an orderly liquidation process in the event the failure of a large systemically important financial institution, such as BNY Mellon, would have serious adverse effects on the U.S. financial system and that resolution under the orderly liquidation authority would avoid or mitigate those effects. Specifically, when a systemically important financial institution such as BNY Mellon is in default or danger of default, the FDIC may be appointed receiver under the orderly liquidation authority instead of the U.S. Bankruptcy Code. In certain circumstances under the orderly liquidation authority, the FDIC could permit payment of obligations it determines to be systemically significant (*e.g.*, short-term creditors or operating creditors) in lieu of paying other obligations (*e.g.*, long-term senior and subordinated unsecured creditors, among others) without the need to obtain creditors' consent or prior court review. The insolvency and resolution process could also lead to a large reduction in or total elimination of the value of a BHC's outstanding equity. Additionally, under the orderly liquidation authority, amounts owed to the U.S. government generally receive a statutory payment priority. A "single point of entry" approach would replace a distressed BHC with a bridge holding company, which could continue subsidiary bank operations. U.S. supervisors have indicated that a single point of entry strategy may be a desirable strategy to resolve a large financial institution such as BNY Mellon in a manner that would, among other things, impose losses on shareholders, unsecured debt holders and other unsecured creditors of the top-tier holding company (in our case, The Bank of New York Mellon Corporation), while permitting the holding company's subsidiaries to continue to operate. Under such a strategy, assuming The Bank of New York Mellon Corporation entered resolution proceedings and its subsidiaries remained solvent, losses at the subsidiary level could be transferred to The Bank of New York Mellon Corporation and ultimately borne by The Bank of New York Mellon Corporation's security holders (including holders of The Bank of New York Mellon Corporation's unsecured debt securities), while third-party creditors of The Bank of New York Mellon Corporation's subsidiaries could receive full recoveries on their claims. Accordingly, The Bank of New York Mellon Corporation's security holders (including unsecured debt securities and other unsecured creditors) could face losses in excess of what otherwise would have been the case.

In addition, the Federal Reserve has released for comment proposed rules ("proposed TLAC Rules") that would require U.S. G-SIBs, including BNY Mellon, to maintain minimum amounts of eligible long-term debt ("LTD") and TLAC by Jan. 1, 2019. Under the proposed TLAC Rules, U.S. G-SIBs would be required to maintain a minimum amount of external TLAC and LTD measured against both RWA and the denominator of the SLR. The proposed TLAC Rules would disqualify from eligible LTD, among other instruments, senior debt securities that permit acceleration for reasons other than issuer insolvency or payment default. The currently outstanding senior LTD of U.S. G-SIBs, including BNY Mellon, typically permits acceleration for reasons other than insolvency or payment default and, as a result, neither such outstanding senior LTD, nor any subsequently issued senior LTD with similar terms would qualify as eligible LTD under the proposed rules. The steps that the U.S. G-SIBs, including BNY Mellon, may need to take to come into compliance with the final TLAC Rules, including the amount and form of LTD that must be refinanced or issued, will depend in substantial part on the ultimate eligibility requirements for senior LTD and any grandfathering provisions. The proposed TLAC Rules could have a materially negative impact on U.S. G-SIBs, including BNY Mellon, unless modified prior to becoming a final rule. The proposed TLAC Rules could lead to increased cost of funds, place us at a competitive disadvantage compared to financial institutions not subject to this requirement, require us to issue a material amount of long-term debt, capital instruments, or other instruments, among other potential impacts.

Large BHCs must develop and submit to the FDIC and the Federal Reserve for review plans for their rapid and orderly resolution in the event of material financial distress or failure. BNY Mellon and The Bank of New York Mellon each file annual complementary resolution plans. We have been submitting our resolution plans since 2012. Most recently, BNY Mellon and The Bank of New York Mellon filed their 2015 resolution plans on July 1, 2015. If the FDIC and the Federal Reserve jointly determine that our resolution plan is not credible and we fail to address the deficiencies in a timely manner, the FDIC and the Federal Reserve may jointly impose more stringent capital, leverage or liquidity requirements or restrictions on our growth, activities or operations. If we continue to fail to adequately remedy any deficiencies, we could be required to divest assets or operations that the regulators determine necessary to facilitate our orderly resolution. BNY Mellon is also subject to heightened supervisory expectations for recovery and resolution preparedness. These expectations, issued by the Federal Reserve in January 2014, apply to the U.S. G-SIBs, including BNY Mellon, and relate to capabilities deemed critical to operational resilience and contingency planning, including collateral management; payment, clearing and settlement activities; liquidity and funding; management information systems; and shared and outsourced services.

Our businesses are also subject to significant regulation in numerous jurisdictions around the world relating to, among other things, the safeguarding, administration and management of client assets and client funds. Various new and revised European directives and regulations have an impact on our provision of these services, including revisions to the Markets in Financial Instruments Directive II ("MiFID II"), the Alternative Investment Fund Managers Directive ("AIFMD"), the Directive on Undertakings for Collective Investments in Transferable Securities ("UCITSV"), the Central Securities Depository Regulation ("CSDR"), and the European Market Infrastructure Regulation ("EMIR"). Implementing these new and revised European directives and regulations has affected our operations and risk profile.

In addition to the direct effects on us, many of our clients are subject to significant regulatory requirements and retain our services in order for us to assist them in complying with those legal requirements. Changes in these regulations can significantly affect the services that we are asked to provide, as well as our costs.

The evolving regulatory environment, including changes to existing regulations and the introduction of new regulations, may contribute to decisions we may make to suspend, reduce or withdraw from existing businesses, activities or initiatives, which may result in potential lost revenue or significant restructuring or related costs or exposures.

Failure to comply with laws, regulations or policies applicable to our business could result in sanctions by regulatory agencies, civil money penalties and reputational damage, which could have a material adverse effect on our business, financial condition and results of operations. Although we have policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur. If violations do occur, they could damage our reputation, increase our legal and compliance costs, and ultimately adversely impact our results of operations. Laws, regulations or policies currently affecting us and our subsidiaries may change at any time. Regulatory authorities may also change their interpretation of these statutes and regulations. Therefore, our business may also be adversely affected by future changes in laws, regulations, policies or interpretations or regulatory approaches to compliance and enforcement.

Failure to satisfy regulatory standards, including "well capitalized" and "well managed" status or capital adequacy and liquidity rules more generally, could result in limitations on our activities and adversely affect our business and financial condition.

Under regulatory capital adequacy rules and other regulatory requirements, BNY Mellon and our subsidiary banks must meet thresholds that include quantitative measures of assets, liabilities and certain off-balance sheet items, subject to qualitative judgments by regulators about components, risk weightings and other factors. As discussed under "Supervision and Regulation" in this Annual Report, BNY Mellon is registered with the Federal Reserve as a BHC and an FHC. An FHC's ability to maintain its status as an FHC is dependent upon a number of factors, including its U.S. bank subsidiaries' qualifying on an ongoing basis as "well capitalized" and "well managed" under the banking agencies' prompt corrective action regulations and upon it qualifying on an ongoing basis as "well capitalized" and "well managed" under applicable Federal Reserve regulations. Failure by an FHC or one of its U.S. bank subsidiaries to qualify as "well capitalized" and "well managed", if unremedied over a period of time, would cause it to lose its status as an FHC and could affect the confidence of clients in it, compromising its competitive position. Additionally, an FHC that does not continue to meet all the requirements for FHC status could lose the ability to undertake new activities or make acquisitions that are not generally permissible for BHCs without FHC status or to continue such activities. Our U.S. bank subsidiaries are also subject to regulatory capital requirements and the failure by one of our bank subsidiaries to maintain its status as "well capitalized" could lead to, among other things, higher FDIC assessments and could have reputational and associated business consequences. A further failure by BNY Mellon or one of our U.S. bank subsidiaries to maintain its status as "adequately capitalized" would lead to regulatory sanctions and limitations and could lead the federal banking agencies to take "prompt corrective action."

If our company or our subsidiary banks failed to meet the minimum capital rules and other regulatory requirements, we may not be able to deploy capital in the operation of our business or distribute capital to stockholders, which may adversely affect our business. If we are not able to meet the additional, more stringent, capital adequacy standards that were recently promulgated, we may not remain "well capitalized." See "Supervision and Regulation" and the "Liquidity and dividends" and "Capital - Capital adequacy" sections in the MD&A - Results of Operations section in this Annual Report.

BNY Mellon and its domestic subsidiary banks must generally maintain an LCR at least equal to 100% on a fully phased-in basis in 2017 (and 90% in 2016) to satisfy regulatory minimums. However, under certain circumstances it may be necessary for a banking organization's LCR to fall below these thresholds to fund unanticipated liquidity needs. We must notify our primary banking regulator on any day when our LCR falls below the regulatory threshold, and provide a plan for achieving LCR compliance if our LCR is below the regulatory threshold for three consecutive business days, or if our regulator determines an instance of material noncompliance with the LCR. Failure to comply with the LCR requirements may result in supervisory or enforcement actions.

Failure to meet current or future capital or liquidity requirements, including those imposed by the U.S. capital rules, the LCR, or by regulators in implementing other portions of the Basel III framework, could materially adversely affect our financial condition. The current regulatory environment is fluid, with requirements frequently being introduced and amended. Compliance with the regulatory capital and liquidity requirements may impact our ability to return capital to shareholders and may impact our operations by requiring us to liquidate assets, increase borrowings, issue additional equity or other securities, or cease or alter certain operations, which may adversely affect our results of operations.

Although we expect to continue to satisfy our regulatory capital and liquidity requirements, there can be no assurances that we will not need to hold significantly more regulatory capital and liquid assets than we currently estimate in order to satisfy applicable standards. An inability to meet regulatory expectations regarding these matters may also negatively impact the assessment of BNY Mellon and its U.S. banking subsidiaries by U.S. banking regulators and our ability to make capital distributions.

Finally, our estimated regulatory capital ratios, liquidity metrics, and related components are based on our current interpretation, expectations and understanding of the applicable rules and are subject to, among other things, ongoing regulatory review, regulatory approval of certain statistical models, additional refinements, modifications or enhancements (whether required or otherwise) to our models, and further implementation guidance. Any modifications resulting from these ongoing reviews or the continued implementation of the U.S. capital rules, the LCR and related amendments could result in changes in our risk weighted assets, capital components, liquidity inflows and outflows, HQLA, or other elements involved in the calculation of these measures, which could negatively impact these ratios. Further, because operational risk is measured based not only upon our historical operational loss experience but also upon ongoing events in the banking industry generally, our level of operational risk-weighted assets could significantly increase or otherwise remain elevated for the foreseeable future and may potentially be subject to significant volatility, negatively impacting our capital and liquidity ratios. The uncertainty caused by these factors could ultimately impact our ability to meet our goals, supervisory requirements, and regulatory standards.

Regulatory actions or litigation could materially adversely affect our results of operations or harm our businesses or reputation.

Like many major financial institutions, we and our affiliates are the subject of inquiries, investigations, lawsuits and proceedings by counterparties, clients, other third parties and regulatory and other governmental agencies in the U.S. and abroad, as well as the Department of Justice and state attorneys general. See "Legal proceedings" in Note 22 of the Notes to Consolidated Financial Statements in this Annual Report for a discussion of material legal and regulatory proceedings in which we are involved. The number of these investigations and proceedings, as well as the amount of penalties and fines sought, has increased substantially in recent years for many firms in the financial services industry, including us. We may become subject to heightened regulatory scrutiny, inquiries or investigations, and potentially client-related inquiries or claims, relating to broad, industry-wide concerns that could lead to increased expenses or reputational damage. For example, many participants in the foreign exchange industry are currently receiving heightened regulatory scrutiny concerning alleged potential manipulation with respect to published foreign exchange benchmarks and we, like a number of others, have received inquiries from government authorities seeking information. Since the 2008 financial crisis, significant settlements by a number of large financial institutions with governmental entities have been publicly announced. The trend of large settlements with governmental entities may adversely affect the outcomes for other financial institutions in similar actions, especially where governmental officials have announced that the large settlements will be used as the basis or a template for other settlements. Separately, policy makers in the European Union continue to focus on conduct rules around the protection of client assets.

The complexity of the federal and state regulatory and enforcement regimes in the U.S., coupled with the global scope of our operations and the increasing aggressiveness of the regulatory environment worldwide, also means that a single event may give rise to a large number of overlapping investigations and regulatory proceedings, either by multiple federal and state agencies in the U.S. or by multiple regulators and other governmental entities in different jurisdictions. Responding to inquiries, investigations, lawsuits and proceedings, regardless of the ultimate outcome of the matter, is time-consuming and expensive and can divert the attention of our senior management from our business. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last a number of years.

Certain of our subsidiaries are subject to periodic examination, special inquiries and potential proceedings by regulatory authorities. These examinations, inquiries and proceedings could, if compliance failures or other violations are found, cause a regulatory agency to institute proceedings and impose sanctions for violations, including, for example, regulatory agreements, cease and desist orders, civil monetary penalties or termination of a license and could lead to litigation by investors or clients, any of which could cause our earnings to decline.

Our businesses involve the risk that clients or others may sue us, claiming that we or third parties for whom they say we are responsible have failed to perform under a contract or otherwise failed to carry out a duty perceived to be owed to them, including perceived fiduciary or contractual duties. This risk may be heightened during periods when credit, equity or other financial markets are deteriorating in value or are particularly volatile, or when clients or investors are experiencing losses. In addition, as a publicly held company, we are subject to the risk of claims under the federal securities laws, and volatility in our stock price increases this risk.

Actions brought against us may result in lawsuits, enforcement actions, injunctions, settlements, damages, fines or penalties, which could have a material adverse effect on our financial condition or results of operations or require changes to our business. Claims for significant monetary damages are asserted in many of these legal actions, while claims for disgorgement, penalties and/or other remedial sanctions may be sought in regulatory matters. Although we establish accruals for our litigation and regulatory matters in accordance with applicable accounting guidance when those matters proceed to a stage where they present loss contingencies that are both probable and reasonably estimable, nonetheless there may be a possible material exposure to loss in excess of any amounts accrued, or in excess of any loss contingencies disclosed as reasonably possible. Such loss contingencies may not be probable and reasonably estimable until the proceedings have progressed significantly, which could take several years and occur close to resolution of the matter.

Any or all of the risks outlined above could result in increased regulatory supervision and affect our ability to attract and retain customers or maintain access to the capital markets.

Our businesses may be negatively affected by adverse publicity, government scrutiny or other reputational harm.

We are subject to reputational, legal and regulatory risk in the ordinary course of our business. The 2008 financial crisis and current political and public sentiment regarding financial institutions have resulted in a significant amount of adverse media coverage of financial institutions. Harm to our reputation can result from numerous sources, including adverse publicity arising from events in the financial markets, our perceived failure to comply with legal and regulatory requirements, the purported actions of our employees, alleged financial reporting irregularities involving ourselves or other large and well-known companies and perceived conflicts of interest. Our reputation could also be harmed by the failure of an affiliate, joint venture or a vendor or other third party with which we do business to comply with laws or regulations. Damage to our reputation could affect the confidence of clients, rating agencies, regulators, employees, stockholders and other stakeholders and could in turn have an impact on our business and results of operations.

Additionally, governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to financial services companies has increased dramatically. Press coverage and other public statements that assert some form of wrongdoing often result in some type of investigation by regulators, legislators and law enforcement officials or in lawsuits. Certain regulators, including the SEC, have announced policies that make it more likely that they will seek an admission of wrongdoing as part of any settlement of a matter brought by them against a regulated entity or individual, which could lead to increased exposure to civil litigation and could adversely affect our reputation and ability to do business in certain jurisdictions with so-called “bad actor” disqualification laws and could have other negative effects, such as loss of our well-known seasoned issuer status. In addition, the DOJ has announced a policy of requiring companies to provide investigators with all relevant facts relating to the individuals responsible for the alleged misconduct in order to qualify for any cooperation credit in civil and criminal investigations of corporate wrongdoing, which may result in our incurring increased fines and penalties if the DOJ determines that we have not provided sufficient information about applicable individuals in connection with an investigation, as well as increased costs in responding to DOJ investigations. It is possible that other governmental authorities will adopt similar policies.

Additionally, a failure to deliver appropriate standards of service and quality by either us or our vendors, or a failure to appropriately describe our products and services can result in customer dissatisfaction, lost revenue, higher operating costs, heightened regulatory scrutiny and litigation. Should any of these or other events or factors that can undermine our reputation occur, there is no assurance that the additional costs and expenses that we may need to incur to address the issues giving rise to the reputational harm would not adversely affect our earnings and results of operations.

New lines of business, new products and services or strategic project initiatives may subject us to additional risks, and the failure to implement these initiatives could affect our results of operations.

From time to time, we may launch new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts. We invest significant time and resources in developing and marketing new lines of business, products and services. Regulatory requirements can affect whether initiatives are able to be brought to market in a manner that is timely and attractive to our customers. Initial timetables for the development and introduction of new lines of business and/or new products or services may not be achieved and price and profitability targets may not be met. Furthermore, our revenues and costs may fluctuate because new businesses or products and services generally require startup costs while revenues may take time to develop, which may adversely impact our results of operations.

Additionally from time to time we undertake strategic project initiatives. Significant effort and resources are necessary to manage and oversee the successful completion of these initiatives. These initiatives often place significant demands on management and a limited number of employees with subject matter expertise and may involve significant costs to implement as well as increase operational risk as employees learn to process transactions under new systems. The failure to properly execute on these strategic initiatives could adversely impact our business and results of operations.

Our strategic transactions present risks and uncertainties and could have an adverse effect on our business, results of operations and financial condition.

From time to time, to achieve our strategic objectives, we have acquired, disposed of, or invested in (including through joint venture relationships) companies and businesses, and may do so in the future. Our ability to pursue or complete strategic transactions is in certain instances subject to regulatory approval and we cannot be certain when or if, or on what terms and conditions, any required regulatory approvals would be granted. Moreover, to the extent we pursue a strategic transaction, there can be no guarantee that the transaction will close when anticipated, or at all. If a strategic transaction does not close, or if the strategic transaction fails to maximize shareholder value or required regulatory approval is not obtained, it could have an adverse effect on our business, results of operations and financial condition.

Each acquisition poses integration challenges, including successfully retaining and assimilating clients and key employees, capitalizing on certain revenue synergies and integrating the acquired company’s systems and technology. In some cases, acquisitions involve entry into new businesses or new geographic or other markets, and these situations also present risks and uncertainties in instances where we may be inexperienced in these new areas. We may be required to spend a significant amount of time and resources to integrate these acquisitions. The anticipated integration benefits may take longer to achieve than projected and the time and cost needed to consolidate platforms and systems may significantly exceed our estimates. If we fail to successfully integrate strategic acquisitions, including doing so in a timely and cost-effective manner, we may not realize the expected benefits regarding such acquisitions, which could have an adverse impact on our business, financial condition and results of operations. In addition, we may incur expenses, costs, losses, penalties, taxes and other liabilities which are related to the conduct of the acquired businesses prior to the date of our ownership (including in connection with the defense and/or settlement of legal and regulatory claims, investigations and proceedings) which may not be recoverable through indemnification or otherwise.

Each disposition also poses challenges, including separating the disposed businesses and systems in a way that is cost-effective and is not disruptive to our customers. In addition, the inherent uncertainty involved in the process of evaluating, negotiating or executing a potential sale of one of our companies or businesses may cause the loss of key clients, employees, and business partners which could have an adverse impact on our business, financial condition and results of operations.

Joint ventures and non-controlling investments contain potentially increased financial, legal, reputational, operational, regulatory and/or compliance risks. Notwithstanding our controls and risk management framework, which are designed to manage these risks, we may be dependent on joint venture partners, controlling shareholders or management who may have business interests, strategies or goals that are inconsistent with ours. Business decisions or other actions or omissions of the joint venture partner, controlling shareholders or management may adversely affect the value of our investment, impacting our results of operations, result in litigation or regulatory action against us and otherwise damage our reputation and brand.

Our business may be materially adversely affected by operational risk.

We are exposed to operational risk due to the nature of our businesses and business model. Examples of operational risk include: the risk of loss resulting from errors related to transaction processing; breaches of the internal control system and compliance requirements; fraud by employees or persons outside BNY Mellon; business interruption due to system failures; failed transaction processing or process management; unsuccessful or difficult implementation of computer systems upgrades or new technology; vendor disruption; unsuccessful or difficult implementation of new products or services; loss or damage to physical assets from natural disasters or other events; and other risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may also include breaches of our technology and information systems resulting from unauthorized access to confidential information or from internal or external threats, such as cyber attacks. Operational risk also includes fiduciary risk and potential legal or regulatory actions that could arise as a result of noncompliance with applicable laws, regulatory requirements or contracts which could have an adverse effect on our reputation and could result in the imposition of fines or civil money penalties or the payment of damages.

Third parties with which we do business or that facilitate our business activities, including exchanges, clearing houses, financial intermediaries or vendors that provide services or security solutions for our operations, could also be sources of operational risk to us, including from breakdowns or failures of their own systems or capacity constraints. For example, in August 2015, the SunGard U.S. InvestOne fund accounting platform environment we use to process net asset values (NAVs) became corrupted during an operating system upgrade undertaken by SunGard, impacting certain mutual fund, exchange-traded fund and unregistered collective fund clients.

We regularly assess and monitor operational risk in our business and provide for disaster and business recovery planning, including geographical diversification of our facilities. However, despite our efforts to assess and monitor operational risk, our risk management program may not be effective in all cases. The occurrence of various events, including unforeseeable and unpreventable events, such as systems failures or natural disasters, could damage our physical facilities or our computer systems or software, cause delay or disruptions to operational functions, impair our clients, vendors and counterparties and ultimately negatively impact our results of operations due to potentially higher expenses and lower revenues.

Operational losses can impact our capital ratios and results of operations. In addition, our operational loss risk model is informed by external losses, including certain fines and penalties levied against other institutions in the financial services industry, particularly those that relate to businesses in which we operate, and as a result such external losses could impact the amount of capital that we are required to hold. When we record balance sheet reserves for probable and estimable loss contingencies related to litigation and governmental and regulatory matters (or when we disclose a range of reasonably possible loss for reasonably possible and estimable loss contingencies), our estimated exposure may not be sufficient to cover our actual exposure, which could have a material adverse effect on our results of operations in the period in which such actions or matters are resolved or when a loss contingency otherwise becomes probable and reasonably estimable. In addition, in light of policy makers' continued focus on global asset safety, we continue to assess our operational models and risks. For a discussion of operational risk see "Risk Management - Operational/business risk" and "Business Continuity" in the MD&A section in this Annual Report.

A failure or circumvention of our controls and procedures could have a material adverse effect on our business, reputation, results of operations and financial condition.

Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system will be met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, reputation, results of operations and financial condition. If we identify material weaknesses in our internal control over financial reporting or are otherwise required to restate our financial statements, we could be required to implement expensive and time-consuming remedial measures and could lose investor confidence in the accuracy and completeness of our financial reports. In addition, there are risks that individuals, either employees or contractors, may circumvent established control mechanisms in order to, for example, exceed exposure, liquidity, trading or investment management limitations, or commit fraud.

We are subject to competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability.

Many businesses in which we operate are intensely competitive around the world. Competitors include other banks, trading firms, broker dealers, investment banks, asset managers, insurance companies, financial technology firms and a variety of other financial services and advisory companies whose products and services span the local, national and global markets in which we conduct operations. We compete on the basis of several factors, including transaction execution, capital or access to capital, products and services, innovation, reputation, and price. Larger and more geographically diverse companies may be able to offer financial products and services at more competitive prices than we are able to offer. Pricing pressures, as a result of the willingness of competitors to offer comparable or improved products or services at a lower price, may result in a reduction in the price we can charge for our products and services, which could, and in some cases has, negatively affected our ability to maintain or increase our profitability. In addition, technological advances have made it possible for other types of non-depository institutions, such as outsourcing companies and data processing companies, to offer a variety of products and services competitive with certain areas of our business. Competitors may develop technological advances that could negatively impact our transaction execution or the pricing of our clearing, settlement, payments and trading activities. Increased competition in any of these areas may require us to make additional capital investments in our businesses in order to remain competitive.

Furthermore, recently implemented and proposed regulations may impact our ability to conduct certain of our businesses in a cost-effective manner or at all. Regulations comparable to those required by several provisions of the Dodd-Frank Act have not been enacted by governments and regulatory agencies outside the U.S. and may not be implemented into law in most countries. The more restrictive laws and regulations applicable to the largest U.S. financial services institutions, including the U.S. capital rules, can put us at a competitive disadvantage relative to both our non-U.S. competitors and certain U.S. competitors. See “Supervision and Regulation” in this Annual Report. A decline in our competitive position could adversely affect our ability to maintain or increase our profitability.

Our risk management framework may not be effective in mitigating risk and reducing the potential for losses.

Our risk management framework seeks to mitigate risk and loss to us. We have established comprehensive policies and procedures and an internal control framework designed to provide a sound operational environment for the types of risk to which we are subject, including operational risk, credit risk, market risk, liquidity risk, business risk and fiduciary risk. However, as with any risk management framework, there are inherent limitations to our current and future risk management strategies, including risks that we have not appropriately anticipated or identified.

In certain instances, we rely on models to measure, monitor and predict risks. However, these models are inherently limited because they involve techniques, including the use of historical data in some circumstances, and judgments that cannot anticipate every economic and financial outcome in the markets in which we operate, nor can they anticipate the specifics and timing of such outcomes. There is no assurance that these models will appropriately capture all relevant risks or accurately predict future events or exposures. The 2008 financial crisis and resulting regulatory reform highlighted both the importance and some of the limitations of managing unanticipated risks, and our regulators remain focused on ensuring that financial institutions build and maintain robust risk management policies. If our regulators perceive the quality of our risk models and framework to be insufficient, it may negatively impact our regulators’ evaluations of our capital plans and stress tests. Accurate and timely enterprise-wide risk information is necessary to enhance management’s decision-making in times of crisis. If our risk management framework proves ineffective or if our enterprise-wide management information is incomplete or inaccurate, we could suffer unexpected losses, which could materially adversely affect our results of operations or financial condition.

In addition, our businesses and the markets in which we operate are continuously evolving. We may fail to fully understand the implications of changes in our businesses or the financial markets or fail to adequately or timely enhance our risk framework to address those changes. If our risk framework is ineffective, either because it fails to keep pace with changes in the financial markets, regulatory requirements, our businesses, our counterparties, clients or service providers or for other reasons, we could incur losses, suffer reputational damage or find ourselves out of compliance with applicable regulatory or contractual mandates or expectations.

An important aspect of our risk management framework is creating a risk culture in which all employees fully understand that there is risk in every aspect of our business and the importance of managing risk as it relates to their job functions. We continue to enhance our risk management program to support our risk culture, ensuring that it is sustainable and appropriate to our role as a major financial institution. Nonetheless, if we fail to create the appropriate environment that sensitizes all of our employees to managing risk, our business could be adversely impacted. For more information on how we monitor and manage our risk management framework, see "Risk Management - Risk management overview" in this Annual Report.

Change or uncertainty in monetary, tax and other governmental policies may impact our businesses, profitability and ability to compete.

The monetary, tax and other policies of various governments, agencies and regulatory authorities both in the U.S. and globally have a significant impact on interest rates, currencies, commodity pricing (including oil) and overall financial market performance, which can impact our business and results of operations. As a result of the 2008 financial crisis, there have been significant changes in these policies, which have imposed additional compliance, legal, review and response costs that have impacted our profitability. Changes in these policies are beyond our control and can be difficult to predict and we cannot determine the ultimate effect that any such changes would have upon our business, financial condition or results of operations. For example, the Federal Reserve regulates the supply of money and credit in the U.S. and its policies influence our cost of funds for lending, investing and capital raising activities and the return we earn on those loans and investments, both of which affect our net interest margin. Current low interest rate policies have resulted in waivers of money market fund fees in addition to reductions in our spread-based income and net interest revenue. While the recent rate increase has reduced the amount of such fee waivers, they have not been eliminated.

The actions of the Federal Reserve also could materially affect the value of financial instruments we hold, activity levels, liquidity and volatility in the financial markets, and impact our borrowers, potentially increasing the risk that they may fail to repay their loans. For example, in accordance with proposed TLAC Rules and other influences, we have ended our Parent commercial paper program and are evaluating other changes.

We are subject to political, economic, legal, operational and other risks that are inherent in operating globally and which may adversely affect our business.

In conducting our business and maintaining and supporting our global operations, which includes vendors and other third parties, we are subject to risks of loss from the outbreak of hostilities and various unfavorable political, economic, legal or other developments, including social or political instability, changes in governmental policies or policies of central banks, sanctions, expropriation, nationalization, confiscation of assets, price, capital and exchange controls, unfavorable tax rates and tax court rulings and changes in laws and regulations.

Our international clients accounted for 36% of our revenue in 2015. Our non-U.S. businesses are subject to extensive regulation by various non-U.S. regulators, including governments, securities exchanges, central banks and other regulatory bodies, in the jurisdictions in which those businesses operate. In many countries, the laws and regulations applicable to the financial services industry are uncertain and evolving, and may be applied with extra scrutiny to non-domestic companies, and it may be difficult for us to determine the exact requirements of local laws in every market or manage our relationships with multiple regulators in various jurisdictions. Our inability to remain in compliance with local laws in a particular market and manage our relationships with regulators could have an adverse effect not only on our businesses in that market but also on our reputation generally.

The failure to properly mitigate such risks, or the failure of our operating infrastructure to support such international activities could result in operational failures and regulatory fines or sanctions, which could adversely affect our business and results of operations.

In addition, we are subject in our global operations to rules and regulations relating to corrupt and illegal payments and money laundering, economic sanctions and embargo programs administered by the U.S. Office of Foreign Assets Control and similar bodies and governmental agencies worldwide, and laws relating to doing business with certain individuals, groups and countries, such as the U.S. Foreign Corrupt Practices Act, the USA PATRIOT Act, the Iran Threat Reduction and Syria Human Rights Act of 2012 and the UK Bribery Act. While we have invested and continue to invest significant resources in training and in compliance monitoring, the geographical diversity of our operations, employees, clients and customers, as well as the vendors and other third parties that we deal with, presents the risk that we may be found in violation of such rules, regulations or laws and any such violation could subject us to significant penalties or adversely affect our reputation. In addition, such rules could impact our ability to engage in business with certain individuals, entities, groups and countries, which could materially adversely affect certain of our businesses and results of operations.

Further, our businesses and operations from time to time enter into new regions throughout the world, including emerging and frontier markets. Various emerging and frontier market countries have experienced severe economic and financial disruptions, including significant devaluations of their currencies, defaults or threatened defaults on sovereign debt, capital and currency exchange controls, and low or negative growth rates in their economies. Crime, corruption, war or military actions, and a lack of an established legal and regulatory framework are additional challenges in certain emerging and frontier markets. Revenue from international operations and trading in non-U.S. securities and other obligations may be subject to negative fluctuations as a result of the above considerations. The possible effects of any of these conditions may adversely affect our business and results of operations.

Our business may be adversely affected if we are unable to attract and retain employees.

Our success depends, in large part, on our ability to attract new employees, retain and motivate our existing employees, and continue to compensate our employees competitively amid heightened regulatory restrictions. Competition for the best employees in most activities in which we engage can be intense, and we may not be able to recruit and retain key personnel. We may also rely on certain employees with subject matter expertise to assist in the implementation of important initiatives. Factors that affect our ability to attract and retain talented and diverse employees include our compensation and benefits programs, our profitability and our reputation for rewarding and promoting qualified employees. Our ability to attract and retain key executives and other employees may be hindered as a result of regulations applicable to incentive compensation and other aspects of our compensation programs. These regulations, which include and are expected to include mandatory deferrals, clawback requirements and other limits on incentive compensation, may not apply to some of our competitors and to other institutions with which we compete for talent. Our ability to recruit and retain key talent may be adversely affected by these regulations. In addition, aspects of our compensation programs are performance-based. If we do not achieve applicable performance thresholds for a relevant period, employee compensation may be adversely affected, which could impact retention. The loss of employees' skills, knowledge of the market, industry experience, and the cost of finding replacements may hurt our business. If we are unable to continue to attract and retain highly qualified employees, our performance, including our competitive position, could be adversely affected.

Acts of terrorism, natural disasters, pandemics and global conflicts may have a negative impact on our business and operations.

Acts of terrorism, natural disasters, pandemics, global conflicts or other similar catastrophic events could have a negative impact on our business and operations. While we have in place business continuity and disaster recovery plans, such events could still damage our facilities, disrupt or delay the normal operations of our business (including communications and technology), result in harm or cause travel limitations on our employees, and have a similar impact on our clients, suppliers and counterparties. For example, our disaster recovery plan was activated due to the recent severe floods in Chennai, India, resulting in the temporary closure of our Global Delivery Center. While this closure was not material to BNY Mellon, it negatively impacted our Chennai employees and facilities and diverted the resources of those employees outside of Chennai in a recovery role. Catastrophic events could also negatively impact the purchase of our products and services to the extent that those acts or conflicts result in reduced capital markets activity, lower asset price levels, or disruptions in general economic activity in the U.S. or abroad, or in financial market settlement functions, which could negatively impact our business and results of operation. In addition, war, terror attacks, political unrest, global conflicts, the national and global efforts to combat terrorism and other potential military activities and outbreaks of hostilities may lead to an increase in delinquencies, bankruptcies or defaults that could result in our experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses, negatively impacting our business and operations.

Market Risk

Weakness in financial markets and the economy generally may materially adversely affect our business, results of operations and financial condition.

Our results of operations may be materially affected by conditions in the financial markets and the economy generally, both in the U.S. and elsewhere around the world. A variety of factors impact global economies and financial markets, including interest rates, commodity pricing, such as the continued weakness in oil prices, instability of certain emerging markets, volatile debt and equity market values, the strong U.S. dollar, high unemployment and governmental budget deficits (including, in the U.S., at the federal, state and municipal level), contagion risk from possible default by other countries on sovereign debt, declining business and consumer confidence and the risk of increased inflation. Any resulting economic pressure on consumers and lack of confidence in the financial markets may adversely affect certain portions of our business, financial condition and results of operations. In particular, we face the following risks in connection with these factors, some of which are discussed at greater length in separate risk factors:

- A continuing low interest rate environment, geopolitical tension, continuing low oil prices, and economic instability in China have increased the demand for low-risk investments, particularly in U.S. Treasuries and the dollar. A “flight to safety” has historically increased BNY Mellon’s balance sheet, which has negatively impacted, and could continue to negatively impact, our leverage-based regulatory capital measures. A sustained “flight to safety” has historically triggered a decline in trading, capital markets and cross-border activity. Declining volumes in these activities would likely decrease our revenue, which would negatively impact our results of operations, financial condition and, if sustained in the long term, our business.

- Our businesses may be impacted by the translation of financial results denominated in foreign currencies to the U.S. dollar, primarily in activities denominated in the British pound sterling, euro and the Indian rupee. On a consolidated basis and in our Investment Services business we typically have more foreign currency denominated expenses than revenues. However, our Investment Management business typically has more foreign currency denominated revenues than expenses.

- The fees earned by our Investment Management business are higher as assets under management and/or investment performance increase. Those fees are also impacted by the composition of the assets under management, with higher fees for some asset categories as compared to others. Uncertain and volatile capital markets could result in reductions in assets under management because of investors’ decisions to withdraw assets or from simple declines in the value of assets under management as markets decline. Uncertain and volatile financial markets may also result in changes in customer allocations of funds among money market, equity, fixed income or other investment alternatives. Those changes in allocation may be from higher fee investments to lower fee investments. For example, at Dec. 31, 2015, we estimate that a 5% change in global equity markets, spread evenly throughout the year, would impact fee revenue by less than 1% and diluted earnings per common share by $0.02 to $0.04.

- Market conditions resulting in lower transaction volumes could have an adverse effect on the revenues and profitability of certain of our businesses such as clearing, settlement, payments and trading.

- Uncertain and volatile capital markets, particularly declines, could reduce the value of our investments in securities, including pension and other post-retirement plan assets.

- Derivative instruments we hold to hedge and manage exposure to market risks including interest rate risk, equity price risk, foreign currency risk, as well as credit risk associated with our products and businesses might not perform as intended or expected, resulting in higher realized losses and unforeseen stresses on liquidity. Our derivative-based hedging strategies also rely on the performance of counterparties to such derivatives. These counterparties may fail to perform for various reasons resulting in losses on under-collateralized positions.

- Our ability to continue to operate certain commingled investment funds at a net asset value of $1.00 per unit and to allow unrestricted cash redemptions by investors in those commingled funds (or by investors in other funds managed by us which are invested in those commingled investment funds) may be adversely affected by depressed mark-to-market prices of the underlying portfolio securities held by such funds, or by material defaults on such securities or by the level of liquidity that could be achieved from the portfolio securities in such funds. We may be faced with claims from investors and exposed to financial loss as a result of our operation of such funds.

- Continuing low interest rates will result in the continued voluntary waiving of fees on certain money market mutual funds and related distribution fees by us in order to prevent clients' yields on such funds from becoming uneconomic, which has had, and will continue to have, an adverse impact on our revenue and results of operations. The recent U.S. short-term rate increase has reduced, but not eliminated, the amount of such waivers.

- Continuing weakness in oil prices may continue to negatively impact capital markets and may impact the ability of certain of our clients, including oil and gas exploration and production companies and sovereign funds in oil-exporting countries, to continue using our services or repay outstanding loans. Increased defaults among oil and gas exploration and production companies may also negatively impact the high yield market and our high yield funds.

- The process we use to estimate our projected credit losses and to ascertain the fair value of securities held by us is subject to uncertainty in that it requires use of statistical models and difficult, subjective and complex judgments, including forecasts of economic conditions and how these conditions might impair the ability of our borrowers and others to meet their obligations. In uncertain and volatile capital markets, our ability to estimate our projected credit losses may be impaired, which could adversely affect our overall profitability and results of operations.

Market volatility may adversely impact our business, financial condition and results of operations and our ability to manage risk.

As a financial institution, our businesses, including our Investment Management, Global Markets, Corporate Trust, Depositary Receipts and Securities Lending businesses, are particularly sensitive to economic and market conditions, including in the capital and credit markets. When these markets are volatile or disruptive, we could experience a decline in our marked-to-market assets, such as our securities portfolio and equity investments, including seed capital. Market volatility may be caused by concerns about the liquidity of the global financial markets; the level and volatility of debt and equity prices, interest rates and currency and commodities prices, including oil; investor sentiment; events that reduce confidence in the financial markets; inflation and unemployment; the economic effects of natural disasters, severe weather conditions, acts of war or terrorism; dissolution of agreements among member states facilitating trade, such as the Schengen Agreement; monetary policies and actions taken by the Federal Reserve and other central banks and the health of U.S. or international economies. A market downturn could also cause a decline in the value of the assets that we manage for clients, hold in custody or administer, adversely impacting fee revenue and certain of our capital ratios, while the costs of providing the related services remain constant due to the high fixed costs associated with these businesses. A significant and sustained market downturn could materially adversely impact our business, financial condition, results of operations and ability to manage risk. Fluctuations in global market activity could also impact the flow of investment capital into or from assets under custody and/or administration and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact our results of operations. In addition, market volatility could produce downward pressure on our stock price and credit availability without regard to our underlying financial strength. If the market price of our common stock were to decline below certain levels, we could be required to perform goodwill impairment testing. While a substantial goodwill impairment charge would not have a significant impact on our financial condition, it would have an adverse impact on our results of operations. For a discussion of goodwill, see “Critical accounting estimates - Goodwill and other intangibles” in the MD&A - Results of Operations section in this Annual Report.

We use various models and strategies to assess and control our market risk exposures but those are subject to inherent limitations. Our models, which rely on historical trends and assumptions, may not be sufficiently predictive of future results due to limited historical patterns, extreme or unanticipated market movements and illiquidity, especially during severe market downturns or stress events. The models that we use to assess and control our market risk exposures also reflect assumptions about the degree of correlation among prices of various asset classes or other market indicators. In addition, market conditions in recent years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk. In times of market stress or other unforeseen circumstances, such as the market conditions experienced in 2008 and 2009, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. These types of market movements have at times limited the effectiveness of our hedging strategies and have caused us to incur significant losses, and they may do so in the future. For a discussion of our management of market risk, see “Risk Management-Market risk” in the MD&A section in this Annual Report.

Ongoing concerns about the financial stability of certain countries, the failure or instability of any of our significant global counterparties, or a breakup of the European Union or Eurozone could have a material adverse effect on our business and results of operations.

There remain ongoing concerns about the financial stability of certain countries, including the possibility of sovereign debt defaults, bank failures and the exit of countries from the European Union or the Eurozone. This has led to, and could continue to lead to, declines in market liquidity, a contraction of available credit, and diminished economic growth and business confidence in those countries, with potential collateral consequences to other countries as well. We are primarily exposed to disruptions in global markets in a number of principal areas - on our balance sheet, in certain interest-bearing deposits with banks, loans, trading assets and investment securities, as well as fee revenue. Additionally, market disruptions could lead to a “flight to safety,” triggering increased client deposits and altering the size and composition of our balance sheet, which could adversely impact our leverage-based regulatory capital measures. For additional information regarding our exposure to certain countries, please see “International operations - Country risk exposure” in the MD&A - Results of operations section in this Annual Report.

A potential consequence of global financial instability could be a partial or full break-up of the European Union or Eurozone. While a European Union or Eurozone break-up does not appear to be imminent, if one were to occur it would be unprecedented and its impact highly uncertain. The exit of Greece, Britain or other countries from the European Union or Eurozone or the dissolution of those bodies could lead to redenomination of certain obligations of obligors in exiting countries. Any such exit and redenomination would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and could lead to complex and lengthy disputes and litigation. The resulting uncertainty and market stress could also cause, among other things, severe disruption to equity markets, significant increases in bond yields generally, potential failure or default of financial institutions, including those of systemic importance, a significant decrease in global liquidity, a freeze-up of global credit markets and a potential worldwide recession.

The interdependencies among world economies, particularly the Eurozone, and financial institutions have contributed to concerns regarding the stability of financial markets generally and certain institutions in particular. Financial services institutions are interdependent as a result of trading, clearing, counterparty or other relationships. We routinely execute transactions with global counterparties, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults or non-performance by, or even rumors or questions about, one or more global financial institutions, or the financial markets generally, have in the past led to market-wide liquidity problems and could lead to losses by us or by other institutions in the future. Given the scope of our global operations, clients and counterparties, persistent disruptions in the global financial markets, the failure of a significant global financial institution, even if not an immediate counterparty to us, or the attempt of a country to abandon the euro and persistent weakness in a leading global currency could have a material adverse impact on our business or results of operations.

Continuing low or volatile interest rates could have a material adverse effect on our profitability.

Our net interest revenue and cash flows are sensitive to changes in short-term interest rates and changes in valuations in the debt or equity markets over which we have no control. Our net interest revenue is the difference between the interest income earned on our interest-earning assets, such as the loans we make and the securities we hold in our investment portfolio, and the interest expense incurred on our interest-bearing liabilities, such as deposits and borrowed money.

A continuing low short-term rate environment will likely adversely impact our revenue and results of operations by:

- continued compression of our net interest spreads, depending on our balance sheet position; and
- sustained weakness of our spread-based revenues, resulting in continued voluntary waiving of fees on certain money market mutual funds and related distribution fees by us in order to prevent the yields on such funds from becoming uneconomic.

A rise in interest rates could trigger one or more of the following, which could impact our business, results of operations and financial condition, including:

- less liquidity in bonds and fixed income funds in the case of a sharp rise in interest rates resulting in lower performance, yield and fees;
- increased number of delinquencies, bankruptcies or defaults and more nonperforming assets and net charge-offs, as borrowers may have more difficulty making higher interest payments;
- decreases in deposit levels and higher redemptions from our fixed income funds or separate accounts, as clients move funds into investments with higher rates of return;
- a decline in our capital ratios;
- reduction in other comprehensive income in our shareholders' equity and therefore our tangible common equity due to the impact of rising long term rates on our largely fixed-income securities portfolio; and
- higher funding costs.

A more detailed discussion of the interest rate and market risks we face is contained under "Risk Management" in the MD&A section in this Annual Report.

We may experience write-downs of securities that we own and other losses related to volatile and illiquid market conditions, reducing our earnings and impacting our financial condition.

We maintain an investment securities portfolio of various holdings, types and maturities. At Dec. 31, 2015, these securities were primarily classified as available-for-sale, which are recorded on our balance sheet at fair value with unrealized gains or losses reported as a component of accumulated other comprehensive income, net of tax. In 2015, we increased the amount of securities in our held to maturity portfolio, recorded on our balance sheet at amortized cost, from $21.1 billion and approximately

18% of the portfolio at Dec. 31, 2014 to $43.2 billion and approximately 36% at Dec. 31, 2015.

Our investment securities portfolio includes U.S. Agency RMBS, U.S. Treasuries, sovereign and sovereign-guaranteed debt, non-agency U.S. and non- U.S. residential mortgage-backed securities, European floating rate notes, commercial mortgage-backed securities, state and political subdivision debt, foreign covered bonds, corporate bonds, collateralized loan obligations, U.S. government agency debt, consumer asset-backed securities and other securities, the values of which are subject to market price volatility to the extent unhedged. Many of these securities experienced significant liquidity, valuation and credit quality deterioration during the 2008 financial crisis and could experience a similar deterioration in another financial crisis. Non-U.S. mortgage-backed and asset-backed securities with exposures to European countries, whose sovereign-debt markets have experienced increased stress since 2011, may continue to experience stress in the future. U.S. state and municipal bonds have also experienced stress in light of the fiscal concerns that a number of states and municipalities face. If these or any of the other available-for-sale securities experience an other-than-temporary impairment, it would negatively impact our earnings. If our held-to-maturity securities experience a loss in fair value, it would negatively impact the fair value of our securities portfolio, although it would not impact our earnings unless a credit event occurred. The low interest-rate environment that has persisted since the financial crisis began, notwithstanding the short-term rate increase announced by the Federal Reserve in December 2015, could constrain our ability to achieve a net interest margin consistent with historical averages.

Our investment securities portfolio represents a greater proportion of our consolidated total assets (approximately 30% at Dec. 31, 2015), and our loan and lease portfolios represent a smaller proportion of our consolidated total assets (approximately 16% at Dec. 31, 2015), in comparison to many other major U.S. financial institutions due to our custody and trust bank business model. As such, our capital levels and results of operations and financial condition are materially exposed to the risks associated with our investment portfolio. For example, the accounting and regulatory treatment of our investment securities portfolio in an available-for-sale accounting environment may have more volatility than a more traditional held-for-investment loan portfolio, or a securities portfolio comprised exclusively U.S. Treasury securities. Under the U.S. capital rules, after-tax changes in the fair value of available-for-sale investment securities will be included in Tier 1 capital. For example, decreases in the general level of interest rates, and corresponding increases in mortgage prepayment speeds, which can be caused by refinancing activity, could adversely impact the value of fixed-rate mortgage-backed securities we hold. Conversely, increases in the general level of interest rates may adversely impact the fair value of fixed-rate debt securities we hold and, accordingly, for debt securities classified as available-for-sale, may adversely affect accumulated other comprehensive income and, thus, capital levels. Since loans held for investment, or securities in a held-to-maturity accounting environment, are not subject to a fair-value accounting framework, changes in the fair value of these instruments (other than incurred credit losses) are not similarly included in the determination of Tier 1 capital under the U.S. capital rules. As a result, we may experience increased variability in our Tier 1 capital relative to other major financial institutions who maintain a lower proportion of their consolidated total assets in an available-for-sale accounting environment.

Generally, the fair value of securities in the securities investment portfolio held as available-for-sale is determined based upon market values available from third-party sources. During periods of market disruption, it may be difficult to value certain of our investment securities if trading becomes less frequent and/or market data becomes less observable. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation and judgment as well as valuation methods which are more complex. These values may not be ultimately realizable in a market transaction, and such values may change very rapidly as market conditions change and valuation assumptions are modified. Decreases in value may have a material adverse effect on our results of operations or financial condition. If any of our securities suffer credit losses, as we experienced with some of our investments in 2009, we may recognize the credit losses as an other-than-temporary impairment which could impact our revenue in the quarter in which we recognize the losses. The decision on whether to record an other-than-temporary impairment or write-down is determined in part by management’s assessment of the financial condition and prospects of a particular issuer, projections of future cash flows and recoverability of the particular security. Management's conclusions on such assessments are highly judgmental and include assumptions and projections of future cash flows which may ultimately prove to be incorrect as assumptions, facts and circumstances change. On the other hand, securities held in a held-to-maturity accounting environment are limited in the actions we can take absent a significant deterioration in the issuer's creditworthiness. Therefore we may be constrained in our ability to liquidate a held-to-maturity security that is deteriorating in value, which would negatively impact the fair value of our securities portfolio. If our assertions change about our intention or ability to not sell securities that have experienced a reduction in fair value below its amortized cost we could be required to recognize an other-than-temporary loss in earnings for the entire difference between fair value and amortized cost.

For information regarding our investment securities portfolio, refer to "Consolidated balance sheet review - Investment securities" and for information regarding the sensitivity of and risks associated with the market value of portfolio investments and interest rates, refer to the "Critical accounting estimates - Fair value - Securities" and "- Other-than-temporary impairment" sections both of which are in the MD&A - Results of Operations section in this Annual Report and Note 4 of the Notes to Consolidated Financial Statements in this Annual Report.

We are dependent on fee-based business for a substantial majority of our revenue and our fee-based revenues could be adversely affected by a slowing in market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences.

Our principal operational focus is on fee-based business, which is distinct from commercial banking institutions that earn most of their revenues from loans and other traditional interest-generating products and services. In 2015, approximately 79% of our revenue was fee-based (excluding net securities gains). Our fee-based businesses include investment management, custody, corporate trust, depositary receipts, clearing, collateral management and treasury services, which are highly competitive businesses.

Fees for many of our products and services are based on the volume of transactions processed, the market value of assets managed and administered, securities lending volume and spreads, and fees for other services rendered. Corporate actions, cross-border investing, global mergers and acquisitions activity, new debt and equity issuances, and secondary trading volumes all affect the level of our revenues. If the volumes of these activities decrease due to weak financial markets or otherwise, our revenues will also decrease, which would negatively impact our results of operations.

In addition, poor investment returns in our investment management business, due to either weak market conditions or underperformance (relative to our competitors or to benchmarks) by funds or accounts that we manage or investment products that we design or sell, result in reduced market values of portfolios that we manage and/or administer and affect our ability to retain existing assets and to attract new clients or additional assets from existing clients. This could affect the management and incentive fees that we earn on assets under management. Similarly, significant declines in the volume of capital markets activity would reduce the number of transactions we process and the amount of securities we lend and therefore would also have an adverse effect on our results of operations. Continuing low interest rates have also resulted in, and may continue to result in, waivers of money market fund fees. The recent U.S. short-term rate increase has reduced, but not eliminated, the amount of such waivers.

Our business generally benefits when individuals invest their savings in mutual funds and other collective funds, unit investment trusts or exchange traded funds, or contribute more to defined contribution plans. If there is a decline in the savings rates of individuals, or if there is a change in investment preferences that leads to less investment in mutual funds or other collective funds, or a shift to lower fee investment products, our revenues could be adversely affected. In addition, to the extent that we are forced to compete on the basis of price with other financial institutions, fee reductions on existing or future new business could cause revenues and profit margins to decline.

The profitability of certain of our businesses has declined since the financial crisis. For example, due to changes in fee structures, the margins on our clearing and corporate trust businesses have lowered, and we do not expect those margins to return to their historically high levels.

Our FX revenue may be adversely affected by decreases in market volatility and the cross-border investment activity of our clients.

Our foreign exchange trading generates revenues which are influenced by market pressures, which continue to be increasingly competitive, the volume of client transactions and the spread realized on these transactions. The level of volume and spreads is affected by market volatility, the level of cross-border assets held in custody for clients, the level and nature of underlying cross-border investments and other transactions undertaken by corporate and institutional clients. Our clients' cross-border investing activity could decrease in reaction to economic and political uncertainties, including changes in laws or regulations governing cross-border transactions, such as currency controls. Uncertainties resulting from terrorist attacks and/or military actions may also negatively affect cross-border investments activity. Volumes and/or spreads in some of our products tend to benefit from currency volatility and are likely to decrease during times of lower currency volatility. These revenues also depend on our ability to manage the risk associated with the currency transactions we execute and program pricing.

Furthermore, a shift by custody clients from the standing instruction programs to other trading options combined with competitive market pressures on the foreign exchange business is negatively impacting our FX revenue. Continued growth of electronic FX trading capabilities may also accelerate a shift of volume to lower margin channels.

Credit and Liquidity Risk

The failure or perceived weakness of any of our significant counterparties, many of whom are major financial institutions and sovereign entities, and our assumption of credit and counterparty risk, could expose us to loss and adversely affect our business.

We have exposure to many different industries and counterparties, particularly financial institutions as a result of trading, clearing, counterparty or other relationships. We routinely execute transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, insurance companies, as well as sovereigns and other governmental or quasi-governmental entities, and other institutional clients. As a result, our ability to engage in routine funding or other transactions could be adversely affected by the actions and commercial soundness of other financial institutions or sovereign entities, as defaults or non-performance by (or even rumors or questions about such default or non-performance) one or more financial institutions, or the financial services industry generally, have in the past led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions (including our counterparties and/or clients) in the future. For example, as a result of our membership in several industry clearing or settlement exchanges, we may be required to guarantee obligations and liabilities or provide financial support in the event that other members do not honor their obligations or default. These obligations may be limited to members that dealt with the defaulting member or to the amount (or a multiple of the amount) of our contribution to a member's guarantee fund, or, in a few cases, the obligation may be unlimited. The consolidation of financial institutions during the recent financial crisis and the failures of other financial institutions have increased the concentration of our counterparty risk.

In addition to our counterparty exposure to financial institutions, we are from time to time exposed to concentrated credit risk at the industry or country level, potentially exposing us to a single market or political event or a correlated set of events. For example, defaults by companies located in certain countries, such as Brazil and China, may increase meaningfully as a result of deteriorating economic conditions.

The degree of client demand for short-term credit also tends to increase during periods of market turbulence, exposing us to further counterparty-related risks. For example, investors in collective investment vehicles for which we act as custodian may engage in significant redemption activity due to adverse market or economic news that was not anticipated by the fund's manager. We may then extend short-term credit to clients as a result of our relationship with such clients and the nature of various cash and securities settlement processes. For some types of clients, we provide credit to allow them to leverage their portfolios, which may expose us to potential loss if the client experiences credit difficulties. We are also generally not able to net exposures across counterparties that are affiliated entities and may not be able in all circumstances to net exposures to the same legal entity across multiple products. In addition, we may incur a loss in relation to one entity or product even though our exposure to one of the entities' affiliates is over-collateralized. Moreover, not all of our counterparty exposure is secured and, when our exposure is secured, the realizable market value of the collateral may have declined by the time we exercise our rights against that collateral. This risk may be particularly acute if we are required to sell the collateral into an illiquid or temporarily-impaired market. In addition, disputes with counterparties as to the valuation of collateral significantly increase in times of market stress and illiquidity.

We act as lender's agent in securities lending transactions between our customers, acting as lenders, and financial counterparties, including broker-dealers, acting as borrowers, wherein securities are lent by our customers and the loans are secured by a pledge of cash or securities posted by such financial counterparties. Typically, in the case of cash collateral, we invest the cash collateral pursuant to each customer's investment guidelines and instructions. In certain cases, we agree to indemnify our customers against a default by the borrower under a securities lending transaction and, therefore, may have to buy-in the loaned securities with the cash collateral or the proceeds from the liquidation of the non-cash collateral. In those instances, we, rather than our customers, are exposed to the risks of the defaulting counterparty in the securities lending transaction.

From time to time, we assume concentrated credit risk at the individual obligor, counterparty or group level. Such concentrations may be material. Our material counterparty exposures change daily, and the counterparties or groups of related counterparties to which our risk exposure is material also varies during any reported period; however, our largest exposures tend to be to other financial institutions, clearing organizations, and governmental entities, both inside and outside of the U.S. Concentration of counterparty exposure presents significant risks to us and to our clients because the failure or perceived weakness of our counterparties (or in some cases of our clients' counterparties) has the potential to expose us to risk of financial loss. Changes in market perception of the financial strength of particular financial institutions or sovereign issuers can occur rapidly, are often based on a variety of factors and are difficult to predict.

Under evolving regulatory restrictions on credit exposure, which include a broadening of the measure of credit exposure, we may be required to limit our exposures to specific issuers or groups, including financial institutions, to levels that we may currently exceed. These credit exposure restrictions under such evolving regulations may adversely affect our businesses and may require that we modify our operating models or the policies and practices we use.

Although our overall business is subject to these interdependencies, several of our businesses are particularly sensitive to them, including our currency and other trading activities, our securities lending and securities finance businesses and our investment management business. There is no assurance that any such losses would not materially and adversely affect our results of operations.

We have credit, regulatory and reputational risks as a result of our tri-party repo collateral agency services, which could adversely affect our business and results of operations.

BNY Mellon offers tri-party collateral agency services to dealers and cash investors active in the tri-party repurchase, or repo, market and currently has approximately 85% of the market share of the U.S. tri-party repo market. As agent, we facilitate settlement between sellers (cash borrowers) and buyers (cash lenders). Our involvement in a transaction commences after a seller and buyer agree to a tri-party repo trade and send instructions to us. We settle the trade, maintain custody of the collateral (the subject securities of the repo), monitor the eligibility and sufficiency of the collateral, and execute payment and delivery instructions provided by the principals.

Providing tri-party repo agent services to repo counterparties exposes BNY Mellon to credit risk at certain points in time. To facilitate trade settlement and collateral substitutions, we extend secured committed intraday credit to certain dealers. The committed credit requires dealers to fully secure the outstanding intraday credit with high-quality liquid assets having a market value in excess of the amount of the outstanding credit. In the event of a default by a dealer to whom we have extended secured committed intraday credit, we would be at risk for the market value of the collateral securing such intraday credit, and for any shortfall in value after the liquidation of such collateral, which could adversely affect our results of operations.

We are in the process of implementing new platforms and systems relating to the tri-party repo business. As with the implementation of any new technology, we may experience operational errors that could lead to system failures and business interruptions and adversely impact our business.

If a BNY Mellon client that is party to a repurchase transaction cleared by BNY Mellon becomes bankrupt or insolvent, BNY Mellon may become involved in disputes and litigation with the client's bankruptcy estate and other creditors, or involved in regulatory investigations, all of which can increase BNY Mellon's operational and litigation costs and may result in losses if the securities in the repurchase transaction decline in value.

We anticipate that regulators will continue to monitor the actions of market participants and use available supervisory tools to encourage constructive and timely action to reduce sources of risk in the tri-party repo market. Failure to meet regulatory expectations could result in regulatory and reputational risk and additional costs.

Additionally, in the event that a significant number of tri-party repo transactions are cleared through a central clearinghouse, our revenues associated with tri-party repo transactions could be negatively impacted.

Any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, The Bank of New York Mellon or BNY Mellon, N.A., could increase the cost of funding and borrowing to us and our rated subsidiaries and have a material adverse effect on our results of operations and financial condition and on the value of the securities we issue.

Our debt, preferred stock and trust preferred securities and the debt and deposits of our bank subsidiaries, The Bank of New York Mellon and BNY Mellon, N.A., are currently rated investment grade by the major rating agencies. These rating agencies regularly evaluate us and our rated subsidiaries and their outlook on us and our rated subsidiaries. Their credit ratings are based on a number of factors, including our financial strength, performance, prospects and operations as well as factors not entirely within our control, including conditions affecting the financial services industry generally as well as the U.S. government. In addition, rating agencies employ different models and formulas to assess the financial strength of a rated company, and from time to time rating agencies have, in their discretion, altered these models. Changes to rating agency models, general economic conditions, or other circumstances outside of our control could impact a rating agency's judgment of the rating or outlook it assigns us or our rated subsidiaries. For example, in 2015 S&P changed its methodology for rating global banks, resulting in a one-notch downgrade of the Parent and a one-notch downgrade of The Bank of New York Mellon's subordinated debt.

In view of the difficulties experienced in recent years by many financial institutions, we believe that the rating agencies have heightened their level of scrutiny, increased the frequency and scope of their credit reviews, have requested additional information, and have adjusted upward the requirements employed in their models for maintenance of rating levels. There can be no assurance that we or our rated subsidiaries will maintain our respective credit ratings or outlook on our securities.

A material reduction in our credit ratings or the credit ratings of our rated subsidiaries could have a material adverse effect on our access to credit markets, the related cost of funding and borrowing, our credit spreads, our liquidity and on certain trading revenues, particularly in those businesses where counterparty creditworthiness is critical. In addition, in connection with certain over-the-counter derivatives contracts and other trading agreements, counterparties may require us or our rated subsidiaries to provide additional collateral or to terminate these contracts and agreements and collateral financing arrangements in the event of a credit ratings downgrade below certain ratings levels. The requirement to provide additional collateral or terminate these contracts and agreements could impair our liquidity by requiring us to find other sources of financing or to make significant cash payments or securities movements. A downgrade by any one rating agency, depending on the agency's relative ratings of the firm at the time of the downgrade, may have an impact which is comparable to the impact of a downgrade by all rating agencies. If a rating agency downgrade were to occur during broader market instability, our options for responding to events may be more limited and more expensive. An increase in the costs of our funding and borrowing, or an impairment of our liquidity, could have a material adverse effect on our results of operations and financial condition. A material reduction in our credit ratings also could decrease the number of investors and counterparties willing or permitted to do business with or lend to us and adversely affect the value of the securities we have issued or may issue in the future.

We cannot predict what actions rating agencies may take, or what actions we may elect or be required to take in response thereto, which may adversely affect us. Our and our subsidiaries' ratings could be downgraded at any time and without any notice by any of the rating agencies. For further discussion on the impact of a credit rating downgrade, see "Disclosure of contingent features in over-the-counter ("OTC") derivative instruments" in Note 23 of the Notes to Consolidated Financial Statements in this Annual Report.

Our business, financial condition and results of operations could be adversely affected if we do not effectively manage our liquidity.

Our business is dependent in part on our ability to meet our cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows. We receive client deposits through a variety of investment management and investment servicing businesses and we rely on those deposits as a low-cost and stable source of funding. Our ability to continue to receive those deposits, and other short-term funding sources, is subject to variability based on a number of factors, including volume and volatility in the global securities markets, the relative interest rates that we are prepared to pay for those deposits, and the perception of the safety of those deposits or other short-term obligations relative to alternative short-term investments available to our clients. We could lose deposits if we suffer a significant decline in the level of our business activity, our credit ratings are materially downgraded or we are subject to significant negative press or significant regulatory action or litigation, among other reasons. If we were to lose a significant amount of deposits we may need to replace such funding with more expensive funding and/or reduce assets, which would reduce our net interest revenue. In addition, the Parent's access to the debt capital markets is a significant source of liquidity. If the TLAC Rules are adopted as proposed, the majority of BNY Mellon and other U.S. G-SIBs' outstanding LTD would be ineligible under the final rules, which could result in BNY Mellon and the other U.S. G-SIBs issuing or refinancing a substantial amount of long-term debt in a concentrated period of time, which could significantly increase our cost of funding.

Events or circumstances often outside of our control, such as market disruptions, government fiscal and monetary policies, or loss of confidence of securities purchasers or counterparties in us or in the funds markets, could limit our access to capital markets, increase our cost of borrowing, adversely affect our liquidity, or impair our ability to execute our business plan. In addition, clearing organizations, regulators, clients and financial institutions with which we interact may exercise the right to require additional collateral based on market perceptions or market conditions, which could further impair our access to and cost of funding. Market perception of sovereign default risks can also lead to inefficient money markets and capital markets, which could further impact BNY Mellon's funding availability and cost. Conversely, if we experience too much liquidity, it could increase interest expense, limit our financial flexibility, and increase the size of our total assets in a manner that could have a negative impact on our capital ratios.

Recently adopted and proposed regulations have been designed to address certain liquidity risks of large banking organizations, including BNY Mellon. The LCR and the Dodd-Frank Act's enhanced prudential standards impose liquidity management requirements on us that require us to increase our holdings of highly liquid, but potentially lower-yielding assets. These regulations also impact our ability to hold certain deposits deemed to pose a higher risk of runoff in the event of financial distress. Under the U.S. capital rules, the size of the capital surcharge that will apply to large U.S. banking organizations is based in part on a banking organization's reliance on short-term wholesale funding, including certain types of deposit funding, which effectively may increase the cost of such funding. Furthermore, certain non-U.S. regulators have proposed legislation or regulations requiring large banks to incorporate a separate subsidiary in countries in which they operate, and to maintain independent capital and liquidity at foreign subsidiaries. If adopted, these requirements could hinder our ability to efficiently manage our funding and liquidity in a centralized manner. There can be no assurances that these measures will be successful in limiting BNY Mellon's liquidity risk.

As a holding company, we also rely on dividends and interest from our subsidiaries for funding. The Parent's policy is to have sufficient unencumbered cash and cash equivalents at its holding company on hand to meet its forecasted debt redemptions, net interest payments and net tax payments over a minimum of the next 18 months without the need to receive dividends from its bank subsidiaries or issue debt. As of Dec. 31, 2015, the Parent was in compliance with this policy. However, there are various legal limitations on the extent to which our bank and other subsidiaries can finance or otherwise supply funds to us (by dividend or otherwise) and certain of our affiliates. If we are not able to obtain funds from our subsidiaries, we could be required to replace such funds through more expensive means and/or reduce assets. The Bank of New York Mellon, our primary subsidiary, is not currently paying regular dividends to the Parent so that it may retain capital in advance of upcoming capital rule implementation, which may impact the Parent's future liquidity.

If we are unable to raise funds using the methods described above, we would likely need to finance or liquidate unencumbered assets, such as our investment portfolio, central bank deposits and bank placements, to meet funding needs. We may be unable to sell some of our assets, or we may have to sell assets at a discount from market value, either of which could adversely affect our financial condition and results of operations. Further, our ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time, which could occur in a liquidity or other market crisis. Additionally, if we experience cash flow mismatches, deposit run-off or market constraints resulting from our inability to convert assets to cash or access capital markets, our liquidity could be severely impacted. During periods of market uncertainty, our level of client deposits has in recent years tended to increase; however, since such deposits have a foreseeable potential not to be permanent, we have historically deposited these so-called excess deposits with central banks and in other highly liquid and low-yielding instruments. These levels of excess client deposits, as a consequence, have increased our net interest revenue.

If we are unable to continue to fund our assets through deposits or access capital markets on favorable terms or if we suffer an increase in our borrowing costs or otherwise fail to manage our liquidity effectively, our liquidity, net interest margin, financial results and condition may be materially adversely affected. In certain cases, this could require us to raise additional capital through the issuance of preferred or common stock, which could dilute the ownership of existing stockholders, or reduce our common stock dividend to preserve capital. For a further discussion of our liquidity, see "Liquidity and dividends" in the MD&A - Results of Operations in this Annual Report.

We could incur charges through provision expense if our reserves for credit losses, including loan reserves, are inadequate.

When we loan money, commit to loan money or provide credit or enter into another contract with a counterparty, we incur credit risk, or the risk of losses if our borrowers do not repay their loans or our counterparties fail to perform according to the terms of their agreements. Our credit exposure is comprised of six classes of financing receivables: financial institutions, commercial, commercial real estate, lease financings, wealth management loans and mortgages, and other residential mortgages. Our revenues and profitability are adversely affected when our borrowers default in whole or in part on their loan obligations to us or when there is a significant deterioration in the credit quality of our loan portfolio. We reserve for credit losses by establishing an allowance through a charge to earnings. The allowance for loan losses and allowance for lending-related commitments represents management's estimate of probable losses inherent in our credit portfolio. We utilize a quantitative methodology, which is supplemented with a qualitative framework that takes into account internal and external environmental factors that are not captured within the quantitative methodology, to determine the allowance for credit losses. This process requires us to make numerous complex and subjective estimates and assumptions relating to probable losses which are inherently uncertain. As is the case with any such assessments, there is always the chance that we will fail to identify the proper factors or that we will fail to accurately estimate the impact of factors that we do identify. We cannot provide any assurance as to whether charge-offs related to our credit exposure may occur in the future. Current and future market and economic developments may increase default and delinquency rates and negatively impact the quality of our credit portfolio, which may impact our charge-offs. If the allowance for credit losses is inadequate due to deterioration in the credit quality of the portfolio or significant charge-offs, we would be required to record credit loss provisions against current earnings, which could adversely impact our net income. See "Critical accounting estimates" in the MD&A - Results of Operations section in this Annual Report.

Other Risks

Tax law changes or challenges to our tax positions with respect to historical transactions may adversely affect our net income, effective tax rate and our overall results of operations and financial condition.

In the course of our business, we receive inquiries and challenges from both U.S. and non-U.S. tax authorities on the amount of taxes we owe. If we are not successful in defending these inquiries and challenges, we may be required to adjust the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions, all of which can require a greater provision for taxes or otherwise negatively affect earnings. Probabilities and outcomes are reviewed as events unfold, and adjustments to the reserves are made when necessary, but the reserves may prove inadequate because we cannot necessarily accurately predict the outcome of any challenge, settlement or litigation or the extent to which it will negatively affect us or our business. In addition, new tax laws or the expiration of or changes in existing tax laws, or the interpretation of those laws worldwide, could have a material impact on our business or net income. Our actions taken in response to, or reliance upon, such changes in the tax laws may impact our tax position in a manner that may result in lower earnings. See Note 12 of the Notes to Consolidated Financial Statements in this Annual Report for further information.

Changes in accounting standards governing the preparation of our financial statements and future events could have a material impact on our reported financial condition, results of operations, cash flows and other financial data.

From time to time, the FASB, the IASB, the SEC and bank regulators change the financial accounting and reporting standards governing the preparation of our financial statements or the interpretation of those standards. See "Recent Accounting Developments" in the MD&A section and Note 2 to the Notes to Consolidated Financial Statements in this Annual Report. These changes are difficult to predict and can materially impact how we record and report our financial condition, results of operations, cash flows and other financial data. In some cases, we may be required to apply a new or revised standard retroactively or to apply an existing standard differently, also retroactively, in each case potentially resulting in the restatement of our prior period financial statements.

Additionally, our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies and methods require use of estimates and assumptions, such as allowance for loan losses and allowance for lending-related commitments, fair value of financial instruments and derivatives, other-than-temporary impairment, goodwill and other intangibles, and pension accounting, which may affect the reported value of our assets or liabilities and results of operations. These estimates and assumptions are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. If subsequent events occur that are materially different than the assumptions and estimates we used, future results may be materially different than estimated.

The Parent is a non-operating holding company, and as a result, is dependent on dividends from its subsidiaries, including its principal subsidiary banks, to meet its obligations, including its obligations with respect to its securities, and to provide funds for payment of dividends to its stockholders and stock repurchases.

The Parent is a non-operating holding company, whose principal assets and sources of income are its principal U.S. bank subsidiaries - The Bank of New York Mellon and BNY Mellon, N.A. - and its other subsidiaries. The Parent is a legal entity separate and distinct from its banks and other subsidiaries and, therefore, it relies in part on dividends, interest, distributions, and other payments from these bank and other subsidiaries to meet its obligations, including its obligations with respect to its securities, and to provide funds for payment of common and preferred dividends to its stockholders, to the extent declared by the Board of Directors. Currently, The Bank of New York Mellon, our primary subsidiary, is no longer paying regular dividends to the Parent to build capital in advance of upcoming capital rule implementation, which may impact our future liquidity.

There are various legal limitations on the extent to which our bank and other subsidiaries can finance or otherwise supply funds to the Parent (by dividend or otherwise) and certain of our affiliates. Many of our subsidiaries, including our bank subsidiaries, are subject to laws and regulations that restrict dividend payments or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to the parent company or other subsidiaries. These restrictions can reduce the amount of funds available to meet the Parent's obligations. In addition, our bank subsidiaries would not be permitted to distribute a dividend if doing so would constitute an unsafe and unsound practice or if the payment would reduce their capital to an inadequate level. Our bank subsidiaries are also subject to restrictions on their ability to lend to or transact with affiliates, minimum regulatory capital and liquidity requirements, and restrictions on their ability to use funds deposited with them in bank or brokerage accounts to fund their businesses.

We evaluate and manage liquidity on a legal entity basis. Legal entity liquidity is an important consideration as there are legal and other limitations on our ability to utilize liquidity from one legal entity to satisfy the liquidity requirements of another, including the Parent.

Although we maintain cash positions for liquidity at the holding company level, if our bank subsidiaries or other subsidiaries were unable to supply the Parent with cash over time, the Parent could become unable to meet its obligations (including its obligations with respect to its securities), declare or pay dividends in respect of its capital stock, or perform stock repurchases. See "Supervision and Regulation" and "Liquidity and dividends" in the MD&A - Results of Operations and Note 19 of the Notes to Consolidated Financial Statements in this Annual Report.

Because the Parent is a holding company, its rights and the rights of its creditors, including the holders of its securities, to a share of the assets of any subsidiary upon the liquidation or recapitalization of the subsidiary will be subject to the prior claims of the subsidiary's creditors (including, in the case of our banking subsidiaries, their depositors) except to the extent that the Parent may itself be a creditor with recognized claims against the subsidiary. The rights of holders of securities issued by the Parent to benefit from those distributions will also be junior to those prior claims. Consequently, securities issued by the Parent will be effectively subordinated to all existing and future liabilities of our subsidiaries.

Our ability to return capital to shareholders is subject to the discretion of our Board of Directors and may be limited by U.S. banking laws and regulations, including those governing capital and the approval of our capital plan, applicable provisions of Delaware law or our failure to pay full and timely dividends on our preferred stock.

Holders of our common and preferred stock are only entitled to receive such dividends or other distributions of capital as our Board of Directors may declare out of funds legally available for such payments. Although we have historically declared cash dividends on our common and preferred stock, we are not required to do so. In addition to the Board of Directors' approval, our ability to take certain actions, including our ability to make certain acquisitions, declare dividends or repurchase our common stock, is dependent on, among other things, Federal Reserve non-objection under the annual regulatory review of the results of the CCAR process required by the Federal Reserve and the supervisory stress tests required under the Dodd-Frank Act. These evaluations, in turn, are dependent on, among other things, our successful demonstration that we can maintain capital levels above regulatory minimums in the event of a stressed market environment, as well as the Federal Reserve's assessment of the robustness of our capital adequacy qualitative process and the assumptions and analysis underlying the capital plan. There can be no assurance that the Federal Reserve will respond favorably to our future capital plans or that we will perform adequately on our supervisory stress tests. If the Federal Reserve objects to our proposed capital actions or we underperform on our stress tests, we may be required to revise our stress-testing or capital management approaches, resubmit our capital plan or postpone, cancel or alter our planned capital actions, and we would not be permitted to make any capital distributions other than those to which the Federal Reserve has indicated in writing its non-objection. In addition, if there have been or will be changes in our risk profile (including a material change in business strategy or risk exposure), financial condition or corporate structure, we may be required to resubmit our capital plan to the Federal Reserve.

Our ability to accurately predict or explain the outcome of the CCAR process is influenced by evolving supervisory criteria. The Federal Reserve's annual assessment of our capital adequacy and planning process involves not only a quantitative assessment through the Federal Reserve's proprietary stress test models but also a qualitative assessment. The qualitative assessment involves a number of factors and is expected to continue to evolve and may be revised on an ongoing basis as a result of the Federal Reserve's cross-firm review of capital plan submissions. Similarly, the Federal Reserve may, as part of its stated goal to continually evolve its annual stress testing requirements, adjust several parameters of the annual stress testing process, including the severity of the stress test scenario and the addition of components deemed important by the Federal Reserve (*e.g.*, a counterparty failure). Further, because it is not clear how the Federal Reserve's proprietary stress test models and qualitative assessment may differ from the modeling techniques and capital planning practices employed by us, it is foreseeable that our stress test results (using our own models, estimation methodologies and processes) may not be consistent with those disclosed by the Federal Reserve. In addition, the Federal Reserve may consider, at some point in the future, that some or all of the G-SIB surcharge be integrated into its post-stress test minimum capital requirements.

The Federal Reserve's current guidance provides that, for large BHCs like BNY Mellon, common stock dividend payout ratios exceeding 30% of after-tax net income available to common shareholders under certain baseline scenarios will receive particularly close scrutiny. A failure to increase dividends along with our competitors, or any reduction of, or elimination of, our common stock dividend would likely adversely affect the market price of our common stock, impact our return on equity, and market perceptions of BNY Mellon.

Our ability to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of our common stock or any of our shares that rank junior to preferred stock as to the payment of dividends and/or the distribution of any assets on any liquidation, dissolution or winding-up of BNY Mellon will be prohibited, subject to certain exceptions, in the event that we do not declare and pay in full dividends for the then current dividend period of our Series A preferred stock or the last preceding dividend period of our Series C, Series D or Series E preferred stock.

In addition, regulatory capital rules that are or will be applicable to us including the U.S. capital rules, the SLR, TLAC, or the U.S. G-SIB Rule may limit or otherwise restrict how we utilize our capital, including common stock dividends and stock repurchases, and may require us to increase or alter the mix of our outstanding regulatory capital instruments. Any requirement to increase our regulatory capital ratios or alter the composition of our capital could require us to liquidate assets or otherwise change our business and/or investment plans, which may negatively affect our financial results. Further, any requirement to maintain higher levels of capital may constrain our ability to return capital to shareholders either in the form of common stock dividends or share repurchases.

Recently Issued Accounting Standards

ASU 2016-02, Leases

In February 2016, the FASB issued ASU 2016-02, "Leases." The standard introduces a new accounting model for lessees and was issued primarily to address concerns related to off-balance sheet financing arrangements available to lessees under current guidance. The standard requires lessees to account for all leases on the balance sheet, except for certain short-term leases that have a maximum possible lease term of 12 months. A lessee will recognize on its balance sheet (1) an asset for its right to use the underlying asset over the lease term, including optional payment periods only if the lessee is reasonably certain to exercise the option and (2) a liability representing its obligation to make lease payments over the lease term. The classification of leases and income statement impact for lessees will depend on whether the leases meet certain criterion, including those criterion in which the lessee obtains effective control of the underlying asset. The accounting for lessors is largely unchanged from the previous accounting guidance; except for leverage lease accounting which is not be permitted for leases entered into or modified after the effective date of the new standard. The FASB requires a modified retrospective method of adoption. The final guidance is effective for reporting periods beginning after Dec. 15, 2018.

ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities." The new ASU requires investments in equity securities that do not result in consolidation and are not accounted for under the equity method to be measured at fair value with changes in the fair value recognized through net income, unless one of two available exceptions apply. The first exception, a scope exception, allows Federal Reserve Bank Stock, Federal Home Loan Bank stock and other exchange memberships held by broker dealers to remain accounted for at cost, less impairment. It also does not apply to derivative instruments that are subject to the requirements of ASC 815, *Derivatives and Hedging*. The second exception, a practicability exception, will be available for equity investments that do not have readily determinable fair values and do not qualify for the practical expedient to estimate fair value under ASC 820*, Fair Value Measurement*.

The amendments also require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from the entity's "own credit risk" when the entity has elected to measure the liability at fair value. The amendments also eliminate the requirement to disclose the methods and significant assumptions used to estimate the fair values of financial instruments measured at amortized cost that are on the balance sheet.

This ASU is effective for fiscal years beginning after Dec. 15, 2017, including interim periods within those fiscal years. If certain requirements are met, early adoption of the "own credit risk" provision is permitted; early adoption of the other provisions is not permitted. BNY Mellon is assessing the impacts of the new standard.

ASU - 2014-09 - Revenue from Contracts with Customers

In May 2014, the FASB issued an ASU, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on Jan. 1, 2018 with early adoption permitted no earlier than Jan. 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that this ASU will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Proposed Accounting Standards

Improvements to Employee Share-Based Payment Accounting

In June 2015, the FASB issued a proposed ASU, "Improvements to Employee Share-Based Payment Accounting." This proposed ASU would simplify several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Comments were due on this proposed ASU by Aug. 14, 2015. The effective date and whether to permit early adoption will be determined after considering stakeholder feedback.

Simplifying the Equity Method of Accounting

In June 2015, the FASB issued a proposed ASU, "Simplifying the Equity Method of Accounting." This proposed ASU would eliminate the requirement to account for the difference between the cost of an investment and the investor's proportionate share of the net assets of the investee (the basis difference), and also eliminates the requirement to retrospectively apply the equity method when an increase in ownership interest in the investee prompts a change from the cost method to the equity method. Comments were due on this proposed ASU by Aug. 4, 2015. The effective date and whether to permit early adoption will be determined after considering stakeholder feedback.

Financial Instruments - Credit Losses

In December 2012, the FASB issued a proposed ASU, "Financial Instruments-Credit Losses." This proposed ASU would result in a single model to account for credit losses on financial assets. The proposal would remove the probable threshold for recognizing credit losses and require a current estimate of the expected contractual cash flows an entity does not expect to collect on financial assets that are not measured at fair value through the income statement. The proposal would also change current practice for recognizing OTTI and interest income on debt securities. In addition, the proposal would result in the recognition of an allowance for credit losses for nearly all types of debt instruments. The proposal would expand the credit quality disclosures to require information about changes in the factors that influence estimates of credit losses and the reasons for those changes. The FASB has decided on a current expected credit loss model for financial assets measured at amortized cost. The FASB recently concluded its re-deliberations. A final standard is estimated to be issued in the first quarter of 2016 with an anticipated effective date Jan.1, 2019.

Adoption of new accounting standards

For a discussion of the adoption of new accounting standards, see Note 2 of the Notes to Consolidated Financial Statements.

IFRS

IFRS are a set of standards and interpretations adopted by the IASB. Commencing with the issuance of the "roadmap" in November 2008, the SEC has considered potential methods of incorporation of IFRS in the United States. The use of IFRS for U.S. companies with global operations would allow for streamlined reporting, easier access to foreign capital markets and investments, and facilitate cross-border acquisitions, ventures or spin-offs.

In July 2012, the SEC staff released its final report on IFRS. This Final Report will be used by the SEC Commissioners to decide whether and, if so, when and how to incorporate IFRS into the financial reporting system for U.S. companies. It is not known when the SEC will make a final decision on the adoption of IFRS in the United States.

While the SEC decides whether IFRS will be required to be used in the preparation of our consolidated financial statements, a number of countries have mandated the use of IFRS by BNY Mellon's subsidiaries in their statutory reports filed in those countries. Such countries include Belgium, Brazil, the Netherlands, Australia, Hong Kong, Canada and South Korea.

We are prepared for events that could damage our physical facilities, cause delay or disruptions to operational functions, including telecommunications networks, or impair our employees, clients, vendors and counterparties. Key elements of our business continuity strategies are extensive planning and testing, and diversity of business operations, data centers and telecommunications infrastructure.

We have established multiple geographically diverse locations for our funds transfer and broker-dealer services operational units, which provide redundant functionality to facilitate uninterrupted operations.

Our securities clearing, commercial paper, mutual fund accounting and custody, securities lending, master trust, Unit Investment Trust, corporate trust, item processing, wealth management and treasury units have common functionality in multiple sites designed to facilitate continuance of operations or rapid recovery. In addition, we have recovery positions for approximately 12,700 employees on a global basis of which over 6,800 are proprietary.

We continue to enhance geographic diversity for business operations by moving additional personnel to growth centers outside of existing major urban centers. We replicate 100% of our critical production computer data to multiple recovery data centers.

We have an active telecommunications diversity program. All major buildings are provisioned with connectivity from diverse telecommunication carriers. Additionally, we design our critical connectivity to take advantage of separate carrier entrances built into our facilities. This maximizes resiliency by allowing for end to end separation of primary and alternative communications.

In 2003, the Federal Reserve, OCC and SEC jointly published the Interagency Paper, "Sound Practices to Strengthen the Resilience of the U.S. Financial System" ("Sound Practices Paper"). The purpose of the document was to define the guidelines for the financial services industry and other interested parties regarding "best practices" related to business continuity planning. Under these guidelines, we are a key clearing and settlement organization required to meet a higher standard for business continuity.

We believe we meet substantially all of the requirements of the Sound Practices Paper. As a core clearing and settlement organization, we believe that we are at the forefront of the industry in improving business continuity practices.

We are committed to seeing that requirements for business continuity are met not just within our own facilities, but also within those of our service providers whose operation is critical to our safety and soundness. To that end, we have a Third Party Governance Program in place to review new and existing service providers to see that they meet our standards for business continuity, as well as for information security, financial stability, personnel practices, etc.

We have developed a comprehensive plan to prepare for the possibility of a flu pandemic, which anticipates significant reduced staffing levels and will provide for increased remote working by staff for one or more periods lasting several weeks.

Although we are committed to observing best practices as well as meeting regulatory requirements, geopolitical uncertainties and other external factors will continue to create risk that cannot always be identified and anticipated.

Due to BNY Mellon's robust business recovery systems and processes, we are not materially impacted by climate change, nor do we expect material impacts in the near term. We have, and will continue to, implement processes and capital projects to deal with the risks of the changing climate. The Company has invested in the development of products and services that support the markets related to climate change.

Supplemental information - Explanation of GAAP and Non-GAAP financial measures

BNY Mellon has included in this Annual Report certain Non-GAAP financial measures based on fully phased-in Basel III CET1 and other risk-based capital ratios, SLR and tangible common shareholders' equity. BNY Mellon believes that the Basel III CET1 and other risk-based capital ratios on a fully phased-in basis, the SLR on a fully phased-in basis and the ratio of tangible common shareholders' equity to tangible assets of operations are measures of capital strength that provide additional useful information to investors, supplementing the capital ratios which are, or were, required by regulatory authorities. The tangible common shareholders' equity ratio includes changes in investment securities valuations which are reflected in total shareholders' equity. In addition, this ratio is expressed as a percentage of the actual book value of assets, as opposed to a percentage of a risk-based reduced value established in accordance with regulatory requirements, although BNY Mellon in its reconciliation has excluded certain assets which are given a zero percent risk-weighting for regulatory purposes and the assets of consolidated investment management funds to which BNY Mellon has limited economic exposure. Further, BNY Mellon believes that the return on tangible common equity measure, which excludes goodwill and intangible assets net of deferred tax liabilities, is a useful additional measure for investors because it presents a measure of those assets that can generate income. BNY Mellon has provided a measure of tangible book value per share, which it believes provides additional useful information as to the level of tangible assets in relation to shares of common stock outstanding.

BNY Mellon has presented revenue measures which exclude the effect of noncontrolling interests related to consolidated investment management funds, gains on the sales of our equity investment in Wing Hang and our One Wall Street building; and expense measures which exclude M&I expenses, litigation charges, restructuring charges, the impairment charge related to a recent court decision, the charge related to investment management funds, net of incentives, and amortization of intangible assets. Earnings per share, and return on equity, operating leverage and operating margin measures, which exclude some or all of these items, are also presented. Earnings per share and return on equity measures also exclude the tax benefit primarily related to a tax carryback claim and the net charge related to the disallowance of certain foreign tax credits. Operating margin measures may also exclude amortization of intangible assets and the net negative impact of money market fee waivers, net of distribution and servicing expense. BNY Mellon believes that these measures are useful to investors because they permit a focus on period-to-period comparisons, which relate to the ability of BNY Mellon to enhance revenues and limit expenses in circumstances where such matters are within BNY Mellon's control. The excluded items, in general, relate to certain gains or charges as a result of prior transactions. M&I expenses primarily relate to acquisitions and generally continue for approximately three years after the transaction. Litigation charges represent accruals for loss contingencies that are both probable and reasonably estimable, but exclude standard business-related legal fees. Restructuring charges relate to our streamlining actions, Operational Excellence Initiatives and migrating positions to Global Delivery Centers. Excluding these charges mentioned above permits investors to view expenses on a basis consistent with how management views the business.

The presentation of revenue growth on a constant currency basis permits investors to assess the significance of changes in foreign currency exchange rates. Growth rates on a constant currency basis were determined by applying the current period foreign currency exchange rates to the prior period revenue. BNY Mellon believes that this presentation, as a supplement to GAAP information, gives investors a clearer picture of the related revenue results without the variability caused by fluctuations in foreign currency exchange rates.

The presentation of income from consolidated investment management funds, net of net income attributable to noncontrolling interests related to the consolidation of certain investment management funds permits investors to view revenue on a basis consistent with how management views the business. BNY Mellon believes that these presentations, as a supplement to GAAP information, give investors a clearer picture of the results of its primary businesses.

In this Annual Report, the net interest revenue and net interest margin is presented on an FTE basis. We believe that this presentation provides comparability of amounts arising from both taxable and tax-exempt sources, and is consistent with industry practice. The adjustment to an FTE basis has no impact on net income. Each of these measures as described above is used by management to monitor financial performance, both on a company-wide and on a business-level basis.

The following table presents the reconciliation of net income and diluted earnings per common share.

Reconciliation of net income and diluted EPS – GAAP to Non-GAAP	Net income		Diluted EPS			
(in millions, except per common share amounts)	**2015**	2014	**2015**	2014		**Inc**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	**$ 3,053**	$ 2,494	**$ 2.71**	$ 2.15		
Less: Gain on the sale of our equity investment in Wing Hang	**N/A**	315	**N/A**	0.27		
Gain on the sale of our One Wall Street building	**N/A**	204	**N/A**	0.18		
Benefit primarily related to a tax carryback claim	**N/A**	150	**N/A**	0.13		
Add: Litigation and restructuring charges	**56**	860	**0.05**	0.74		
Impairment charge related to a recent court decision	**106**	N/A	**0.09**	N/A		
Charge related to investment management funds, net of incentives	**N/A**	81	**N/A**	0.07		
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – Non-GAAP	**$ 3,215**	$ 2,766	**$ 2.85**	$ 2.39	*(a)*	**19%**

(a) *Does not foot due to rounding.*

The following table presents the total payout ratio.

Total payout ratio	
(dollars in millions)	**2015**
Capital deployed:	
Dividends	**$ 762**
Common stock repurchased	**2,355**
Total capital deployed	**$ 3,117**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	**$ 3,053**
Add: Litigation and restructuring	**56**
Impairment charge related to a recent court decision	**106**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – excluding impairment charge related to a recent court decision, litigation and restructuring	**$ 3,215**
Payout ratio	**102%**
Payout ratio - Non-GAAP	**97%**

The following table presents the reconciliation of the pre-tax operating margin ratio.

Reconciliation of income before income taxes – pre-tax operating margin *(dollars in millions)*	**2015**	2014	2013	2012	2011
Income before income taxes – GAAP	**$ 4,235**	$ 3,563	$ 3,777	$ 3,357	$ 3,685
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	**68**	84	80	76	50
Gain on the sale of our equity investment in Wing Hang	**—**	490	—	—	—
Gain on the sale of our One Wall Street building	**—**	346	—	—	—
Add: Amortization of intangible assets	**261**	298	342	384	428
M&I, litigation and restructuring charges	**85**	1,130	70	559	390
Impairment charge related to a recent court decision	**170**	—	—	—	—
Charge related to investment management funds, net of incentives	**—**	104	12	16	—
Income before income taxes, as adjusted – Non-GAAP *(a)*	**$ 4,683**	$ 4,175	$ 4,121	$ 4,240	$ 4,453
Fee and other revenue – GAAP	**$ 12,082**	$ 12,649	$ 11,856	$ 11,448	$ 11,614
Income from consolidated investment management funds – GAAP	**86**	163	183	189	200
Net interest revenue – GAAP	**3,026**	2,880	3,009	2,973	2,984
Total revenue – GAAP	**15,194**	15,692	15,048	14,610	14,798
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	**68**	84	80	76	50
Gain on the sale of our equity investment in Wing Hang	—	490	—	—	—
Gain on the sale of our One Wall Street building	—	346	—	—	—
Total revenue, as adjusted – Non-GAAP *(a)*	**$ 15,126**	$ 14,772	$ 14,968	$ 14,534	$ 14,748
Pre-tax operating margin *(b)*	**28%** *(c)*	23%	25%	23%	25%
Pre-tax operating margin – Non-GAAP *(a)(b)*	**31%** *(c)*	28%	28%	29%	30%

(a) Non-GAAP excludes net income attributable to noncontrolling interests of consolidated investment management funds, the gains on the sales of our equity investment in Wing Hang and our One Wall Street building, amortization of intangible assets, M&I, litigation and restructuring charges, the impairment charge related to a recent court decision and the charge related to investment management funds, net of incentives, if applicable.
(b) Income before taxes divided by total revenue.
(c) Our GAAP earnings include tax-advantaged investments such as low income housing, renewable energy, bank-owned life insurance and tax-exempt securities. The benefits of these investments are primarily reflected in tax expense. If reported on a tax-equivalent basis these investments would increase revenue and income before taxes by $242 million and would increase our pre-tax operating margin by approximately 1.1% for 2015.

The following table presents the reconciliation of operating leverage.

Pre-tax operating leverage *(dollars in millions)*	**2015**	2014	**2015 vs. 2014**
Total revenue - GAAP	**$ 15,194**	$ 15,692	
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	**68**	84	
Gain on the sale of our investment in Wing Hang Bank	—	490	
Gain on the sale of the One Wall Street building	—	346	
Total revenue, as adjusted - Non-GAAP	**$ 15,126**	$ 14,772	**2.40%**
Total noninterest expense - GAAP	**$ 10,799**	$ 12,177	
Less: Amortization of intangible assets	**261**	298	
M&I, litigation and restructuring charges	**85**	1,130	
Charge related to investment management funds, net of incentives	—	104	
Total noninterest expense, as adjusted - Non-GAAP	**$ 10,453**	$ 10,645	**(1.80)%**
Pre-tax operating leverage, as adjusted - Non-GAAP *(a)(b)*			**420 bps**

(a) Pre-tax operating leverage is the rate of increase (decrease) in total revenue less the rate of increase (decrease) in total noninterest expense.
(b) Non-GAAP excludes net income attributable to noncontrolling interests of consolidated investment management funds, the gains on the sales of our investment in Wing Hang Bank and the One Wall Street building, amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to investment management funds, net of incentives, if applicable.

The following table presents the reconciliation of the returns on common equity and tangible common equity.

Return on common equity and tangible common equity *(dollars in millions)*	**2015**	2014	2013	2012	2011
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	**$ 3,053**	$ 2,494	$ 2,040	$ 2,419	$ 2,510
Add: Amortization of intangible assets, net of tax	**172**	194	220	247	269
Net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP	**3,225**	2,688	2,260	2,666	2,779
Less: Gain on the sale of our equity investment in Wing Hang	**—**	315	—	—	—
Gain on the sale of our One Wall Street building	**—**	204	—	—	—
Benefit primarily related to a tax carryback claim	—	150	—	—	—
Add: M&I, litigation and restructuring charges	**56**	860	45	339	240
Impairment charge related to a recent court decision	**106**	—	—	—	—
Charge related to investment management funds, net of incentives	**—**	81	9	12	—
Net charge related to the disallowance of certain foreign tax credits	—	—	593	—	—
Net income applicable to common shareholders of The Bank of New York Mellon Corporation, as adjusted – Non-GAAP *(a)*	**$ 3,387**	$ 2,960	$ 2,907	$ 3,017	$ 3,019
Average common shareholders' equity	**$ 35,564**	$ 36,618	$ 34,832	$ 34,333	$ 33,519
Less: Average goodwill	**17,731**	18,063	17,988	17,967	18,129
Average intangible assets	**3,992**	4,305	4,619	4,982	5,498
Add: Deferred tax liability – tax deductible goodwill (b)	**1,401**	1,340	1,302	1,130	967
Deferred tax liability – intangible assets (b)	**1,148**	1,216	1,222	1,310	1,459
Average tangible common shareholders' equity – Non-GAAP	**$ 16,390**	$ 16,806	$ 14,749	$ 13,824	$ 12,318
Return on common equity – GAAP	**8.6%**	6.8%	5.9%	7.0%	7.5%
Return on common equity – Non-GAAP *(a)*	**9.5%**	8.1%	8.3%	8.8%	9.0%
Return on tangible common equity – Non-GAAP *(a)*	**19.7%**	16.0%	15.3%	19.3%	22.6%
Return on tangible common equity – Non-GAAP adjusted *(a)*	**20.7%**	17.6%	19.7%	21.8%	24.5%

(a) Non-GAAP excludes amortization of intangible assets, net of tax, the gains on the sales of our equity investment in Wing Hang and our One Wall Street building, the benefit primarily related to a tax carryback claim, M&I, litigation and restructuring charges, the impairment charge related to a recent court decision, the charge related to investment management funds, net of incentives, and the net charge related to the disallowance of certain foreign tax credits, if applicable.

(b) Deferred tax liabilities are based on fully phased-in Basel III rules.

The following table presents the reconciliation of the equity to assets ratio and book value per common share.

Equity to assets and book value per common share *(dollars in millions, unless otherwise noted)*	**Dec. 31, 2015**	2014	2013	2012	2011
BNY Mellon shareholders' equity at period end – GAAP	**$ 38,037**	$ 37,441	$ 37,497	$ 36,414	$ 33,408
Less: Preferred stock	**2,552**	1,562	1,562	1,068	—
BNY Mellon common shareholders' equity at period end – GAAP	**35,485**	35,879	35,935	35,346	33,408
Less: Goodwill	**17,618**	17,869	18,073	18,075	17,904
Intangible assets	**3,842**	4,127	4,452	4,809	5,152
Add: Deferred tax liability – tax deductible goodwill *(a)*	**1,401**	1,340	1,302	1,130	967
Deferred tax liability – intangible assets *(a)*	**1,148**	1,216	1,222	1,310	1,459
BNY Mellon tangible common shareholders' equity at period end – Non-GAAP	**$ 16,574**	$ 16,439	$ 15,934	$ 14,902	$ 12,778
Total assets at period end – GAAP	**$ 393,780**	$ 385,303	$ 374,516	$ 359,226	$ 325,425
Less: Assets of consolidated investment management funds	**1,401**	9,282	11,272	11,481	11,347
Subtotal assets of operations – Non-GAAP	**392,379**	376,021	363,244	347,745	314,078
Less: Goodwill	**17,618**	17,869	18,073	18,075	17,904
Intangible assets	**3,842**	4,127	4,452	4,809	5,152
Cash on deposit with the Federal Reserve and other central banks *(b)*	**116,211**	99,901	105,384	90,040	90,230
Tangible total assets of operations at period end – Non-GAAP	**$ 254,708**	$ 254,124	$ 235,335	$ 234,821	$ 200,792
BNY Mellon shareholders' equity to total assets ratio – GAAP	**9.7%**	9.7%	10.0%	10.1%	10.3%
BNY Mellon common shareholders' equity to total assets ratio – GAAP	**9.0%**	9.3%	9.6%	9.8%	10.3%
BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP	**6.5%**	6.5%	6.8%	6.3%	6.4%
Period-end common shares outstanding *(in thousands)*	**1,085,343**	1,118,228	1,142,250	1,163,490	1,209,675
Book value per common share – GAAP	**$ 32.69**	$ 32.09	$ 31.46	$ 30.38	$ 27.62
Tangible book value per common share – Non-GAAP	**$ 15.27**	$ 14.70	$ 13.95	$ 12.81	$ 10.56

(a) Deferred tax liabilities are based on fully phased-in Basel III rules.
(b) Assigned a zero percentage risk-weighting by the regulators.

The following table presents income from consolidated investment management funds, net of noncontrolling interests.

Income from consolidated investment management funds, net of noncontrolling interests *(in millions)*	**2015**	2014	2013	2012	2011
Income from consolidated investment management funds	**$ 86**	$ 163	$ 183	$ 189	$ 200
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	**68**	84	80	76	50
Income from consolidated investment management funds, net of noncontrolling interests	**$ 18**	$ 79	$ 103	$ 113	$ 150

The following table presents the impact of changes in foreign currency exchange rates on our consolidated investment management and performance fees.

Investment management and performance fees - Consolidated *(dollars in millions)*	**2015**	2014	**2015 vs. 2014**
Investment management and performance fees – GAAP	**$ 3,438**	$ 3,492	**(2)%**
Impact of changes in foreign currency exchange rates	—	(151)	
Investment management and performance fees, as adjusted – Non-GAAP	**$ 3,438**	$ 3,341	**3 %**

The following table presents the revenue line items in the Investment Management business impacted by the consolidated investment management funds.

Income from consolidated investment management funds, net of noncontrolling interests - Investment Management business					
(in millions)	**2015**	2014	2013	2012	2011
Investment management fees	**$ 15**	$ 66	$ 80	$ 81	$ 107
Other (Investment income)	**3**	13	23	32	43
Income from consolidated investment management funds, net of noncontrolling interests	**$ 18**	$ 79	$ 103	$ 113	$ 150

The following table presents the impact of changes in foreign currency exchange rates on investment management fees reported in the Investment Management segment.

Investment management fees - Investment Management business			**2015 vs.**
(dollars in millions)	**2015**	2014	**2014**
Investment management fees – GAAP	**$ 3,263**	$ 3,321	**(2)%**
Impact of changes in foreign currency exchange rates	**—**	(142)	
Investment management fees, as adjusted – Non-GAAP	**$ 3,263**	$ 3,179	**3 %**

The following table presents the reconciliation of the pre-tax operating margin for the Investment Management business.

Pre-tax operating margin - Investment Management business			
(dollars in millions)	**2015**	2014	2013
Income before income taxes – GAAP	**$ 1,050**	$ 897	$ 965
Add: Amortization of intangible assets	**97**	118	143
Money market fee waivers	**113**	125	108
Charge related to investment management funds, net of incentives	**—**	104	12
Income before income taxes excluding amortization of intangible assets, money market fee waivers and the charge related to investment management funds, net of incentives – Non-GAAP	**$ 1,260**	$ 1,244	$ 1,228
Total revenue – GAAP	**$ 3,919**	$ 3,946	$ 3,868
Less: Distribution and servicing expense	**378**	423	429
Money market fee waivers benefiting distribution and servicing expense	**137**	150	147
Add: Money market fee waivers impacting total revenue	**250**	275	255
Total revenue net of distribution and servicing expense and excluding money market fee waivers – Non-GAAP	**$ 3,654**	$ 3,648	$ 3,547
Pre-tax operating margin *(a)*	**27%**	23%	25%
Pre-tax operating margin, excluding amortization of intangible assets, money market fee waivers, the charge related to investment management funds, net of incentives and net of distribution and servicing expense – Non-GAAP *(a)*	**34%**	34%	35%

(a) Income before taxes divided by total revenue.

Rate/volume analysis

Rate/volume analysis *(a)*	**2015 over (under) 2014**			2014 over (under) 2013		
	Due to change in			Due to change in		
(dollar amounts in millions, presented on an FTE basis)	**Average balance**	**Average rate**	**Net change**	Average balance	Average rate	Net change
Interest revenue						
Interest-earning assets:						
Interest-bearing deposits with banks (primarily foreign banks)	**$ (85)**	**$ (49)**	**$ (134)**	$ (38)	$ (3)	$ (41)
Interest-bearing deposits with the Federal Reserve and other central banks	**(8)**	**(29)**	**(37)**	46	11	57
Federal funds sold and securities purchased under resale agreements	**54**	**7**	**61**	37	2	39
Margin loans	**25**	**—**	**25**	34	(12)	22
Non-margin loans:						
Domestic offices:						
Consumer	**21**	**(3)**	**18**	14	(7)	7
Commercial	**49**	**(31)**	**18**	23	(17)	6
Foreign offices	**7**	**(13)**	**(6)**	13	(3)	10
Total non-margin loans	**77**	**(47)**	**30**	50	(27)	23
Securities:						
U.S. Government obligations	**79**	**(11)**	**68**	53	(35)	18
U.S. Government agency obligations	**171**	**15**	**186**	9	(87)	(78)
State and political subdivisions - tax exempt	**(36)**	**10**	**(26)**	(10)	6	(4)
Other securities:						
Domestic offices	**(7)**	**74**	**67**	(26)	(251)	(277)
Foreign offices	**25**	**(132)**	**(107)**	30	127	157
Total other securities	**18**	**(58)**	**(40)**	4	(124)	(120)
Trading securities (primarily domestic)	**(55)**	**10**	**(45)**	(26)	(9)	(35)
Total securities	**177**	**(34)**	**143**	30	(249)	(219)
Total interest revenue	**$ 240**	**$ (152)**	**$ 88**	$ 159	$ (278)	$ (119)
Interest expense						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Domestic offices:						
Money market rate accounts	**$ 1**	**$ (2)**	**$ (1)**	$ (1)	$ (5)	$ (6)
Savings	**1**	**—**	**1**	1	—	1
Demand deposits	**—**	**2**	**2**	—	2	2
Time deposits	**1**	**(2)**	**(1)**	—	(3)	(3)
Total domestic offices	**3**	**(2)**	**1**	—	(6)	(6)
Foreign offices:						
Banks	**19**	**(40)**	**(21)**	5	(12)	(7)
Other	**(2)**	**(24)**	**(26)**	2	(11)	(9)
Total foreign offices	**17**	**(64)**	**(47)**	7	(23)	(16)
Total interest-bearing deposits	**20**	**(66)**	**(46)**	7	(29)	(22)
Federal funds purchased and securities sold under repurchase agreements	**2**	**5**	**7**	(8)	11	3
Trading liabilities	**(21)**	**5**	**(16)**	(5)	(8)	(13)
Other borrowed funds:						
Domestic offices	**—**	**2**	**2**	(2)	—	(2)
Foreign offices	**(1)**	**2**	**1**	—	1	1
Total other borrowed funds	**(1)**	**4**	**3**	(2)	1	(1)
Commercial paper	**—**	**—**	**—**	2	—	2
Payables to customers and broker-dealers	**1**	**(3)**	**(2)**	1	—	1
Long-term debt	**3**	**(3)**	**—**	16	25	41
Total interest expense	**$ 4**	**$ (58)**	**$ (54)**	$ 11	$ —	$ 11
Changes in net interest revenue	**$ 236**	**$ (94)**	**$ 142**	$ 148	$ (278)	$ (130)

(a) Changes which are solely due to balance changes or rate changes are allocated to such categories on the basis of the respective percentage changes in average balances and average rates. Changes in interest revenue or interest expense arising from the combination of rate and volume variances are allocated proportionately to rate and volume based on their relative absolute magnitudes.

Selected Quarterly Data (unaudited)

Selected Quarterly Data	Quarter ended							
(dollar amounts in millions, except per share amounts)	2015				2014			
	Dec. 31	**Sept. 30**	**June 30**	**March 31**	Dec. 31	Sept. 30	June 30	March 31
Consolidated income statement								
Total fee and other revenue	**$ 2,950**	**$ 3,053**	**$ 3,067**	**$ 3,012**	$ 2,935	$ 3,851	$ 2,980	$ 2,883
Income (loss) from consolidated investment management funds	**16**	**(22)**	**40**	**52**	42	39	46	36
Net interest revenue	**760**	**759**	**779**	**728**	712	721	719	728
Total revenue	**3,726**	**3,790**	**3,886**	**3,792**	3,689	4,611	3,745	3,647
Provision for credit losses	**163**	**1**	**(6)**	**2**	1	(19)	(12)	(18)
Noninterest expense	**2,692**	**2,680**	**2,727**	**2,700**	3,524	2,968	2,946	2,739
Income before taxes	**871**	**1,109**	**1,165**	**1,090**	164	1,662	811	926
Provision (benefit) for income taxes	**175**	**282**	**276**	**280**	(93)	556	217	232
Net income	**696**	**827**	**889**	**810**	257	1,106	594	694
Net (income) loss attributable to noncontrolling interests	**(3)**	**6**	**(36)**	**(31)**	(24)	(23)	(17)	(20)
Net income applicable to shareholders of The Bank of New York Mellon Corporation	**693**	**833**	**853**	**779**	233	1,083	577	674
Preferred stock dividends	**(56)**	**(13)**	**(23)**	**(13)**	(24)	(13)	(23)	(13)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 637**	**$ 820**	**$ 830**	**$ 766**	$ 209	$ 1,070	$ 554	$ 661
Basic earnings per common share	**$ 0.58**	**$ 0.74**	**$ 0.74**	**$ 0.67**	$ 0.18	$ 0.93	$ 0.48	$ 0.57
Diluted earnings per common share	**0.57**	**0.74**	**0.73**	**0.67**	0.18	0.93	0.48	0.57
Average balances								
Interest-bearing deposits with banks	**$ 104,181**	**$ 104,724**	**$ 102,081**	**$ 103,231**	$ 122,063	$ 123,595	$ 126,970	$ 116,016
Securities	**119,532**	**121,188**	**128,641**	**123,476**	117,243	112,055	101,420	100,534
Trading assets	**2,786**	**2,737**	**3,253**	**3,046**	3,922	5,435	5,532	5,217
Loans	**61,964**	**61,657**	**61,076**	**57,935**	56,844	54,835	53,449	51,647
Total interest-earning assets	**312,610**	**315,672**	**318,596**	**308,104**	318,608	311,603	300,758	284,532
Assets of operations	**366,875**	**371,328**	**375,999**	**366,083**	375,609	370,167	357,807	343,638
Total assets	**368,590**	**373,453**	**378,279**	**368,411**	385,232	380,409	369,212	354,992
Deposits	**246,212**	**254,799**	**255,606**	**249,112**	248,479	246,567	240,494	234,416
Long-term debt	**21,418**	**21,070**	**20,625**	**20,199**	21,187	20,429	20,361	20,420
Preferred stock	**2,552**	**2,552**	**2,313**	**1,562**	1,562	1,562	1,562	1,562
Total The Bank of New York Mellon Corporation common shareholders' equity	**35,664**	**35,588**	**35,516**	**35,486**	36,859	36,751	36,565	36,289
Net interest margin (FTE)	**0.99%**	**0.98%**	**1.00%**	**0.97%**	0.91%	0.94%	0.98%	1.05%
Annualized return on common equity *(a)*	**7.1%**	**9.1%**	**9.4%**	**8.8%**	2.2%	11.6%	6.1%	7.4%
Pre-tax operating margin	**23%**	**29%**	**30%**	**29%**	4%	36%	22%	25%
Common stock data *(a)*								
Market price per share range:								
High	**$ 44.73**	**$ 45.45**	**$ 44.10**	**$ 41.44**	$ 41.79	$ 40.80	$ 37.95	$ 35.88
Low	**37.48**	**36.46**	**39.87**	**35.63**	35.06	37.12	32.66	30.82
Average	**42.02**	**41.56**	**42.61**	**38.95**	39.13	38.88	34.60	33.03
Period end close	**41.22**	**39.15**	**41.97**	**40.24**	40.57	38.73	37.48	35.29
Cash dividends per common share	**0.17**	**0.17**	**0.17**	**0.17**	0.17	0.17	0.17	0.15
Market capitalization *(b)*	**44,738**	**42,789**	**46,441**	**45,130**	45,366	43,599	42,412	40,244

(a) At Dec. 31, 2015, there were 29,136 shareholders registered with our stock transfer agent, compared with 30,525 at Dec. 31, 2014 and 29,231 at Dec. 31, 2013. In addition, there were 44,626 of BNY Mellon's current and former employees at Dec. 31, 2015 who participate in BNY Mellon's 401(k) Retirement Savings Plan. All shares of BNY Mellon's common stock held by the Plan for its participants are registered in the name of The Bank of New York Mellon Corporation, as trustee.

(b) At period end.

Some statements in this document are forward-looking. These include all statements about the usefulness of Non-GAAP measures, the future results of BNY Mellon, our businesses, financial, liquidity and capital condition, results of operations, goals, strategies, outlook, objectives, expectations (including those regarding our performance results, regulatory, market, economic or accounting developments, legal proceedings and other contingencies), effective tax rate, estimates (including those regarding capital ratios), intentions, targets, opportunities and initiatives.

In this report, any other report, any press release or any written or oral statement that BNY Mellon or its executives may make, words, such as "estimate," "forecast," "project," "anticipate," "target," "expect," "intend," "continue," "seek," "believe," "plan," "goal," "could," "should," "would," "may," "will," "strategy," "synergies," "opportunities," "trends" and words of similar meaning, may signify forward-looking statements.

Actual results may differ materially from those expressed or implied as a result of a number of factors, including those discussed in "Risk Factors" such as: an information security event or technology disruption that results in a loss of confidential information or impacts our ability to provide services to our clients and any material adverse effect on our business and results of operations; failure of our technology or that of a third party or vendor, or if we neglect to update our technology, develop and market new technology to meet clients' needs or protect our intellectual property and any material adverse effect on our business; extensive government regulation and supervision and the impact of the significant amount of rulemaking since the 2008 financial crisis, which have, and in the future may, compel us to change how we manage our businesses, could have a material adverse effect on our business, financial condition and results of operations and have increased our compliance and operational risks and costs; failure to satisfy regulatory standards, including "well capitalized" and "well managed" status or capital adequacy and liquidity rules, and any resulting limitations on our activities, or adverse effects on our business and financial condition; regulatory actions or litigation and any adverse effect on our results of operations or harm to our businesses or reputation; adverse publicity, government scrutiny or other reputational harm and any negative effect on our businesses; the risks relating to new lines of business, new products and services or strategic project initiatives and the failure to implement these initiatives, which could affect our results of operations; the risks and uncertainties relating to our strategic transactions and any adverse effect on our business, results of operations and financial condition; operational risk and any material adverse effect on our business; failure or circumvention of our controls and procedures and any material adverse effect on our business, reputation, results of operations and financial condition; competition in all aspects of our business and any negative effect on our ability to maintain or increase our profitability; failure of our risk management framework to be effective in mitigating risk and reducing the potential for losses; change or uncertainty in monetary, tax and other governmental policies and the impact on our businesses, profitability and ability to compete; political, economic, legal, operational and other risks inherent in operating globally and any material adverse effect on our business; failure to attract and retain employees and any adverse effect on our business; acts of terrorism, natural disasters, pandemics and global conflicts and any negative impact on our business and operations; weakness in financial markets and the economy generally and any material adverse effect on our business, results of operations and financial condition; market volatility and any adverse impact on our business, financial condition and results of operations and our ability to manage risk; ongoing concerns about the financial stability of certain countries, the failure or instability of any of our significant global counterparties, or a breakup of the European Union or Eurozone and any material adverse effect on our business and results of operations; continuing low or volatile interest rates and any material adverse effect on our profitability; write-downs of securities that we own and other losses related to volatile and illiquid market conditions and any reduction in our earnings or impact on our financial condition; our dependence on fee-based business for a substantial majority of our revenue and the potential adverse effects of a slowing in market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences; any adverse effect on our foreign exchange revenues from decreased market volatility or cross-border investment activity of our clients; the failure or perceived weakness of any of our significant counterparties, and our assumption of credit and counterparty risk, which could expose us to loss and adversely affect our business; credit, regulatory and reputational risks as a result of our tri-party repo collateral agency services, which could adversely affect our business and results of operations; any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, which could increase the cost of funding and borrowing to us and our rated subsidiaries and have a material adverse effect on our results of operations and financial condition and on the value of the securities we issue; any adverse effect on our business, financial condition and results of operations of not effectively managing our liquidity; inadequate reserves for credit losses, including loan reserves, and any resulting charges through provision expense; tax law changes or challenges to our tax positions and any adverse effect on our net income, effective tax rate and overall results of operations and financial condition; changes in accounting standards and any material impact on our reported financial condition, results of operations, cash flows and other financial data; risks associated with being a non-operating holding company, including our dependence on dividends from our subsidiaries to meet obligations, to provide funds for payment of dividends and for stock repurchases; and the impact of provisions of U.S. banking laws and regulations, including those governing capital and the approval of our capital plan, applicable provisions of Delaware law or failure to pay full and timely dividends on our preferred stock, on our ability to return capital to shareholders.

Investors should consider all risks in our 2015 Annual Report and any subsequent reports filed with the SEC by BNY Mellon pursuant to the Exchange Act. All forward-looking statements speak only as of the date on which such statements are made, and BNY Mellon undertakes no obligation to update any statement to reflect events or circumstances after the date on which such forward-looking statement is made or to reflect the occurrence of unanticipated events. The contents of BNY Mellon’s website or any other websites referenced herein are not part of this report.

Acronyms

ABS	Asset-backed security
APAC	Asia-Pacific region
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
AUC/A	Assets under custody and/or administration
AUM	Assets Under Management
BHC	Bank holding companies
bps	basis points
CCAR	Comprehensive Capital Analysis and Review
CD	Certificates of deposit
CET1	Common Equity Tier 1 capital
CFTC	Commodity Futures Trading Commission
CLO	Collateralized loan obligation
CVA	Credit valuation adjustment
DARTS	Daily average revenue trades
DFAST	Dodd Frank Act stress tests
DVA	Debit valuation adjustment
ECB	European Central Bank
EMEA	Europe, the Middle East and Africa
ERISA	Employee Retirement Income Security Act of 1974
ESOP	Employee Stock Ownership Plan
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FCA	Financial Conduct Authority
FDIC	Federal Deposit Insurance Corporation
FHC	Financial holding company
FINRA	Financial Industry Regulatory Authority, Inc.
FSA	Financial Services Authority
FTE	Fully taxable equivalent
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
G-SIBs	Global systemically important banks
HQLA	High-quality liquid assets
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRS	Internal Revenue Service
LIBOR	London Interbank Offered Rate
LCR	Liquidity coverage ratio
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
M&I	Merger and integration
MBS	Mortgage-backed security
MMF	Money market funds
N/A	Not applicable or Not available
NAV	Net asset value
N/M	Not meaningful
NPR	Notice of proposed rulemaking
NSFR	Net stable funding ratio
NYSE	New York Stock Exchange
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income
OTC	Over-the-counter
OTTI	Other-than-temporary impairment
PSU	Performance units
REIT	Real estate investment trust
RMBS	Residential mortgage-backed security
RSU	Restricted stock units
RWA	Risk-weighted assets
S&P	Standard & Poor's
SBIC	Small Business Investment Company
SBLC	Standby letters of credit
SEC	Securities and Exchange Commission
SIFIs	Systemically important financial institutions
SLR	Supplementary Leverage Ratio
TCE	Tangible common equity
TDR	Troubled debt restructuring
TLAC	Total loss-absorbing capacity
VaR	Value-at-risk
VIE	Variable interest entity
VME	Voting model entity

Accumulated benefit obligation - The actuarial present value of benefits (vested and non-vested) attributed to employee services rendered.

Alt-A securities - A mortgage risk categorization that falls between prime and subprime. Borrowers behind these mortgages will typically have clean credit histories but the mortgage itself will generally have issues that increase its risk profile.

Alternative investments - Usually refers to investments in hedge funds, leveraged loans, subordinated and distressed debt, real estate and foreign currency overlay. Examples of alternative investment strategies are: long-short equity, event-driven, statistical arbitrage, fixed income arbitrage, convertible arbitrage, short bias, global macro and equity market neutral.

Asset-backed security (“ABS”) - A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities.

Assets under custody and/or administration (“AUC/A”) - Assets that we hold directly or indirectly on behalf of clients under a safekeeping or custody arrangement or for which we provide administrative services for clients. The following types of assets under administration are not and historically have not been included in AUC/A: performance and risk analytics, transfer agency and asset aggregation services. To the extent that we provide more than one AUC/A service for a client’s assets, the value of the asset is only counted once in the total amount of AUC/A.

Assets under management (“AUM”) - Includes assets beneficially owned by our clients or customers which we hold in various capacities that are either actively or passively managed, as well as the value of hedges supporting customer liabilities. These assets and liabilities are not on our balance sheet.

CAMELS - An international bank-rating system where bank supervisory authorities rate institutions according to six factors. The six factors are Capital adequacy, Asset quality, Management quality, Earnings, Liquidity and Sensitivity to Market Risk.

Collateral management - A comprehensive program designed to simplify collateralization and expedite securities transfers for buyers and sellers.

Collateralized loan obligation (“CLO”) - A debt security backed by a pool of commercial loans.

Collective trust fund - An investment fund formed from the pooling of investments by investors.

Common Equity Tier 1 capital (“CET1”) - The sum of surplus (net of treasury stock), retained earnings, accumulated other comprehensive income (loss), and common equity Tier 1 minority interest subject to certain limitations, minus certain regulatory adjustments and deductions.

Counterparty risk (default risk) - The risk that a counterparty will not pay as obligated on a contract, trade or transaction.

Credit derivatives - Contractual agreements that provide insurance against a credit event of one or more referenced credits. Such events include bankruptcy, insolvency and failure to meet payment obligations when due.

Credit risk - The risk of loss due to borrower or counterparty default.

Credit valuation adjustment (“CVA”) - The market value of counterparty credit risk on OTC derivative transactions.

Currency swaps - An agreement to exchange stipulated amounts of one currency for another currency.

Daily average revenue trades (“DARTS”) - Represents the number of trades from which an entity can expect to generate revenue through fees or commissions on a given day.

Debit valuation adjustment (“DVA”) - The market value of our credit risk on OTC derivative transactions.

Depositary Receipts - A negotiable security that generally represents a non-U.S. company’s publicly traded equity.

Derivative - A contract or agreement whose value is derived from changes in interest rates, foreign exchange rates, prices of securities or commodities, credit worthiness for credit default swaps or financial or commodity indices.

Earnings allocated to participating securities - Amount of undistributed earnings, after payment of taxes, preferred stock dividends and the required adjustment for common stock dividends declared, that is allocated to securities that are eligible to receive a portion of the Company's earnings.

Economic capital - The amount of capital required to absorb potential losses and reflects the probability of remaining solvent over a one-year time horizon.

Economic value of equity ("EVE") - An aggregation of discounted future cash flows of assets and liabilities over a long-term horizon.

Eurozone - Formed by European Union Member States whose currency is the euro (€) and in which a single monetary policy is conducted under the responsibility of the Governing Council of the ECB. The Eurozone currently includes Germany, France, Belgium, the Netherlands, Luxembourg, Austria, Finland, Italy, Ireland, Spain, Portugal, Greece, Estonia, Cyprus, Malta, Slovenia, Slovakia, Latvia and Lithuania.

Fiduciary risk - The risk arising from our role as trustee, executor, investment agent or guardian in accordance with governing documents, prudent person principles and applicable laws, rules and regulations.

Foreign currency options - Similar to interest rate options except they are based on foreign exchange rates. Also, see interest rate options in this glossary.

Foreign currency swaps - An agreement to exchange stipulated amounts of one currency for another currency at one or more future dates.

Foreign exchange contracts - Contracts that provide for the future receipt or delivery of foreign currency at previously agreed-upon terms.

Forward rate agreements - Contracts to exchange payments on a specified future date, based on a market change in interest rates from trade date to contract settlement date.

Fully taxable equivalent ("FTE") - Basis for comparison of yields on assets having ordinary taxability with assets for which special tax exemptions apply. The FTE adjustment reflects an increase in the interest yield or return on a tax-exempt asset to a level that would be comparable had the asset been fully taxable.

Generally accepted accounting principles ("GAAP") - Accounting rules and conventions defining acceptable practices in preparing financial statements in the U.S. The FASB is the primary source of accounting rules.

Grantor Trust - A legal, passive entity through which pass-through securities are sold to investors.

Hedge fund - A fund which is allowed to use diverse strategies that are unavailable to mutual funds, including selling short, leverage, program trading, swaps, arbitrage and derivatives.

High-quality liquid assets ("HQLA") - Assets that can be converted into cash at little or no loss of value in private markets and are considered unencumbered.

Impairment - When an asset's market value is less than its carrying value.

Interest rate options - Contracts to modify interest rate risk in exchange for the payment of a premium when the contract is initiated. As a writer of interest rate options, we receive a premium in exchange for bearing the risk of unfavorable changes in interest rates. Conversely, as a purchaser of an option, we pay a premium for the right, but not the obligation, to buy or sell a financial instrument or currency at predetermined terms in the future.

Interest rate sensitivity - The exposure of net interest income to interest rate movements.

Interest rate swaps - Contracts in which a series of interest rate flows in a single currency are exchanged over a prescribed period. Interest rate swaps are the most common type of derivative contract that we use in our asset/liability management activities.

Investment grade - Represents Moody's long-term rating of Baa3 or better; and/or a Standard & Poor's, Fitch or DBRS long-term rating of BBB- or better; or if unrated, an equivalent rating using our internal risk ratings. Instruments that fall below these levels are considered to be non-investment grade.

Joint venture - A company or entity owned and operated by a group of companies for a specific business purpose, no one of which has a majority interest.

Leverage ratio - Tier 1 capital divided by quarterly average total assets, as defined by the regulators.

Liquidity coverage ratio ("LCR") - A Basel III framework requirement for banks and BHCs to measure liquidity. It is designed to ensure that certain banking organizations, including BNY Mellon, maintain a minimum amount of unencumbered HQLA sufficient to withstand the net cash outflow under a hypothetical standardized acute liquidity stress scenario for a 30-day time horizon.

Liquidity risk - The risk of being unable to fund our portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Litigation risk - Arises when in the ordinary course of business, we are named as defendants or made parties to legal actions.

Market risk - The potential loss in value of portfolios and financial instruments caused by movements in market variables, such as interest and foreign exchange rates, credit spreads, and equity and commodity prices.

Master netting agreement - An agreement between two counterparties that have multiple contracts with each other that provides for the net settlement of all contracts through a single payment in the event of default or termination of any one contract.

Mortgage-backed security ("MBS") - An asset-backed security whose cash flows are backed by the principal and interest payments of a set of mortgage loans.

Net interest margin - The result of dividing net interest revenue by average interest-earning assets.

Notice of proposed rulemaking ("NPR") - A public notice issued by law when one of the independent agencies of the U.S. Government wishes to add, remove, or change a rule or regulation as part of the rulemaking process.

Operational risk - The risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

Other-than-temporary impairment ("OTTI") - An impairment charge taken on a security whose fair value has fallen below the carrying value on the balance sheet and its value is not expected to recover through the holding period of the security.

Performance fees - Fees received by an investment advisor based upon the fund's performance for the period relative to various predetermined benchmarks.

Pre-tax operating leverage - The rate of increase (decrease) in total revenue less the rate of increase (decrease) in total noninterest expense.

Pre-tax operating margin - Income before taxes for a period divided by total revenue for that period.

Prime securities - A classification of securities collateralized by loans to borrowers who have a high-value and/or a good credit history.

Private equity/venture capital - Investment in start-up companies or those in the early processes of developing products and services with perceived, long-term growth potential.

Projected benefit obligation ("PBO") - The actuarial present value of all benefits accrued on employee service rendered prior to the calculation date, including allowance for future salary increases if the pension benefit is based on future compensation levels.

Rating agency - An independent agency that assesses the credit quality and likelihood of default of an issue or issuer and assigns a rating to that issue or issuer.

Real estate investment trust ("REIT") - An investor-owned corporation, trust or association that sells shares to investors and invests in income-producing property.

Repurchase agreement ("Repo") - An instrument used to raise short term funds whereby securities are sold with an agreement for the seller to buy back the securities at a later date.

Reputational risk - Arises when events or actions that negatively impact our reputation lead to a loss of existing clients and could make it more challenging to acquire new business.

Residential mortgage-backed security ("RMBS") - An asset-backed security whose cash flows are backed by principal and interest payments of a set of residential mortgage loans.

Restructuring charges - Typically result from the consolidation and/or relocation of operations.

Return on assets - Net income applicable to common shareholders divided by average assets.

Return on common equity - Net income applicable to common shareholders divided by average common shareholders' equity.

Return on tangible common equity - Net income applicable to common shareholders, excluding amortization of intangible assets, divided by average tangible common shareholders' equity.

Securities lending transaction - A fully collateralized transaction in which the owner of a security agrees to lend the security through an agent (such as The Bank of New York Mellon) to a borrower, usually a broker/dealer or bank, on an open, overnight or term basis, under the terms of a prearranged contract, which generally matures in less than 90 days.

Sub-custodian - A local provider (e.g., a bank) contracted to provide specific custodial-related services in a selected country or geographic area.

Subprime securities - A classification of securities collateralized by loans to borrowers who have a tarnished or limited credit history.

Supplementary Leverage Ratio ("SLR") - An Advanced Approach banking organization's Basel III Supplementary Leverage Ratio is the simple arithmetic mean of the ratio of its Tier 1 capital to total leverage exposure (which is broadly defined to capture both on- and off-balance sheet exposures.)

Tangible common shareholders' equity - Common equity less goodwill and intangible assets adjusted for deferred tax liabilities associated with non-tax deductible intangible assets and tax deductible goodwill.

Unfunded commitments - Legally binding agreements to provide a defined level of financing until a specified future date.

Value-at-risk ("VaR") - A measure of the dollar amount of potential loss at a specified confidence level from adverse market movements in an ordinary market environment.

Variable interest entity ("VIE") - An entity that: (1) lacks enough equity investment at risk to permit the entity to finance its activities without additional financial support from other parties; (2) has equity owners that lack the right to make significant decisions affecting the entity's operations; and/or (3) has equity owners that do not have an obligation to absorb or the right to receive the entity's losses or return.

Report of Management on Internal Control Over Financial Reporting

Management of BNY Mellon is responsible for establishing and maintaining adequate internal control over financial reporting for BNY Mellon, as such term is defined in Rule 13a-15(f) under the Exchange Act.

BNY Mellon's management, including its principal executive officer and principal financial officer, has assessed the effectiveness of BNY Mellon's internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based upon such assessment, management believes that, as of December 31, 2015, BNY Mellon's internal control over financial reporting is effective based upon those criteria.

KPMG LLP, the independent registered public accounting firm that audited BNY Mellon's 2015 financial statements included in this Annual Report under "Financial Statements and Notes," has issued a report with respect to the effectiveness of BNY Mellon's internal control over financial reporting. This report appears on page 141.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
The Bank of New York Mellon Corporation:

We have audited The Bank of New York Mellon Corporation's ("BNY Mellon") internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). BNY Mellon's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on BNY Mellon's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, BNY Mellon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of BNY Mellon as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 26, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

New York, New York
February 26, 2016

Item 1. Financial Statements

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Income Statement

(in millions)	Year ended Dec. 31, 2015	2014	2013
Fee and other revenue			
Investment services fees:			
Asset servicing	**$ 4,187**	$ 4,075	$ 3,905
Clearing services	**1,375**	1,335	1,264
Issuer services	**978**	968	1,090
Treasury services	**555**	564	554
Total investment services fees	**7,095**	6,942	6,813
Investment management and performance fees	**3,438**	3,492	3,395
Foreign exchange and other trading revenue	**768**	570	674
Financing-related fees	**220**	169	172
Distribution and servicing	**162**	173	180
Investment and other income	**316**	1,212	481
Total fee revenue	**11,999**	12,558	11,715
Net securities gains — including other-than-temporary impairment	**82**	92	146
Noncredit-related portion of other-than-temporary impairment (recognized in other comprehensive income)	**(1)**	1	5
Net securities gains	**83**	91	141
Total fee and other revenue	**12,082**	12,649	11,856
Operations of consolidated investment management funds			
Investment income	**115**	503	548
Interest of investment management fund note holders	**29**	340	365
Income from consolidated investment management funds	**86**	163	183
Net interest revenue			
Interest revenue	**3,326**	3,234	3,352
Interest expense	**300**	354	343
Net interest revenue	**3,026**	2,880	3,009
Provision for credit losses	**160**	(48)	(35)
Net interest revenue after provision for credit losses	**2,866**	2,928	3,044
Noninterest expense			
Staff	**5,837**	5,845	6,019
Professional, legal and other purchased services	**1,230**	1,339	1,252
Software	**627**	620	596
Net occupancy	**600**	610	629
Distribution and servicing	**381**	428	435
Furniture and equipment	**280**	322	337
Sub-custodian	**270**	286	280
Business development	**267**	268	317
Other	**961**	1,031	1,029
Amortization of intangible assets	**261**	298	342
Merger and integration, litigation and restructuring charges	**85**	1,130	70
Total noninterest expense	**10,799**	12,177	11,306
Income			
Income before income taxes	**4,235**	3,563	3,777
Provision for income taxes	**1,013**	912	1,592
Net income	**3,222**	2,651	2,185
Net (income) attributable to noncontrolling interests (includes $(68), $(84) and $(80) related to consolidated investment management funds, respectively)	**(64)**	(84)	(81)
Net income applicable to shareholders of The Bank of New York Mellon Corporation	**3,158**	2,567	2,104
Preferred stock dividends	**(105)**	(73)	(64)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 3,053**	$ 2,494	$ 2,040

Consolidated Income Statement (continued)

Net income applicable to common shareholders of The Bank of New York Mellon Corporation used for the earnings per share calculation *(in millions)*	Year ended Dec. 31, **2015**	2014	2013
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 3,053**	$ 2,494	$ 2,040
Less: Earnings allocated to participating securities	**43**	43	37
Change in the excess of redeemable value over the fair value of noncontrolling interests	**N/A**	N/A	1
Net income applicable to the common shareholders of The Bank of New York Mellon Corporation after required adjustment for the calculation of basic and diluted earnings per common share	**$ 3,010**	$ 2,451	$ 2,002

Average common shares and equivalents outstanding of The Bank of New York Mellon Corporation *(in thousands)*	Year ended Dec. 31, **2015**	2014	2013
Basic	**1,104,719**	1,129,897	1,150,689
Common stock equivalents	**17,290**	20,037	16,874
Less: Participating securities	**(9,498)**	(12,454)	(13,122)
Diluted	**1,112,511**	1,137,480	1,154,441
Anti-dilutive securities *(a)*	**28,736**	43,735	75,847

Earnings per share applicable to the common shareholders of The Bank of New York Mellon Corporation *(b)* *(in dollars)*	Year ended Dec. 31, **2015**	2014	2013
Basic	**$ 2.73**	$ 2.17	$ 1.74
Diluted	**$ 2.71**	$ 2.15	$ 1.73

(a) Represents stock options, restricted stock, restricted stock units and participating securities outstanding but not included in the computation of diluted average common shares because their effect would be anti-dilutive.

(b) Basic and diluted earnings per share under the two-class method are determined on the net income applicable to common shareholders of The Bank of New York Mellon Corporation reported on the income statement less earnings allocated to participating securities, and the change in the excess of redeemable value over the fair value of noncontrolling interests, if applicable.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Comprehensive Income Statement

	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Net income	**$ 3,222**	$ 2,651	$ 2,185
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	**(599)**	(806)	192
Unrealized (loss) gain on assets available-for-sale:			
Unrealized (loss) gain arising during the period	**(363)**	413	(889)
Reclassification adjustment	**(52)**	(58)	(74)
Total unrealized (loss) gain on assets available-for-sale	**(415)**	355	(963)
Defined benefit plans:			
Prior service cost arising during the period	**—**	2	(1)
Net (loss) gain arising during the period	**(65)**	(479)	429
Foreign exchange adjustment	**—**	(1)	—
Amortization of prior service credit, net loss and initial obligation included in net periodic benefit cost	**69**	77	126
Total defined benefit plans	**4**	(401)	554
Net unrealized gain (loss) on cash flow hedges	**8**	(15)	9
Total other comprehensive (loss), net of tax *(a)*	**(1,002)**	(867)	(208)
Net (income) attributable to noncontrolling interests	**(64)**	(84)	(81)
Other comprehensive loss (income) attributable to noncontrolling interests	**36**	125	(41)
Net comprehensive income	**$ 2,192**	$ 1,825	$ 1,855

(a) Other comprehensive (loss) attributable to The Bank of New York Mellon Corporation shareholders was $(966) million for the year ended Dec. 31, 2015, $(742) million for the year ended Dec. 31, 2014 and $(249) million for the year ended Dec. 31, 2013.

See accompanying Notes to Consolidated Financial Statements.

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Balance Sheet

	Dec. 31,	
(dollars in millions, except per share amounts)	**2015**	2014
Assets		
Cash and due from:		
Banks	**$ 6,537**	$ 6,970
Interest-bearing deposits with the Federal Reserve and other central banks	**113,203**	96,682
Interest-bearing deposits with banks	**15,146**	19,495
Federal funds sold and securities purchased under resale agreements	**24,373**	20,302
Securities:		
Held-to-maturity (fair value of $43,204 and $21,127)	**43,312**	20,933
Available-for-sale	**75,867**	98,330
Total securities	**119,179**	119,263
Trading assets	**7,368**	9,881
Loans (includes $422 and $21, at fair value)	**63,703**	59,132
Allowance for loan losses	**(157)**	(191)
Net loans	**63,546**	58,941
Premises and equipment	**1,379**	1,394
Accrued interest receivable	**562**	607
Goodwill	**17,618**	17,869
Intangible assets	**3,842**	4,127
Other assets (includes $1,087 and $1,916, at fair value)	**19,626**	20,490
Subtotal assets of operations	**392,379**	376,021
Assets of consolidated investment management funds, at fair value:		
Trading assets	**1,228**	8,678
Other assets	**173**	604
Subtotal assets of consolidated investment management funds, at fair value	**1,401**	9,282
Total assets	**$ 393,780**	$ 385,303
Liabilities		
Deposits:		
Noninterest-bearing (principally U.S. offices)	**$ 96,277**	$ 104,240
Interest-bearing deposits in U.S. offices	**51,704**	53,236
Interest-bearing deposits in Non-U.S. offices	**131,629**	108,393
Total deposits	**279,610**	265,869
Federal funds purchased and securities sold under repurchase agreements	**15,002**	11,469
Trading liabilities	**4,501**	7,434
Payables to customers and broker-dealers	**21,900**	21,181
Other borrowed funds	**523**	786
Accrued taxes and other expenses	**5,986**	6,903
Other liabilities (including allowance for lending-related commitments of $118 and $89, also includes $392 and $451, at fair value)	**5,490**	5,025
Long-term debt (includes $359 and $347, at fair value)	**21,547**	20,264
Subtotal liabilities of operations	**354,559**	338,931
Liabilities of consolidated investment management funds, at fair value:		
Trading liabilities	**229**	7,660
Other liabilities	**17**	9
Subtotal liabilities of consolidated investment management funds, at fair value	**246**	7,669
Total liabilities	**354,805**	346,600
Temporary equity		
Redeemable noncontrolling interests	**200**	229
Permanent equity		
Preferred stock – par value $0.01 per share; authorized 100,000,000 shares; issued 25,826 and 15,826 shares	**2,552**	1,562
Common stock – par value $0.01 per share; authorized 3,500,000,000 shares; issued 1,312,941,113 and 1,290,222,821 shares	**13**	13
Additional paid-in capital	**25,262**	24,626
Retained earnings	**19,974**	17,683
Accumulated other comprehensive loss, net of tax	**(2,600)**	(1,634)
Less: Treasury stock of 227,598,128 and 171,995,262 common shares, at cost	**(7,164)**	(4,809)
Total The Bank of New York Mellon Corporation shareholders' equity	**38,037**	37,441
Nonredeemable noncontrolling interests of consolidated investment management funds	**738**	1,033
Total permanent equity	**38,775**	38,474

Total liabilities, temporary equity and permanent equity	**$ 393,780**	$ 385,303

See accompanying Notes to Consolidated Financial Statements.

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Statement of Cash Flows

	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Operating activities			
Net income	**$ 3,222**	$ 2,651	$ 2,185
Net (income) attributable to noncontrolling interests	**(64)**	(84)	(81)
Net income applicable to shareholders of The Bank of New York Mellon Corporation	**3,158**	2,567	2,104
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	**160**	(48)	(35)
Pension plan contributions	**(70)**	(72)	(68)
Depreciation and amortization	**1,457**	1,292	1,389
Deferred tax (benefit)	**47**	(853)	526
Net securities (gains) and venture capital (income)	**(84)**	(97)	(147)
Change in trading activities	**(414)**	2,636	(3,946)
Originations of loans held-for-sale	**(1,106)**	—	—
Proceeds from the sales of loans originated for sale	**725**	—	—
Change in accruals and other, net	**254**	(941)	(465)
Net cash provided by (used for) operating activities	**4,127**	4,484	(642)
Investing activities			
Change in interest-bearing deposits with banks	**4,225**	16,010	10,667
Change in interest-bearing deposits with the Federal Reserve and other central banks	**(16,521)**	7,677	(14,249)
Purchases of securities held-to-maturity	**(16,060)**	(3,498)	(6,740)
Paydowns of securities held-to-maturity	**3,698**	1,885	1,545
Maturities of securities held-to-maturity	**1,222**	102	43
Purchases of securities available-for-sale	**(33,785)**	(69,101)	(28,622)
Sales of securities available-for-sale	**19,016**	31,254	19,455
Paydowns of securities available-for-sale	**8,776**	7,253	9,621
Maturities of securities available-for-sale	**14,689**	11,012	3,911
Net change in loans	**(4,615)**	(7,904)	(5,092)
Sales of loans and other real estate	**362**	312	104
Change in federal funds sold and securities purchased under resale agreements	**(4,071)**	(11,141)	(2,568)
Change in seed capital investments	**287**	(253)	(171)
Purchases of premises and equipment/capitalized software	**(601)**	(791)	(609)
Proceeds from the sale of premises and equipment	**—**	585	—
Acquisitions, net of cash	**(9)**	(28)	(19)
Dispositions, net of cash	**17**	64	84
Other, net	**3,583**	4,887	(560)
Net cash (used for) investing activities	**(19,787)**	(11,675)	(13,200)
Financing activities			
Change in deposits	**11,890**	2,247	13,960
Change in federal funds purchased and securities sold under repurchase agreements	**3,533**	1,821	2,221
Change in payables to customers and broker-dealers	**719**	5,474	(388)
Change in other borrowed funds	**(394)**	135	(672)
Change in commercial paper	**—**	(96)	(242)
Net proceeds from the issuance of long-term debt	**4,986**	4,686	3,892
Repayments of long-term debt	**(3,659)**	(4,376)	(2,035)
Proceeds from the exercise of stock options	**326**	370	263
Issuance of common stock	**26**	26	25
Issuance of preferred stock	**990**	—	494
Treasury stock acquired	**(2,355)**	(1,669)	(1,026)
Common cash dividends paid	**(760)**	(760)	(680)
Preferred cash dividends paid	**(105)**	(73)	(64)
Other, net	**(12)**	44	(127)
Net cash provided by financing activities	**15,185**	7,829	15,621
Effect of exchange rate changes on cash	**42**	(128)	(46)
Change in cash and due from banks			
Change in cash and due from banks	**(433)**	510	1,733
Cash and due from banks at beginning of period	**6,970**	6,460	4,727
Cash and due from banks at end of period	**$ 6,537**	$ 6,970	$ 6,460
Supplemental disclosures			

Interest paid	**$ 295**	$ 344	$ 347
Income taxes paid	**1,015**	1,363	400
Income taxes refunded	**901**	144	29

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

	The Bank of New York Mellon Corporation shareholders									
(in millions, except per share amounts)	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss), net of tax	Treasury stock	Non-redeemable noncontrolling interests of consolidated investment management funds	Total permanent equity		Redeemable non-controlling interests/ temporary equity
Balance at Dec. 31, 2014	$ 1,562	$ 13	$ 24,626	$ 17,683	$ (1,634)	$ (4,809)	$ 1,033	$ 38,474	*(a)*	$ 229
Adjustment for the cumulative effect of applying ASU 2015-02 for the consolidation of a legal entity	—	—	—	—	—	—	**602**	**602**		—
Adjustment for the cumulative effect of applying ASU 2015-02 for the deconsolidation of a legal entity	—	—	—	—	—	—	**(866)**	**(866)**		—
Adjusted balance at Jan. 1, 2015	**1,562**	**13**	**24,626**	**17,683**	**(1,634)**	**(4,809)**	**769**	**38,210**		**229**
Shares issued to shareholders of noncontrolling interests	—	—	—	—	—	—	—	—		**48**
Redemption of subsidiary shares from noncontrolling interests	—	—	—	—	—	—	—	—		**(92)**
Other net changes in noncontrolling interests	—	—	**(26)**	—	—	—	**(73)**	**(99)**		**29**
Net income	—	—	—	**3,158**	—	—	**68**	**3,226**		**(4)**
Other comprehensive (loss)	—	—	—	—	**(966)**	—	**(26)**	**(992)**		**(10)**
Dividends:										
Common stock at $0.68 per share	—	—	—	**(762)**	—	—	—	**(762)**		—
Preferred stock	—	—	—	**(105)**	—	—	—	**(105)**		—
Repurchase of common stock	—	—	—	—	—	**(2,355)**	—	**(2,355)**		—
Common stock issued under:										
Employee benefit plans	—	—	**25**	—	—	—	—	**25**		—
Direct stock purchase and dividend reinvestment plan	—	—	**21**	—	—	—	—	**21**		—
Preferred stock issued	**990**	—	—	—	—	—	—	**990**		—
Stock awards and options exercised	—	—	**616**	—	—	—	—	**616**		—
Balance at Dec. 31, 2015	**$ 2,552**	**$ 13**	**$ 25,262**	**$ 19,974**	**$ (2,600)**	**$ (7,164)**	**$ 738**	**$ 38,775**	*(a)*	**$ 200**

(a) Includes total The Bank of New York Mellon Corporation common shareholders' equity of $35,879 million at Dec. 31, 2014 and $35,485 million at Dec. 31, 2015.

Consolidated Statement of Changes in Equity (continued)

	The Bank of New York Mellon Corporation shareholders								
(in millions, except per share amounts)	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net of tax	Treasury stock	Non-redeemable noncontrolling interests of consolidated investment management funds	Total permanent equity	Redeemable non-controlling interests/ temporary equity
Balance at Dec. 31, 2013	$ 1,562	$ 13	$ 24,002	$ 15,952	$ (892)	$ (3,140)	$ 783	$ 38,280 *(a)*	$ 230
Shares issued to shareholders of noncontrolling interests	—	—	—	—	—	—	—	—	63
Redemption of subsidiary shares from noncontrolling interests	—	—	(31)	—	—	—	—	(31)	(103)
Other net changes in noncontrolling interests	—	—	10	—	—	—	277	287	53
Net income	—	—	—	2,567	—	—	84	2,651	—
Other comprehensive (loss)	—	—	—	—	(742)	—	(111)	(853)	(14)
Dividends:									
Common stock at $0.66 per share	—	—	—	(763)	—	—	—	(763)	—
Preferred stock	—	—	—	(73)	—	—	—	(73)	—
Repurchase of common stock	—	—	—	—	—	(1,669)	—	(1,669)	—
Common stock issued under:									
Employee benefit plans	—	—	24	—	—	—	—	24	—
Direct stock purchase and dividend reinvestment plan	—	—	21	—	—	—	—	21	—
Stock awards and options exercised	—	—	600	—	—	—	—	600	—
Balance at Dec. 31, 2014	$ 1,562	$ 13	$ 24,626	$ 17,683	$ (1,634)	$ (4,809)	$ 1,033	$ 38,474 *(a)*	$ 229

(a) Includes total The Bank of New York Mellon Corporation common shareholders' equity of $35,935 million at Dec. 31, 2013 and $35,879 million at Dec. 31, 2014.

Consolidated Statement of Changes in Equity (continued)

	The Bank of New York Mellon Corporation shareholders								
(in millions, except per share amounts)	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net of tax	Treasury stock	Non-redeemable noncontrolling interests of consolidated investment management funds	Total permanent equity	Redeemable non-controlling interests/ temporary equity
Balance at Dec. 31, 2012	$ 1,068	$ 13	$ 23,485	$ 14,605	$ (643)	$ (2,114)	$ 833	37,247 *(a)*	$ 178
Shares issued to shareholders of noncontrolling interests	—	—	—	—	—	—	—	—	49
Redemption of subsidiary shares from noncontrolling interests	—	—	—	—	—	—	—	—	(81)
Other net changes in noncontrolling interests	—	—	21	—	—	—	(161)	(140)	73
Net income	—	—	—	2,104	—	—	80	2,184	1
Other comprehensive income (loss)	—	—	—	(12)	(249)	—	31	(230)	10
Dividends:									
Common stock at $0.58 per share	—	—	—	(681)	—	—	—	(681)	—
Preferred stock	—	—	—	(64)	—	—	—	(64)	—
Repurchase of common stock	—	—	—	—	—	(1,026)	—	(1,026)	
Common stock issued under:									
Employee benefit plans	—	—	25	—	—	—	—	25	—
Direct stock purchase and dividend reinvestment plan	—	—	20	—	—	—	—	20	—
Preferred stock issued	494	—	—	—	—	—	—	494	—
Stock awards and options exercised	—	—	451	—	—	—	—	451	—
Balance at Dec. 31, 2013	$ 1,562	$ 13	$ 24,002	$ 15,952	$ (892)	$ (3,140)	$ 783	$ 38,280 *(a)*	$ 230

(a) Includes total The Bank of New York Mellon Corporation common shareholders' equity of $35,346 million at Dec. 31, 2012 and $35,935 million at Dec. 31, 2013.

See accompanying Notes to Consolidated Financial Statements.

Note 1 - Summary of significant accounting and reporting policies

Basis of presentation

The accounting and financial reporting policies of BNY Mellon, a global financial services company, conform to U.S. generally accepted accounting principles ("GAAP") and prevailing industry practices.

In the opinion of management, all adjustments necessary for a fair presentation of financial position, results of operations and cash flows for the periods presented have been made. These financial statements should be read in conjunction with BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2015. Certain immaterial reclassifications have been made to prior periods to place them on a basis comparable with current period presentation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates based upon assumptions about future economic and market conditions which affect reported amounts and related disclosures in our financial statements. Although our current estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Amounts subject to estimates are items such as the allowance for loan losses and lending-related commitments, the fair value of financial instruments and derivatives, other-than-temporary impairment, goodwill and other intangibles and pension accounting. Among other effects, such changes in estimates could result in future impairments of investment securities, goodwill and intangible assets and establishment of allowances for loan losses and lending-related commitments as well as changes in pension and post-retirement expense.

Equity method investments

The consolidated financial statements include the accounts of BNY Mellon and its subsidiaries. Equity investments of less than a majority but at least 20% ownership are accounted for by the equity method and classified as other assets. Earnings on these investments are reflected in fee and other revenue as investment services fees, investment management and performance fees or investment and other income, as appropriate, in the period earned.

A loss in value of an equity investment that is determined to be other-than-temporary, is recognized by reducing the carrying value of the equity investment down to its fair value.

Our most significant equity method investments are:

Equity method investments at Dec. 31, 2015				
(dollars in millions)	Percentage ownership		Book value	
CIBC Mellon	**50.0%**	**$**	**473**	
Siguler Guff	**20.0%**	**$**	**262**	
ConvergEx	**33.9%**	**$**	**86**	*(a)*

(a) In addition to the common ownership interest noted, BNY Mellon also holds an interest in ConvergEx nonvoting Series B preferred units. The book value at Dec. 31, 2015 is reflective of our combined common and preferred interests in ConvergEx.

Acquired businesses

The income statement and balance sheet include results of acquired businesses accounted for under the acquisition method of accounting pursuant to ASC 805, *Business Combinations* and equity investments from the dates of acquisition. For acquisitions completed after Jan. 1, 2009, contingent purchase consideration was measured at its fair value and recorded on the purchase date. Any subsequent changes in the fair value of a contingent consideration liability will be recorded through the income statement.

Parent financial statements

The Parent financial statements in Note 19 of the Notes to Consolidated Financial Statements include the accounts of the Parent; those of a wholly-owned financing subsidiary that functions as a financing entity for BNY Mellon and its subsidiaries; and MIPA, LLC, a single-member limited liability company, created to hold and administer corporate-owned life insurance. Financial data for the Parent, the financing subsidiary and the single-member limited liability company are combined for financial reporting purposes because of the limited function of these entities and the unconditional guarantee by BNY Mellon of their obligations.

Nature of operations

BNY Mellon is a global leader in providing a broad range of financial products and services in domestic and international markets. Through our two principal businesses, Investment Management and Investment Services, we serve the following major classes of customers - institutions, corporations, and high net worth individuals. For institutions and corporations, we provide the following services:

- investment management;
- trust and custody;
- foreign exchange;
- fund administration;
- global collateral services;
- securities lending;
- depositary receipts;
- corporate trust;
- global payment/cash management;
- banking services; and
- clearing services.

For individuals, we provide mutual funds, separate accounts, wealth management and private banking services. BNY Mellon's investment management businesses provide investment products in many asset classes and investment styles on a global basis.

Variable interest and voting model entities

When evaluating an entity for possible consolidation, the Company must determine whether or not it has a variable interest in the entity. Variable interests are investments or other interests that absorb portions of an entity's expected losses or receive portions of the entity's expected returns. BNY Mellon's variable interests may include its decision maker or service provider fees, its direct and indirect investments and investments made by related parties, including related parties under common control. If it is determined that BNY Mellon does not have a variable interest in the entity, no further analysis is required and BNY Mellon does not consolidate the entity.

If BNY Mellon holds a variable interest in the entity an analysis must be performed to determine if the entity is a variable interest entity ("VIE") or a voting model entity ("VME").

We consider the underlying facts and circumstances of individual entities when assessing whether or not an entity is a VIE. An entity is determined to be a VIE if the equity investors:

- do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support; or
- lack one or more of the following characteristics of a controlling financial interest:
  - the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity's economic performance.
  - the obligation to absorb the expected losses of the entity.
  - the right to receive the expected residual returns of the entity.

BNY Mellon is required to consolidate a VIE if it is determined to have a controlling financial interest in the entity and therefore is deemed to be the primary beneficiary of the VIE. BNY Mellon is determined to have a controlling financial interest in a VIE when it has both 1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and 2) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to that VIE.

For entities that do not meet the definition of a VIE, the entity is considered a VME. For these entities, if the Company can exert control over the financial and operating policies of an investee, which can occur if it has a 50% or more voting interest in the entity, BNY Mellon consolidates the entity.

BNY Mellon's VIEs generally include certain retail, institutional and alternative investment funds, including CLOs offered to its retail and institutional customers in which it acts as the fund's investment manager. The funds are established to provide our clients access to investment vehicles with specific investment objectives and strategies that address the client's investment needs. BNY Mellon earns investment management fees on these funds as well as performance fees in certain funds. We may also provide start-up capital for new funds. The VIEs are primarily financed by the client's investments in the funds' equity or debt.

Prior to the adoption of ASU 2015-02, effective Jan. 1, 2015, the accounting guidance on the consolidation of VIEs was included in ASC 810 Consolidation, ASU 2009-17 “Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities,” and ASU 2010-10 “Amendments for Certain Investment Funds,” which deferred ASU 2009-17 for certain asset managers’ interests in entities that apply the specialized accounting guidance for investment companies or that have the attributes of investment companies and for interests in money market funds.

As a result of ASU 2010-10, BNY Mellon continued to apply ASC 810 to its mutual funds, hedge funds, private equity funds, collective investment funds and real estate investment trusts. If these entities were determined to be VIEs, primary beneficiary calculations were prepared in accordance with ASC 810 to determine whether or not BNY Mellon was the primary beneficiary and required to consolidate the VIE. The primary beneficiary of a VIE was the party that absorbed a majority of the VIE’s expected losses, received a majority of its expected residual returns or both.

BNY Mellon had two securitizations and several CLOs, which were assessed for consolidation in accordance with ASU 2009-17. The primary beneficiary of these VIE’s was the party that has both: (1) the power to direct the activities of the VIE that most significantly impact that entity’s economic performance, and (2) the obligation to absorb losses, or the right to receive benefits, from the VIE that could potentially be significant to the VIE.

Trading account securities, available-for-sale securities, and held-to-maturity securities

Securities are accounted for under ASC 320 *Investments - Debt and Equity Securities.* Securities are classified in the trading, available-for-sale investment or the held-to-maturity investment securities portfolios when they are purchased. Securities are classified as trading securities when our intention is to resell the securities. Securities are classified as available-for-sale securities when we intend to hold the securities for an indefinite period of time or when the securities may be used for tactical asset/liability purposes and may be sold from time to time to effectively manage interest rate exposure, prepayment risk and liquidity needs. Securities are classified as held-to-maturity securities when we intend to hold them until maturity.

Trading securities are measured at fair value. Trading revenue includes both realized and unrealized gains and losses. The liability incurred on short-sale transactions, representing the obligation to deliver securities, is included in trading liabilities at fair value.

Available-for-sale securities are measured at fair value. The difference between fair value and amortized cost representing unrealized gains or losses on assets classified as available-for-sale, are recorded net of tax as an addition to or deduction from OCI, unless a security is deemed to have OTTI. Gains and losses on sales of available-for-sale securities are reported in the income statement. The cost of debt and equity securities sold is determined on a specific identification and average cost method, respectively. Held-to-maturity securities are measured at amortized cost.

Income on investment securities purchased is adjusted for amortization of premium and accretion of discount on a level yield basis.

We routinely conduct periodic reviews to identify and evaluate each investment security to determine whether OTTI has occurred. We examine various factors when determining whether an impairment, representing the fair value of a security being below its amortized cost, is other than temporary. The following are examples of factors that BNY Mellon considers:

- The length of time and the extent to which the fair value has been less than the amortized cost basis;
- Whether management has an intent to sell the security;
- Whether the decline in fair value is attributable to specific adverse conditions affecting a particular investment;
- Whether the decline in fair value is attributable to specific conditions, such as conditions in an industry or in a geographic area;
- Whether a debt security has been downgraded by a rating agency;
- Whether a debt security exhibits cash flow deterioration; and
- For each non-agency RMBS, we compare the remaining credit enhancement that protects the individual security from losses against the projected losses of principal and/or interest expected to come from the underlying mortgage

collateral, to determine whether such credit losses might directly impact the relevant security.

When we do not intend to sell the security and it is more likely than not that BNY Mellon will not be required to sell the security prior to recovery of its cost basis, the credit component of an OTTI of a debt security is recognized in earnings and the non-credit component is recognized in OCI.

The determination of whether a credit loss exists is based on the best estimate of the present value of cash flows to be collected from the debt security. Generally, cash flows are discounted at the effective interest rate implicit in the debt security at the time of acquisition. For debt securities that are beneficial interests in securitized financial assets and are not high credit quality, ASC 325 provides that cash flows be discounted at the current yield used to accrete the beneficial interest.

If we intend to sell the security or it is more likely than not that BNY Mellon will be required to sell the security prior to recovery of its cost basis, the non-credit component of OTTI is recognized in earnings and subsequently accreted to interest income on an effective yield basis over the life of the security.

For held-to-maturity debt securities, the amount of OTTI recorded in OCI for the non-credit portion of a previous OTTI is amortized prospectively, as an increase to the carrying amount of the security, over the remaining life of the security on the basis of the timing of future estimated cash flows of the securities.

The accounting policies for the determination of the fair value of financial instruments and OTTI have been identified as "critical accounting estimates" as they require us to make numerous assumptions based on available market data. See Note 4 of the Notes to Consolidated Financial Statements for these disclosures.

Loans and leases

Loans are reported net of any unearned income and deferred fees and costs. Certain loan origination and upfront commitment fees, as well as certain direct loan origination and commitment costs, are deferred and amortized as a yield adjustment over the lives of the related loans. Loans held for sale are carried at the lower of cost or fair value.

Unearned revenue on direct financing leases is accreted over the lives of the leases in decreasing amounts to provide a constant rate of return on the net investment in the leases. Revenue on leveraged leases is recognized on a basis to achieve a constant yield on the outstanding investment in the lease, net of the related deferred tax liability, in the years in which the net investment is positive. Gains and losses on residual values of leased equipment sold are included in investment and other income. Considering the nature of these leases and the number of significant assumptions, there is risk associated with the income recognition on these leases should any of the assumptions change materially in future periods.

A modified loan is considered a TDR if the debtor is experiencing financial difficulties and the creditor grants a concession to the debtor that would not otherwise be considered. A TDR may include a transfer of real estate or other assets from the debtor to the creditor, or a modification of the term of the loan. TDRs are accounted for as impaired loans (see the Nonperforming assets policy).

Nonperforming assets

Commercial loans are placed on nonaccrual status when principal or interest is past due 90 days or more, or when there is reasonable doubt that interest or principal will be collected.

When a first lien residential mortgage loan reaches 90 days delinquent, it is subject to an impairment test and may be placed on nonaccrual status. At 180 days delinquent, the loan is subject to further impairment testing. The loan will remain on accrual status if the realizable value of the collateral exceeds the unpaid principal balance plus accrued interest. If the loan is impaired, a charge-off is taken and the loan is placed on nonaccrual status. At 270 days delinquent, all first lien mortgages are placed on nonaccrual status. Second lien mortgages are automatically placed on nonaccrual status when they reach 90 days delinquent.

When a loan is placed on nonaccrual status, previously accrued and uncollected interest is reversed against current period interest revenue. Interest receipts on nonaccrual and impaired loans are recognized as interest revenue or are applied to principal when we believe the ultimate collectability of principal is in doubt. Nonaccrual loans generally are restored to an accrual basis when principal and interest become current and remain current for a specified period.

A loan is considered to be impaired when it is probable that we will be unable to collect all principal and interest amounts due according to the contractual terms of the loan agreement. An impairment allowance on loans $1 million or greater is required to be measured based upon the loan's market price, the present value of expected future cash flows, discounted at the loan's initial effective interest rate, or at fair value of the collateral if the loan is collateral dependent. If the loan valuation is less than the recorded value of the loan, an impairment allowance is established by a provision for credit loss. Impairment allowances are not needed when the recorded investment in an impaired loan is less than the loan valuation.

Allowance for loan losses and allowance for lending-related commitments

The allowance for loan losses, shown as a valuation allowance to loans, and the allowance for lending-related commitments recorded in other liabilities are referred to as BNY Mellon's allowance for credit losses. The accounting policy for the determination of the adequacy of the allowances has been identified as a "critical accounting estimate" as it requires us to make numerous complex and subjective estimates and assumptions relating to amounts which are inherently uncertain.

The allowance for loan losses is maintained to absorb losses inherent in the loan portfolio as of the balance sheet date based on our judgment. The allowance determination methodology is designed to provide procedural discipline in assessing the appropriateness of the allowance. Credit losses are charged against the allowance. Recoveries are added to the allowance.

The methodology for determining the allowance for lending-related commitments considers the same factors as the allowance for loan losses, as well as an estimate of the probability of drawdown. We utilize a quantitative methodology and qualitative framework for determining the allowance for loan losses and the allowance for lending-related commitments. Within this qualitative framework, management applies judgment when assessing internal risk factors and environmental factors to compute an additional allowance for each component of the loan portfolio.

The three elements of the allowance for loan losses and the allowance for lending-related commitments include the qualitative allowance framework. The three elements are:

- an allowance for impaired credits of $1 million or greater;
- an allowance for higher risk-rated credits and pass-rated credits; and
- an allowance for residential mortgage loans.

Our lending is primarily to institutional customers. As a result, our loans are generally larger than $1 million. Therefore, the first element, impaired credits, is based on individual analysis of all impaired loans of $1 million and greater. The allowance is measured by the difference between the recorded value of impaired loans and their impaired value. Impaired value is either the present value of the expected future cash flows from the borrower, the market value of the loan, or the fair value of the collateral, if the loan is collateral dependent.

The second element, higher risk-rated credits and pass-rated credits, is based on our probable loss model. Individual credit analyses are performed on such loans before being assigned a credit rating. All borrowers are assigned to pools based on their credit rating. The probable loss inherent in each loan in a pool incorporates the borrower's credit rating, loss given default rating and maturity. The loss given default incorporates a recovery expectation and an estimate of the use of the facility at default (usage given default). The borrower's probability of default is derived from the associated credit rating. Borrower ratings are reviewed at least annually and are periodically mapped to third-party databases, including rating agency and default and recovery databases, to ensure ongoing consistency and validity. Higher risk-rated credits are reviewed quarterly.

The third element, the allowance for residential mortgage loans, is determined by segregating five mortgage pools into delinquency periods ranging from current through foreclosure. Each of these delinquency periods is assigned a probability of default. A specific loss given default is assigned for each mortgage pool. BNY Mellon assigns all residential mortgage pools, except home equity lines of credit, a probability of default and loss given default based on default and loss data derived from internal historical data related to our residential mortgage portfolio. The resulting probable loss factor (the probability of default multiplied by the loss given default) is applied against the loan balance to determine the allowance held for each pool. For home equity lines of credit, probability of default and loss given default are based on external data from third-party databases due to the small size of the portfolio and insufficient internal data.

The qualitative framework is used to determine an additional allowance for each portfolio based on the factors below:

Internal risk factors:
- Nonperforming loans to total non-margin loans;
- Criticized assets to total loans and lending-related commitments;
- Borrower concentration; and
- Significant concentrations in high risk industries and countries.

Environmental risk factors:
- U.S. non-investment grade default rate;
- Unemployment rate; and
- Change in real GDP.

The objective of the qualitative framework is to capture incurred losses that may not have been fully captured in the quantitative reserve, which is based primarily on historical data. Management determines the qualitative allowance each period based on judgment informed by consideration of internal and external risk factors and other considerations that may be deemed relevant during the period. Once determined in the aggregate, our qualitative allowance is then allocated to each of our loan classes based on the respective classes' quantitative allowance balances with the allocations adjusted, when necessary, for class specific risk factors.

For each risk factor, we calculate the minimum and maximum values, and percentiles in-between, to evaluate the distribution of our historical experience. The distribution of historical experience is compared to the risk factor's current quarter observed experience to assess the current risk inherent in the portfolio and overall direction/trend of a risk factor relative to our historical experience.

Based on this analysis, we assign a risk level - no impact, low, moderate, high and elevated - to each risk factor for the current quarter. Management assesses the impact of each risk factor to determine an aggregate risk level. We do not quantify the impact of any particular risk factor. Management's assessment of the risk factors, as well as the trend in the quantitative allowance, supports management's judgment for the overall required qualitative allowance. A smaller qualitative allowance may be required when our quantitative allowance has reflected incurred losses associated with the aggregate risk level. A greater qualitative allowance may be required if our quantitative allowance does not yet reflect the incurred losses associated with the aggregate risk level.

The allocation of the allowance for credit losses is inherently judgmental, and the entire allowance for credit losses is available to absorb credit losses regardless of the nature of the loss.

Premises and equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the owned asset and, for leasehold improvements, over the lesser of the remaining term of the leased facility or the estimated economic life of the improvement. For owned and capitalized assets, estimated useful lives range from 2 to 40 years. Maintenance and repairs are charged to expense as incurred, while major improvements are capitalized and amortized to operating expense over their identified useful lives.

Software

BNY Mellon capitalizes costs relating to acquired software and internal-use software development projects that provide new or significantly improved functionality. We capitalize projects that are expected to result in longer-term operational benefits, such as replacement systems or new applications that result in significantly increased operational efficiencies or functionality. All other costs incurred in connection with an internal-use software project are expensed as incurred. Capitalized software is recorded in other assets.

Identified intangible assets and goodwill

Identified intangible assets with estimable lives are amortized in a pattern consistent with the assets' identifiable cash flows or using a straight-line method over their remaining estimated benefit periods if the pattern of cash flows is not estimable. Intangible assets with estimable lives are reviewed for possible impairment when events or changed circumstances may affect the underlying basis of the asset. Goodwill and intangibles with indefinite lives are not amortized, but are assessed annually for impairment, or more often if events and circumstances indicate it is more likely than not they may be impaired. The accounting policy for valuing and impairment testing of identified intangible assets and goodwill has been identified as a "critical accounting estimate" as it requires us to make numerous complex and subjective estimates. See Note 6 of the Notes to Consolidated Financial Statements for additional disclosures related to goodwill and intangible assets.

Investments in qualified affordable housing projects

Investments in qualified affordable housing projects through a limited liability entity are accounted for utilizing the proportional amortization method. Under the proportional amortization method, the initial cost of the investment is amortized in proportion to the tax credits and other tax benefits received and the net investment performance is recognized in the income statement as a component of income tax expense. Additionally, the value of the commitments to fund qualified affordable housing projects is included in other assets on the balance sheet and a liability is recorded for the unfunded portion.

Seed capital

Seed capital investments are classified as other assets and carried at fair value. Unrealized gains and losses on seed capital investments are recorded in investment and other income.

Noncontrolling interests

Noncontrolling interests included in permanent equity are adjusted for the income or (loss) attributable to the noncontrolling interest holders and any distributions to those shareholders. Redeemable noncontrolling interests are reported as temporary equity. BNY Mellon recognizes changes in the redemption value of the redeemable noncontrolling interests as they occur and adjusts the carrying value to be equal to the redemption value.

Fee revenue

We record investment services fees, investment management fees, foreign exchange and other trading revenue, financing-related fees, distribution and servicing, and other revenue when the services are provided and earned based on contractual terms, when amounts are determined and collectability is reasonably assured.

Additionally, we recognize revenue from non-refundable, upfront implementation fees under outsourcing contracts using a straight-line method, commencing in the period the ongoing services are performed through the expected term of the contractual relationship. Incremental direct set-up costs of implementation, up to the related implementation fee or minimum fee revenue amount, are deferred and amortized over the same period that the related implementation fees are recognized. If a client terminates an outsourcing contract prematurely, the unamortized deferred incremental direct set-up costs and the unamortized deferred up-front implementation fees related to that contract are recognized in the period the contract is terminated.

Performance fees are recognized in the period in which the performance fees are earned and become determinable. Performance fees are generally calculated as a percentage of the applicable portfolio's performance in excess of a benchmark index or a peer group's performance. When a portfolio underperforms its benchmark or fails to generate positive performance, subsequent years' performance must generally exceed this shortfall prior to fees being earned. Amounts billable, which are subject to a clawback if future performance thresholds in current or future years are not met, are not recognized since the fees are potentially uncollectible. These fees are recognized when it is determined that they will be collected. When a multi-year performance contract provides that fees earned are billed ratably over the performance period, only the portion of the fees earned that are non-refundable are recognized.

Net interest revenue

Revenue on interest-earning assets and expense on interest-bearing liabilities is recognized based on the effective yield of the related financial instrument. Negative interest incurred on assets or charged on liabilities is presented as contra interest income and contra expense respectively.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the rate of exchange on the balance sheet date. Transaction gains and losses are included in the income statement. Translation gains and losses on investments in foreign entities with functional currencies that are not the U.S. dollar are recorded as foreign currency translation adjustments in OCI. Revenue and expense transactions are translated at the applicable daily rate or the weighted average monthly exchange rate when applying the daily rate is not practical.

Pension

The measurement date for BNY Mellon's pension plans is Dec. 31. Plan assets are determined based on fair value generally representing observable market prices. The projected benefit obligation is determined based on the present value of projected benefit distributions at an assumed discount rate. The discount rate utilized is based on the yield curves of high-quality corporate bonds available in the marketplace. The net periodic pension expense or credit includes service costs, interest costs based on an assumed discount rate, an expected return on plan assets based on an actuarially derived market-related value, amortization of prior service cost and amortization of prior years' actuarial gains and losses.

Actuarial gains and losses include gains or losses related to changes in the amount of the projected benefit obligation or plan assets resulting from demographic or investment experience different than assumed, changes in the discount rate or other assumptions. To the extent an actuarial gain or loss exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets, the excess is recognized over the future service periods of active employees. As a result of an amendment adopted on Jan. 29, 2015 to freeze benefit accruals under the U.S. pension plans effective June 30, 2015, future unrecognized actuarial gains and losses for the U.S. plans that exceed a threshold amount are amortized over the average future life expectancy of plan participants with a maximum of 15 years.

Our expected long-term rate of return on plan assets is based on anticipated returns for each applicable asset class. Anticipated returns are weighted for the expected allocation for each asset class and are based on forecasts for prospective returns in the equity and fixed income markets, which should track the long-term historical returns for these markets. We also consider the growth outlook for U.S. and global economies, as well as current and prospective interest rates.

The market-related value utilized to determine the expected return on plan assets is based on the fair value of plan assets adjusted for the difference between expected returns and actual performance of plan assets. The difference between actual experience and expected returns on plan assets is included as an adjustment in the market-related value over a five-year period.

BNY Mellon's accounting policy regarding pensions has been identified as a "critical accounting estimate" as it requires management to make numerous complex and subjective assumptions relating to amounts which are inherently uncertain. See Note 18 of the Notes to Consolidated Financial Statements for additional disclosures related to pensions.

Severance

BNY Mellon provides separation benefits for U.S.-based employees through The Bank of New York Mellon Corporation Supplemental Unemployment Benefit Plan. These benefits are provided to eligible employees separated from their jobs for business reasons not related to individual performance. Basic separation benefits are generally based on the employee's years of continuous benefited service. Severance for employees based outside of the U.S. is determined in accordance with local agreements and legal requirements. Severance expense is recorded when management commits to an action that will result in separation and the amount of the liability can be reasonably estimated.

Income taxes

We record current tax liabilities or assets through charges or credits to the current tax provision for the estimated taxes payable or refundable for the current year. Deferred tax assets and liabilities are recorded for future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A deferred tax valuation allowance is established if it is more likely than not that all or a portion of the deferred tax assets will not be realized. A tax position that fails to meet a more-likely-than-not recognition threshold will result in either reduction of current or deferred tax assets, and/or recording of current or deferred tax liabilities. Interest and penalties related to income taxes are recorded as income tax expense.

Derivative financial instruments

Derivative contracts, such as futures contracts, forwards, interest rate swaps, foreign currency swaps and options and similar products used in trading activities are recorded at fair value. Gains and losses are included in foreign exchange and other trading revenue in fee and other revenue. Unrealized gains are recognized as trading assets and unrealized losses are recognized as trading liabilities, after taking into consideration master netting agreements.

We enter into various derivative financial instruments for non-trading purposes primarily as part of our asset/liability management process. These derivatives are designated as either fair value or cash flow hedges of certain assets and liabilities when we enter into the derivative contracts. Gains and losses associated with fair value hedges are recorded in income as well as any change in the value of the related hedged item associated with the designated risks being hedged. Gains and losses on cash flow hedges are recorded in OCI, until reclassified into earnings in the same period the hedged item impacts earnings. Foreign currency transaction gains and losses related to a hedged net investment in a foreign operation, net of their tax effect, are recorded with cumulative foreign currency translation adjustments within OCI.

We formally document all relationships between hedging instruments and hedged items, as well as our risk-management objectives and strategy for undertaking various hedging transactions.

We formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective and whether those derivatives are expected to remain highly effective in future periods. At inception, the potential causes of ineffectiveness related to each of our hedges is assessed to determine if we can expect the hedge to be highly effective over the life of the transaction and to determine the method for evaluating effectiveness on an ongoing basis.

Recognizing that changes in the value of derivatives used for hedging or the value of hedged items could result in significant ineffectiveness, we have processes in place that are designed to identify and evaluate such changes when they occur. Quarterly, we perform a quantitative effectiveness assessment and record any ineffectiveness in current earnings.

We discontinue hedge accounting prospectively when we determine that a derivative is no longer an effective hedge, the derivative expires, is sold, or management discontinues the derivative's hedge designation. Subsequent gains and losses on these derivatives are included in foreign exchange and other trading revenue. For discontinued fair value hedges, the accumulated gain or loss on the hedged item is amortized on a yield basis over the remaining life of the hedged item. Accumulated gains and losses, net of tax effect, from discontinued cash flow hedges are reclassified from OCI and recognized in current earnings in foreign exchange and other trading revenue as the hedged item impacts earnings.

The accounting policy for the determination of the fair value of derivative financial instruments has been identified as a "critical accounting estimate" as it requires us to make numerous assumptions based on the available market data. See Note 23 of the Notes to Consolidated Financial Statements for additional disclosures related to derivative financial instruments.

Statement of cash flows

We have defined cash as cash and due from banks. Cash flows from hedging activities are classified in the same category as the items hedged.

Stock-based compensation

Compensation expense relating to all share-based payments is recognized in the income statement, on a straight-line basis, over the applicable vesting period.

Certain of our stock compensation grants vest when the employee retires. New grants with this feature are expensed by the first date the employee is eligible to retire.

Note 2 - Accounting changes and new accounting guidance

ASU - 2015-02 - Consolidation (Topic 810): Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU 2015-02 “Amendments to the Consolidation Analysis,” an amendment to ASC 810, Consolidation.

This ASU eliminated the indefinite deferral of ASU 2010-10 “Amendments for Certain Investment Funds” for asset management funds with characteristics of an investment company and also eliminated the presumption that a general partner should consolidate a limited partnership. Entities that comply with or operate in accordance with the requirements that are similar to those of Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds are excluded from the scope of the ASU. This ASU also changed the consolidation analysis, particularly when a reporting entity has fee arrangements that meet certain requirements and for related party relationships.

The ASU is effective Jan. 1, 2016, with early adoption permitted during an interim period in fiscal year 2015.

In the second quarter of 2015, we elected to early adopt the new accounting guidance retrospectively to Jan. 1, 2015. As a result we restated the first quarter 2015 financial statements. The adoption of this ASU did not change the economic risks related to our businesses and therefore, our computation of economic capital did not change.

Adoption of the ASU resulted in a net decrease in consolidated total assets on our balance sheet at Jan. 1, 2015 of $7.7 billion, a decrease of approximately 2%.

As of Dec. 31, 2015, we had $1.4 billion in assets included in our consolidated financial statements related to investment management funds (VIEs and VMEs) we are required to consolidate and presented as assets of consolidated investment management funds. Approximately $1.2 billion of these assets are classified as trading assets while the remainder is classified as other assets. The net assets of any consolidated investment management fund are solely available to settle the liabilities of the entity and to settle any investors’ ownership liquidation requests, including any seed capital invested by BNY Mellon.

Additionally, BNY Mellon had $189 million included in other assets in its consolidated financial statements for non-consolidated VIE assets as of Dec. 31, 2015 where we are not the primary beneficiary of the entity. These assets relate solely to seed capital or residual interests invested in the VIEs.

ASU - 2015-07 - Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the FASB issued an ASU, “Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).” An entity’s investments, where fair value is measured at net asset value (“NAV”) per share (or its equivalent) using the practical expedient, should not be categorized in the fair value hierarchy. The fair value will be included in aggregate to permit the reconciliation of the fair value with line items presented in the statement of financial position. The ASU is effective Jan. 1, 2016, with early adoption permitted during interim periods in fiscal year 2015. The Company adopted the ASU in the second quarter of 2015 and restated its disclosures for comparative periods in Note 20 “Fair value measurement” and Note 18 “Employee benefit plans.”

ASU - 2014-11 - Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures

In June 2014, the FASB issued an ASU, “Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures,” which amends the accounting guidance for “repo-to-maturity” transactions and repurchase agreements executed as repurchase financings. This ASU requires public entities to apply the accounting changes for the first interim or annual reporting period beginning after Dec. 15, 2014, and to comply with the enhanced disclosure requirements in the second quarter of 2015. The impact of adopting this ASU did not have a material impact on our results of operations. See Note 23 "Derivative instruments" for the related disclosure.

Note 3 - Acquisitions and dispositions

We sometimes structure our acquisitions with both an initial payment and later contingent payments tied to post-closing revenue or income growth. There were no contingent payments in 2015.

At Dec. 31, 2015, we are potentially obligated to pay additional consideration that could amount to $4 million over the next 3 months for our acquired companies, based on contractual agreements. The acquisitions and dispositions described below did not have a material impact on BNY Mellon's results of operations.

Acquisitions in 2015

On Jan. 2, 2015, BNY Mellon acquired Cutwater Asset Management, a U.S.-based fixed income and solutions specialist with approximately $23 billion in assets under management.

Dispositions in 2015

On July 31, 2015, BNY Mellon sold Meriten Investment Management GmbH, a German-based investment management boutique for $40 million. As a result of this sale, we recorded an after-tax loss of $12 million. In addition, goodwill of $22 million and customer relationship intangible assets of $9 million were removed from the balance sheet as a result of this sale.

Acquisitions in 2014

On May 1, 2014, BNY Mellon acquired the remaining 65% interest of HedgeMark International, LLC for $26 million. Since 2011, BNY Mellon held a 35% ownership stake in HedgeMark. Goodwill related to this acquisition totaled $47 million and is included in the Investment Services business. The customer relationship intangible asset related to this acquisition is included in our Investment Services business and totaled $1 million at acquisition.

Dispositions in 2014

On April 23, 2014, BNY Mellon sold the subsidiary that conducted corporate trust business in Mexico that was part of our Investment Services business, for $65 million. As a result of this sale, we recorded an after-tax gain of $4 million. In addition, goodwill of $8 million and customer relationship intangible assets of $1 million were removed from the balance sheet as a result of this sale.

Dispositions in 2013

On May 31, 2013, BNY Mellon sold SourceNet Solutions, our accounts payable outsourcing support services provider that was part of our Investment Services business, for $11 million. As a result of this sale, we recorded a pre-tax gain of $2 million and an after-tax gain of $10 million.

On Sept. 27, 2013, Newton Management Limited, together with Newton Investment Management Limited, an investment boutique of BNY Mellon, sold Newton's private client business, for $120 million. As a result of this sale, we recorded a pre-tax gain of $27 million and an after-tax gain of $5 million. In addition, goodwill of $69 million and customer relationship intangible assets of $7 million were removed from the balance sheet as a result of this sale.

Note 4 - Securities

The following tables present the amortized cost, the gross unrealized gains and losses and the fair value of securities at Dec. 31, 2015, 2014, and 2013.

Securities at Dec. 31, 2015 *(in millions)*	Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
Available-for-sale:				
U.S. Treasury	**$ 12,693**	**$ 175**	**$ 36**	**$ 12,832**
U.S. Government agencies	**386**	**2**	**1**	**387**
State and political subdivisions	**3,968**	**91**	**13**	**4,046**
Agency RMBS	**23,549**	**239**	**287**	**23,501**
Non-agency RMBS	**782**	**31**	**20**	**793**
Other RMBS	**1,072**	**10**	**21**	**1,061**
Commercial MBS	**1,400**	**8**	**16**	**1,392**
Agency commercial MBS	**4,031**	**24**	**35**	**4,020**
Asset-backed CLOs	**2,363**	**1**	**13**	**2,351**
Other asset-backed securities	**2,909**	**1**	**17**	**2,893**
Foreign covered bonds	**2,125**	**46**	**3**	**2,168**
Corporate bonds	**1,740**	**26**	**14**	**1,752**
Sovereign debt/sovereign guaranteed	**13,036**	**211**	**30**	**13,217**
Other debt securities	**2,732**	**46**	**3**	**2,775**
Equity securities	**3**	**1**	**—**	**4**
Money market funds	**886**	**—**	**—**	**886**
Non-agency RMBS *(a)*	**1,435**	**362**	**8**	**1,789**
Total securities available-for-sale *(b)*	**$ 75,110**	**$ 1,274**	**$ 517**	**$ 75,867**
Held-to-maturity:				
U.S. Treasury	**$ 11,326**	**$ 25**	**$ 51**	**$ 11,300**
U.S. Government agencies	**1,431**	**—**	**6**	**1,425**
State and political subdivisions	**20**	**—**	**1**	**19**
Agency RMBS	**26,036**	**134**	**205**	**25,965**
Non-agency RMBS	**118**	**5**	**2**	**121**
Other RMBS	**224**	**1**	**10**	**215**
Commercial MBS	**9**	**—**	**—**	**9**
Agency commercial MBS	**503**	**—**	**9**	**494**
Foreign covered bonds	**76**	**—**	**—**	**76**
Sovereign debt/sovereign guaranteed	**3,538**	**22**	**11**	**3,549**
Other debt securities	**31**	**—**	**—**	**31**
Total securities held-to-maturity	**$ 43,312**	**$ 187**	**$ 295**	**$ 43,204**
Total securities	**$ 118,422**	**$ 1,461**	**$ 812**	**$ 119,071**

(a) *Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.*
(b) *Includes gross unrealized gains of $84 million and gross unrealized losses of $248 million recorded in accumulated other comprehensive income related to investment securities that were transferred from available-for-sale to held-to-maturity. The unrealized gains and losses primarily are related to Agency RMBS and will be amortized into net interest revenue over the estimated lives of the securities.*

Securities at Dec. 31, 2014 *(in millions)*	Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
Available-for-sale:				
U.S. Treasury	$ 19,592	$ 420	$ 15	$ 19,997
U.S. Government agencies	342	3	2	343
State and political subdivisions	5,176	95	24	5,247
Agency RMBS	32,568	357	325	32,600
Non-agency RMBS	942	37	26	953
Other RMBS	1,551	25	25	1,551
Commercial MBS	1,927	39	7	1,959
Agency commercial MBS	3,105	36	9	3,132
Asset-backed CLOs	2,128	9	7	2,130
Other asset-backed securities	3,241	5	6	3,240
Foreign covered bonds	2,788	80	—	2,868
Corporate bonds	1,747	45	7	1,785
Sovereign debt/sovereign guaranteed	17,062	224	2	17,284
Other debt securities	2,162	7	—	2,169
Equity securities	94	1	—	95
Money market funds	763	—	—	763
Non-agency RMBS *(a)*	1,747	471	4	2,214
Total securities available-for-sale *(b)*	$ 96,935	$ 1,854	$ 459	$ 98,330
Held-to-maturity:				
U.S. Treasury	$ 5,047	$ 32	$ 16	$ 5,063
U.S. Government agencies	344	—	3	341
State and political subdivisions	24	1	1	24
Agency RMBS	14,006	200	44	14,162
Non-agency RMBS	153	9	2	160
Other RMBS	315	2	8	309
Commercial MBS	13	—	—	13
Sovereign debt/sovereign guaranteed	1,031	24	—	1,055
Total securities held-to-maturity	$ 20,933	$ 268	$ 74	$ 21,127
Total securities	$ 117,868	$ 2,122	$ 533	$ 119,457

(a) *Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.*
(b) *Includes gross unrealized gains of $60 million and gross unrealized losses of $282 million recorded in accumulated other comprehensive income related to investment securities that were transferred from available-for-sale to held-to-maturity. The unrealized gains and losses are primarily related to Agency RMBS and will be amortized into net interest revenue over the estimated lives of the securities.*

Securities at Dec. 31, 2013 (in millions)	Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
Available-for-sale:				
U.S. Treasury	$ 13,363	$ 94	$ 605	$ 12,852
U.S. Government agencies	937	16	5	948
State and political subdivisions	6,706	60	92	6,674
Agency RMBS	25,564	307	550	25,321
Non-agency RMBS	1,148	44	50	1,142
Other RMBS	2,299	43	57	2,285
Commercial MBS	2,324	60	27	2,357
Agency commercial MBS	1,822	1	34	1,789
Asset-backed CLOs	1,551	11	—	1,562
Other asset-backed securities	2,894	6	9	2,891
Foreign covered bonds	2,798	73	—	2,871
Corporate bonds	1,808	32	25	1,815
Other debt securities	1,793	4	—	1,797
Sovereign debt/sovereign guaranteed	11,284	87	18	11,353
Equity securities	18	1	—	19
Money market funds	938	—	—	938
Non-agency RMBS *(a)*	2,131	567	3	2,695
Total securities available-for-sale *(b)*	$ 79,378	$ 1,406	$ 1,475	$ 79,309
Held-to-maturity:				
U.S. Treasury	$ 3,324	$ 28	$ 84	$ 3,268
U.S. Government agencies	419	—	13	406
State and political subdivisions	44	—	—	44
Agency RMBS	14,568	20	236	14,352
Non-agency RMBS	186	10	3	193
Other RMBS	466	3	20	449
Commercial MBS	16	1	—	17
Sovereign debt/sovereign guaranteed	720	—	6	714
Total securities held-to-maturity	$ 19,743	$ 62	$ 362	$ 19,443
Total securities	$ 99,121	$ 1,468	$ 1,837	$ 98,752

(a) Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.
(b) Includes gross unrealized gains of $74 million and gross unrealized losses of $343 million recorded in accumulated other comprehensive income related to investment securities that were transferred from available-for-sale to held-to-maturity. The unrealized gains and losses are primarily related to Agency RMBS and will be amortized into net interest revenue over the estimated lives of the securities.

The following table presents the gross securities gains, losses and impairments.

Net securities gains (losses) (in millions)	**2015**	2014	2013
Realized gross gains	**$ 90**	$ 114	$ 186
Realized gross losses	**(2)**	(4)	(10)
Recognized gross impairments	**(5)**	(19)	(35)
Total net securities gains	**$ 83**	$ 91	$ 141

At Dec. 31, 2015, the book value and the fair value of UK sovereign debt of $4.7 billion and $4.8 billion respectively, exceeded 10% of BNY Mellon's shareholders' equity.

In 2015, Agency MBS, sovereign debt and U.S. Treasury securities with an aggregate amortized cost of $11.6 billion and fair value of $11.6 billion were transferred from available-for-sale securities to held-to-maturity securities. Additionally, in 2013, Agency RMBS securities with an amortized cost of $7.3 billion and fair value of $7.0 billion were transferred from available-for-sale securities to held-to-maturity securities. These actions, in addition to realizing gains on the sales of securities, is expected to mute the impact to our accumulated other comprehensive income in the event of a rise in interest rates.

Temporarily impaired securities

At Dec. 31, 2015, the unrealized losses on the investment securities portfolio were primarily attributable to an increase in interest rates from date of purchase, and for certain securities that were transferred from available-for-sale to held-to-maturity, an increase in interest rates through the date they were transferred. Specifically, $248 million of the unrealized losses at Dec. 31, 2015 and $282 million at Dec. 31, 2014 reflected in the available-for-sale sections of the tables below relate to certain securities (primarily Agency RMBS) that were transferred from available-for-sale to held-to-maturity. The unrealized losses will be amortized into net interest revenue over the estimated lives of the securities. The transfer created a new cost basis for the securities. As a result, if these securities have experienced unrealized losses since the date of transfer, the corresponding fair value and unrealized losses would be reflected in the held-to-maturity sections of the following tables. We do not intend to sell these securities and it is not more likely than not that we will have to sell these securities.

The following tables show the aggregate related fair value of investments with a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or more at Dec. 31, 2015, and Dec. 31, 2014.

Temporarily impaired securities at Dec. 31, 2015	Less than 12 months		12 months or more		Total	
(in millions)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
U.S. Treasury	$ 6,343	$ 36	$ —	$ —	$ 6,343	$ 36
U.S. Government agencies	148	1	10	—	158	1
State and political subdivisions	143	2	117	11	260	13
Agency RMBS	8,500	44	1,316	243	9,816	287
Non-agency RMBS	72	—	417	20	489	20
Other RMBS	2	—	298	21	300	21
Commercial MBS	567	9	224	7	791	16
Agency commercial MBS	2,551	31	172	4	2,723	35
Asset-backed CLOs	1,599	10	455	3	2,054	13
Other asset-backed securities	2,001	10	546	7	2,547	17
Corporate bonds	338	10	128	4	466	14
Sovereign debt/sovereign guaranteed	2,063	30	43	—	2,106	30
Non-agency RMBS *(a)*	45	1	52	7	97	8
Other debt securities	505	3	—	—	505	3
Foreign covered bonds	515	3	—	—	515	3
Total securities available-for-sale *(b)*	$ 25,392	$ 190	$ 3,778	$ 327	$ 29,170	$ 517
Held-to-maturity:						
U.S. Treasury	$ 9,121	$ 51	$ —	$ —	$ 9,121	$ 51
U.S. Government agencies	1,122	6	—	—	$ 1,122	6
State and political subdivisions	4	1	—	—	4	1
Agency RMBS	16,491	171	1,917	34	18,408	205
Non-agency RMBS	40	—	29	2	69	2
Other RMBS	9	—	166	10	175	10
Agency commercial MBS	494	9	—	—	494	9
Sovereign debt/sovereign guaranteed	2,161	11	—	—	2,161	11
Total securities held-to-maturity	$ 29,442	$ 249	$ 2,112	$ 46	$ 31,554	$ 295
Total temporarily impaired securities	$ 54,834	$ 439	$ 5,890	$ 373	$ 60,724	$ 812

(a) *Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.*

(b) *Includes gross unrealized losses for less than 12 months of $8 million and gross unrealized losses for 12 months or more of $240 million recorded in accumulated other comprehensive income related to investment securities that were transferred from available-for-sale to held-to-maturity. The unrealized losses primarily related to Agency RMBS and will be amortized into net interest revenue over the estimated lives of the securities.*

Temporarily impaired securities at Dec. 31, 2014	Less than 12 months		12 months or more		Total	
(in millions)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
U.S. Treasury	$ 6,049	$ 15	$ —	$ —	$ 6,049	$ 15
U.S. Government agencies	32	—	100	2	132	2
State and political subdivisions	410	18	393	6	803	24
Agency RMBS	3,385	13	5,016	312	8,401	325
Non-agency RMBS	143	1	382	25	525	26
Other RMBS	—	—	449	25	449	25
Commercial MBS	175	1	394	6	569	7
Agency commercial MBS	719	1	550	8	1,269	9
Asset-backed CLOs	1,376	7	—	—	1,376	7
Other asset-backed securities	1,078	2	539	4	1,617	6
Corporate bonds	51	—	230	7	281	7
Sovereign debt/sovereign guaranteed	2,175	2	—	—	2,175	2
Non-agency RMBS *(a)*	42	1	34	3	76	4
Total securities available-for-sale *(b)*	$ 15,635	$ 61	$ 8,087	$ 398	$ 23,722	$ 459
Held-to-maturity:						
U.S. Treasury	$ 1,066	$ 6	$ 1,559	$ 10	$ 2,625	$ 16
U.S. Government agencies	—	—	340	3	340	3
State and political subdivisions	5	1	—	—	5	1
Agency RMBS	551	3	3,808	41	4,359	44
Non-agency RMBS	40	—	33	2	73	2
Other RMBS	—	—	219	8	219	8
Total securities held-to-maturity	$ 1,662	$ 10	$ 5,959	$ 64	$ 7,621	$ 74
Total temporarily impaired securities	$ 17,297	$ 71	$ 14,046	$ 462	$ 31,343	$ 533

(a) *Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.*
(b) *Includes gross unrealized losses for 12 months or more of $282 million recorded in accumulated other comprehensive income related to investment securities that were transferred from available-for-sale to held-to-maturity. The unrealized losses primarily related to Agency RMBS and will be amortized into net interest revenue over the estimated lives of the securities.*

The following table shows the maturity distribution by carrying amount and yield (on a tax equivalent basis) of our investment securities portfolio at Dec. 31, 2015.

Maturity distribution and yield on investment securities at Dec. 31, 2015	U.S. Treasury		U.S. Government agencies		State and political subdivisions		Other bonds, notes and debentures		Mortgage/ asset-backed and equity securities		
(dollars in millions)	Amount	Yield *(a)*	Amount	Yield *(a)*	Amount	Yield *(a)*	Amount	Yield *(a)*	Amount	Yield *(a)*	Total
Securities available-for-sale:											
One year or less	$ 3,766	0.48%	$ 51	2.56%	$ 655	1.99%	$ 4,811	0.90%	$ —	—%	**$ 9,283**
Over 1 through 5 years	4,445	1.53	169	1.24	2,002	2.70	12,937	1.11	—	—	**19,553**
Over 5 through 10 years	1,217	2.09	167	2.45	1,189	3.98	1,963	1.33	—	—	**4,536**
Over 10 years	3,404	3.11	—	—	200	1.03	201	1.69	—	—	**3,805**
Mortgage-backed securities	—	—	—	—	—	—	—	—	32,556	2.65	**32,556**
Asset-backed securities	—	—	—	—	—	—	—	—	5,244	1.30	**5,244**
Equity securities *(b)*	—	—	—	—	—	—	—	—	890	—	**890**
Total	$ 12,832	1.69%	$ 387	1.94%	$ 4,046	2.88%	$ 19,912	1.09%	$ 38,690	2.41%	**$ 75,867**
Securities held-to-maturity:											
One year or less	$ 1,160	0.71%	$ —	—%	$ —	—%	$ 1,442	0.24%	$ —	—%	**$ 2,602**
Over 1 through 5 years	7,605	1.10	1,431	1.06	1	7.01	1,473	0.61	—	—	**10,510**
Over 5 through 10 years	2,561	2.06	—	—	4	6.80	730	0.71	—	—	**3,295**
Over 10 years	—	—	—	—	15	5.34	—	—	—	—	**15**
Mortgage-backed securities	—	—	—	—	—	—	—	—	26,890	2.73	**26,890**
Total	$ 11,326	1.28%	$ 1,431	1.06%	$ 20	5.75%	$ 3,645	0.48%	$ 26,890	2.73%	**$ 43,312**

(a) *Yields are based upon the amortized cost of securities.*
(b) *Includes money market funds.*

Other-than-temporary impairment

We routinely conduct periodic reviews of all securities to determine whether OTTI has occurred. Such reviews may incorporate the use of economic models. Various inputs to the economic models are used to determine if an unrealized loss on securities is other-than-temporary. For example, the most significant inputs related to non-agency RMBS are:

- Default rate - the number of mortgage loans expected to go into default over the life of the transaction, which is driven by the roll rate of loans in each performance bucket that will ultimately migrate to default; and
- Severity - the loss expected to be realized when a loan defaults.

To determine if an unrealized loss is other-than-temporary, we project total estimated defaults of the underlying assets (mortgages) and multiply that calculated amount by an estimate of realizable value upon sale of these assets in the marketplace (severity) in order to determine the projected collateral loss. In determining estimated default rate and severity assumptions, we review the performance of the underlying securities, industry studies, market forecasts, as well as our view of the economic outlook affecting collateral. We also evaluate the current credit enhancement underlying the bond to determine the impact on cash flows. If we determine that a given security will be subject to a write-down or loss, we record the expected credit loss as a charge to earnings.

The table below shows the projected weighted-average default rates and loss severities for the 2007, 2006 and late 2005 non-agency RMBS and the securities previously held in the Grantor Trust that we established in connection with the restructuring of our investment securities portfolio in 2009, at Dec. 31, 2015 and Dec. 31, 2014.

Projected weighted-average default rates and loss severities				
	Dec. 31, 2015		Dec. 31, 2014	
	Default rate	**Severity**	Default rate	Severity
Alt-A	**33%**	**57%**	38%	58%
Subprime	**52%**	**72%**	55%	74%
Prime	**18%**	**40%**	23%	42%

The following table provides net pre-tax securities gains (losses) by type.

Net securities gains (losses) *(in millions)*	**2015**	2014	2013
U.S. Treasury	**$ 45**	$ 25	$ 60
Non-agency RMBS	**7**	17	(1)
Commercial MBS	**5**	1	16
State and political subdivisions	**4**	13	13
European floating rate notes	**2**	1	8
Other	**20**	34	45
Total net securities gains	**$ 83**	$ 91	$ 141

The following tables reflect investment securities credit losses recorded in earnings. The beginning balance represents the credit loss component for which OTTI occurred on debt securities in prior periods. The additions represent the first time a debt security was credit impaired or when subsequent credit impairments have occurred. The deductions represent credit losses on securities that have been sold, are required to be sold, or for which it is our intention to sell.

Debt securities credit loss roll forward *(in millions)*	**2015**	2014
Beginning balance as of Jan. 1	**$ 93**	$ 119
Add: Initial OTTI credit losses	**—**	2
Subsequent OTTI credit losses	**5**	10
Less: Realized losses for securities sold	**7**	38
Ending balance as of Dec. 31	**$ 91**	$ 93

Pledged assets

At Dec. 31, 2015, BNY Mellon had pledged assets of $101 billion, including $84 billion pledged as collateral for potential borrowings at the Federal Reserve Discount Window. The components of the assets pledged at Dec. 31, 2015 included $88 billion of securities, $8 billion of loans, $3 billion of trading assets and $2 billion of interest-bearing deposits with banks.

If there has been no borrowing at the Federal Reserve Discount Window, the Federal Reserve generally allows banks to freely move assets in and out of their pledged assets account to sell or repledge the assets for other purposes. BNY Mellon regularly moves assets in and out of its pledged asset account at the Federal Reserve.

At Dec. 31, 2014, BNY Mellon had pledged assets of $99 billion, including $74 billion pledged as collateral for potential borrowing at the Federal Reserve Discount Window. The components of the assets pledged at Dec. 31, 2014 included $90 billion of securities, $6 billion of loans, $2 billion of trading assets and $1 billion of interest-bearing deposits with banks.

At Dec. 31, 2015 and Dec. 31, 2014, pledged assets included $7 billion and $9 billion, respectively, for which the recipients were permitted to sell or repledge the assets delivered.

We also obtain securities as collateral including receipts under resale agreements, securities borrowed, derivative contracts and custody agreements on terms which permit us to sell or repledge the securities to others. At Dec. 31, 2015 and Dec. 31, 2014, the market value of the securities received that can be sold or repledged was $52 billion and $47 billion, respectively. We routinely sell or repledge these securities through delivery to third parties. As of Dec. 31, 2015 and Dec. 31, 2014, the market value of securities collateral sold or repledged was $17 billion and $19 billion, respectively.

Restricted cash and securities

Cash and securities may also be segregated under federal and other regulations or requirements. At Dec. 31, 2015 and Dec. 31, 2014, cash segregated under federal and other regulations or requirements was $4 billion and $6 billion, respectively. Segregated cash is included in interest-bearing deposits with banks on the consolidated balance sheet. Securities segregated for these purposes were $1 billion at Dec. 31, 2015. There were no securities segregated for these purposes at Dec. 31, 2014. Segregated securities are included in trading assets on the consolidated balance sheet.

Note 5 - Loans and asset quality

Loans

The table below provides the details of our loan portfolio and industry concentrations of credit risk at Dec. 31, 2015 and 2014.

Loans	**Dec. 31,**	
(in millions)	**2015**	2014
Domestic:		
Financial institutions	**$ 6,640**	$ 5,603
Commercial	**2,115**	1,390
Wealth management loans and mortgages	**13,247**	11,095
Commercial real estate	**3,899**	2,524
Lease financings	**1,007**	1,282
Other residential mortgages	**1,055**	1,222
Overdrafts	**911**	1,348
Other	**1,137**	1,113
Margin loans	**19,340**	20,034
Total domestic	**49,351**	45,611
Foreign:		
Financial institutions	**9,259**	7,716
Commercial	**227**	252
Wealth management loans and mortgages	**100**	89
Commercial real estate	**46**	6
Lease financings	**850**	889
Other (primarily overdrafts)	**3,637**	4,569
Margin loans	**233**	—
Total foreign	**14,352**	13,521
Total loans *(a)*	**$ 63,703**	$ 59,132

(a) Net of unearned income of $674 million at Dec. 31, 2015 and $866 million at Dec. 31, 2014 primarily on domestic and foreign lease financings.

Our loan portfolio consists of three portfolio segments: commercial, lease financings and mortgages. We manage our portfolio at the class level which consists of six classes of financing receivables: commercial, commercial real estate, financial institutions, lease financings, wealth management loans and mortgages and other residential mortgages.

The following tables are presented for each class of financing receivable, and provide additional information about our credit risks and the adequacy of our allowance for credit losses.

Allowance for credit losses

Transactions in the allowance for credit losses are summarized as follows:

Allowance for credit losses activity for the year ended Dec. 31, 2015 *(in millions)*	Commercial	Commercial real estate	Financial institutions	Lease financings	Wealth management loans and mortgages	Other residential mortgages	All Other	Foreign	Total
Beginning balance	$ 60	$ 50	$ 31	$ 32	$ 22	$ 41	$ —	$ 44	$ 280
Charge-offs	—	—	(170)	—	—	(2)	—	—	(172)
Recoveries	—	—	1	—	—	6	—	—	7
Net (charge-offs) recoveries	—	—	(169)	—	—	4	—	—	(165)
Provision	22	9	169	(17)	(3)	(11)	—	(9)	160
Ending balance	**$ 82**	**$ 59**	**$ 31**	**$ 15**	**$ 19**	**$ 34**	$ —	$ 35	$ 275
Allowance for:									
Loan losses	$ 24	$ 37	$ 9	$ 15	$ 15	$ 34	$ —	$ 23	$ 157
Lending-related commitments	58	22	22	—	4	—	—	12	118
Individually evaluated for impairment:									
Loan balance	$ —	$ 1	$ 171	$ —	$ 8	$ —	$ —	$ —	$ 180
Allowance for loan losses	—	1	—	—	1	—	—	—	2
Collectively evaluated for impairment:									
Loan balance	$ 2,115	$ 3,496	$ 6,469	$ 1,007	$ 13,239	$ 1,035	$ 21,388 *(a)*	$ 14,352	$ 63,101
Allowance for loan losses	24	36	9	15	14	34	—	23	155

(a) Includes $911 million of domestic overdrafts, $19,340 million of margin loans and $1,137 million of other loans at Dec. 31, 2015.

Allowance for credit losses activity for the year ended Dec. 31, 2014 *(in millions)*	Commercial	Commercial real estate	Financial institutions	Lease financings	Wealth management loans and mortgages	Other residential mortgages	All Other	Foreign	Total
Beginning balance	$ 83	$ 41	$ 49	$ 37	$ 24	$ 54	$ —	$ 56	$ 344
Charge-offs	(12)	(2)	—	—	(1)	(2)	—	(3)	(20)
Recoveries	1	—	1	—	—	2	—	—	4
Net (charge-offs) recoveries	(11)	(2)	1	—	(1)	—	—	(3)	(16)
Provision	(12)	11	(19)	(5)	(1)	(13)	—	(9)	(48)
Ending balance	$ 60	$ 50	$ 31	$ 32	$ 22	$ 41	$ —	$ 44	$ 280
Allowance for:									
Loan losses	$ 17	$ 32	$ 17	$ 32	$ 17	$ 41	$ —	$ 35	$ 191
Lending-related commitments	43	18	14	—	5	—	—	9	89
Individually evaluated for impairment:									
Loan balance	$ —	$ —	$ —	$ —	$ 8	$ —	$ —	$ —	$ 8
Allowance for loan losses	—	—	—	—	1	—	—	—	1
Collectively evaluated for impairment:									
Loan balance	$ 1,390	$ 2,503	$ 5,603	$ 1,282	$ 11,087	$ 1,222	$ 22,495 *(a)*	$ 13,521	$ 59,103
Allowance for loan losses	17	32	17	32	16	41	—	35	190

(a) Includes $1,348 million of domestic overdrafts, $20,034 million of margin loans and $1,113 million of other loans at Dec. 31, 2014.

Allowance for credit losses activity for the year ended Dec. 31, 2013 *(in millions)*	Commercial	Commercial real estate	Financial institutions	Lease financings	Wealth management loans and mortgages	Other residential mortgages	All Other	Foreign	Total
Beginning balance	$ 104	$ 30	$ 36	$ 49	$ 30	$ 88	$ 2	$ 48	$ 387
Charge-offs	(4)	(1)	—	—	(1)	(8)	—	(3)	(17)
Recoveries	1	—	4	—	—	4	—	—	9
Net (charge-offs)	(3)	(1)	4	—	(1)	(4)	—	(3)	(8)
Provision	(18)	12	9	(12)	(5)	(30)	(2)	11	(35)
Ending balance	$ 83	$ 41	$ 49	$ 37	$ 24	$ 54	$ —	$ 56	$ 344
Allowance for:									
Loan losses	$ 21	$ 21	$ 10	$ 37	$ 19	$ 54	$ —	$ 48	$ 210
Lending-related commitments	62	20	39	—	5	—	—	8	134
Individually evaluated for impairment:									
Loan balance	$ 15	$ 3	$ —	$ —	$ 12	$ —	$ —	$ 6	$ 36
Allowance for loan losses	2	1	—	—	3	—	—	1	7
Collectively evaluated for impairment:									
Loan balance	$ 1,519	$ 1,998	$ 4,511	$ 1,322	$ 9,731	$ 1,385	$ 17,734 *(a)*	$ 13,421	$ 51,621
Allowance for loan losses	19	20	10	37	16	54	—	47	203

(a) Includes $1,314 million of domestic overdrafts, $15,652 million of margin loans and $768 million of other loans at Dec. 31, 2013.

Nonperforming assets

The table below presents the distribution of our nonperforming assets.

Nonperforming assets *(in millions)*	**Dec. 31, 2015**	Dec. 31, 2014
Nonperforming loans:		
Financial institutions	**$ 171**	$ —
Other residential mortgages	**102**	112
Wealth management loans and mortgages	**11**	12
Commercial real estate	**2**	1
Total nonperforming loans	**286**	125
Other assets owned	**6**	3
Total nonperforming assets *(a)*	**$ 292**	$ 128

(a) Loans of consolidated investment management funds are not part of BNY Mellon's loan portfolio. Included in the loans of consolidated investment management funds are nonperforming loans of $53 million at Dec. 31, 2014. These loans are recorded at fair value and therefore do not impact the provision for credit losses and allowance for loan losses, and accordingly are excluded from the nonperforming assets table above. In the second quarter of 2015, BNY Mellon adopted the new accounting guidance included in ASU 2015-02, Consolidations. As a result, we deconsolidated substantially all of the loans of consolidated investment management funds retrospectively to Jan. 1, 2015.

At Dec. 31, 2015, undrawn commitments to borrowers whose loans were classified as nonaccrual or reduced rate were not material.

Lost interest

The table below presents the amount of lost interest income.

Lost interest *(in millions)*	**2015**	2014	2013
Amount by which interest income recognized on nonperforming loans exceeded reversals			
Total	**$ —**	$ 1	$ 2
Foreign	**—**	—	—
Amount by which interest income would have increased if nonperforming loans at year-end had been performing for the entire year			
Total	**$ 6**	$ 7	$ 9
Foreign	**—**	—	—

Impaired loans

The tables below provide information about our impaired loans. We use the discounted cash flow method as the primary method for valuing impaired loans.

Impaired loans	**2015**		2014		2013	
(in millions)	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized
Impaired loans with an allowance:						
Commercial	**$ —**	**$ —**	$ 11	$ —	$ 37	$ 1
Commercial real estate	**1**	**—**	2	—	5	—
Financial institutions	**—**	**—**	—	—	1	—
Wealth management loans and mortgages	**6**	**—**	8	—	17	—
Foreign	**—**	**—**	3	—	8	—
Total impaired loans with an allowance	**7**	**—**	24	—	68	1
Impaired loans without an allowance*:*						
Commercial	**—**	**—**	—	—	2	—
Commercial real estate	**—**	**—**	1	—	6	—
Financial institutions	**—**	**—**	—	—	1	—
Wealth management loans and mortgages	**2**	**—**	2	—	3	—
Total impaired loans without an allowance *(a)*	**2**	**—**	3	—	12	—
Total impaired loans	**$ 9**	**$ —**	$ 27	$ —	$ 80	$ 1

(a) *When the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan, then the loan does not require an allowance under the accounting standard related to impaired loans.*

Impaired loans	**Dec. 31, 2015**			Dec. 31, 2014		
(in millions)	Recorded investment	Unpaid principal balance	Related allowance *(a)*	Recorded investment	Unpaid principal balance	Related allowance *(a)*
Impaired loans with an allowance:						
Wealth management loans and mortgages	**$ 6**	**$ 7**	**$ 1**	$ 6	$ 6	$ 1
Commercial real estate	**1**	**3**	**1**	—	—	—
Total impaired loans with an allowance	**7**	**10**	**2**	6	6	1
Impaired loans without an allowance*:*						
Financial institutions	**171**	**312**	**N/A**	—	—	N/A
Wealth management loans and mortgages	**2**	**2**	**N/A**	2	2	N/A
Commercial real estate	**—**	**—**	**N/A**	1	3	N/A
Total impaired loans without an allowance *(b)*	**173**	**314**	**N/A**	3	5	N/A
Total impaired loans *(c)*	**$ 180**	**$ 324**	**$ 2**	$ 9	$ 11	$ 1

(a) *The allowance for impaired loans is included in the allowance for loan losses.*
(b) *When the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan, then the loan does not require an allowance under the accounting standard related to impaired loans.*
(c) *Excludes an aggregate of $2 million and less than $1 million of impaired loans in amounts individually less than $1 million at Dec. 31, 2015 and Dec. 31, 2014, respectively. The allowance for loan loss associated with these loans totaled less than $1 million at both Dec. 31, 2015 and Dec. 31, 2014.*

Past due loans

The table below sets forth information about our past due loans.

Past due loans and still accruing interest	**Dec. 31, 2015**				Dec. 31, 2014			
	Days past due			Total	Days past due			Total
(in millions)	30-59	60-89	>90	past due	30-59	60-89	>90	past due
Commercial real estate	**$ 57**	**$ 11**	**$ —**	**$ 68**	$ 79	$ —	$ —	$ 79
Wealth management loans and mortgages	**69**	**2**	**1**	**72**	45	—	1	46
Other residential mortgages	**22**	**5**	**4**	**31**	23	3	5	31
Total past due loans	**$ 148**	**$ 18**	**$ 5**	**$ 171**	$ 147	$ 3	$ 6	$ 156

Troubled debt restructurings ("TDRs")

A modified loan is considered a TDR if the debtor is experiencing financial difficulties and the creditor grants a concession to the debtor that would not otherwise be considered. A TDR may include a transfer of real estate or other assets from the debtor to the creditor, or a modification of the term of the loan. Not all modified loans are considered TDRs.

The following table presents TDRs that occurred in 2015 and 2014.

TDRs	**2015**			2014		
		Outstanding recorded investment			Outstanding recorded investment	
(dollars in millions)	Number of contracts	Pre-modification	Post-modification	Number of contracts	Pre-modification	Post-modification
Other residential mortgages	**68**	**$ 13**	**$ 16**	108	$ 17	$ 20
Wealth management loans and mortgages	**4**	**—**	**—**	1	—	—
Foreign	**—**	**—**	**—**	1	5	4
Total TDRs	**72**	**$ 13**	**$ 16**	110	$ 22	$ 24

Other residential mortgages

The modifications of the other residential mortgage loans in 2015 and 2014 consisted of reducing the stated interest rates and in certain cases, a forbearance of default and extending the maturity dates. The modified loans are primarily collateral dependent for which the value is based on the fair value of the collateral.

TDRs that subsequently defaulted

There were two residential mortgage loans that had been restructured in a TDR during the previous 12 months and have subsequently defaulted in 2015. The total recorded investment of these loans was less than $1 million.

Credit quality indicators

Our credit strategy is to focus on investment grade names to support cross-selling opportunities. Each customer is assigned an internal credit rating which is mapped to an external rating agency grade equivalent, if possible, based upon a number of dimensions which are continually evaluated and may change over time.

The following tables set forth information about credit quality indicators.

Commercial loan portfolio

Commercial loan portfolio – Credit risk profile by creditworthiness category

	Commercial		Commercial real estate		Financial institutions	
(in millions)	**Dec. 31, 2015**	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014
Investment grade	**$ 2,026**	$ 1,381	**$ 2,678**	$ 1,641	**$ 13,965**	$ 11,576
Non-investment grade	**316**	261	**1,267**	889	**1,934**	1,743
Total	**$ 2,342**	$ 1,642	**$ 3,945**	$ 2,530	**$ 15,899**	$ 13,319

The commercial loan portfolio is divided into investment grade and non-investment grade categories based on rating criteria largely consistent with those of the public rating agencies. Each customer in the portfolio is assigned an internal credit rating. These internal credit ratings are generally consistent with the ratings categories of the public rating agencies. Customers with ratings consistent with BBB- (S&P)/Baa3 (Moody's) or better are considered to be investment grade. Those clients with ratings lower than this threshold are considered to be non-investment grade.

Wealth management loans and mortgages

Wealth management loans and mortgages – Credit risk profile by internally assigned grade

(in millions)	**Dec. 31, 2015**	Dec. 31, 2014
Wealth management loans:		
Investment grade	**$ 6,529**	$ 5,621
Non-investment grade	**171**	29
Wealth management mortgages	**6,647**	5,534
Total	**$ 13,347**	$ 11,184

Wealth management non-mortgage loans are not typically rated by external rating agencies. A majority of the wealth management loans are secured by the customers' investment management accounts or custody accounts. Eligible assets pledged for these loans are typically investment grade, fixed-income securities, equities and/or mutual funds. Internal ratings for this portion of the wealth management portfolio, therefore, would equate to investment grade external ratings. Wealth management loans are provided to select customers based on the pledge of other types of assets, including business assets, fixed assets or a modest amount of commercial real estate. For the loans collateralized by other assets, the credit quality of the obligor is carefully analyzed, but we do not consider this portfolio of loans to be investment grade.

Credit quality indicators for wealth management mortgages are not correlated to external ratings. Wealth management mortgages are typically loans to high-net-worth individuals, which are secured primarily by residential property. These loans are primarily interest-only adjustable rate mortgages with a weighted-average loan-to-value ratio of 61% at origination. In the wealth management portfolio, less than 1% of the mortgages were past due at Dec. 31, 2015.

At Dec. 31, 2015, the wealth management mortgage portfolio consisted of the following geographic concentrations: California - 23%; New York - 21%; Massachusetts - 13%; Florida - 8%; and other - 35%.

Other residential mortgages

The other residential mortgage portfolio primarily consists of 1-4 family residential mortgage loans and totaled $1,055 million at Dec. 31, 2015 and $1,222 million at Dec. 31, 2014. These loans are not typically correlated to external ratings. Included in this portfolio at Dec. 31, 2015 are $283 million of mortgage loans purchased in 2005, 2006 and the first quarter of 2007 that are predominantly prime mortgage loans, with a small portion of Alt-A loans. As of Dec. 31, 2015, the purchased loans in this portfolio had a weighted-average loan-to-value ratio of 76% at origination and 16% of the serviced loan balance was at least 60 days delinquent. The properties securing the prime and Alt-A mortgage loans were located (in order of concentration) in California, Florida, Virginia, the tri-state area (New York, New Jersey and Connecticut) and Maryland.

Overdrafts

Overdrafts primarily relate to custody and securities clearance clients and totaled $4,483 million at Dec. 31, 2015 and $5,882 million at Dec. 31, 2014. Overdrafts occur on a daily basis in the custody and securities clearance business and are generally repaid within two business days.

Other loans

Other loans primarily include loans to consumers that are fully collateralized with equities, mutual funds and fixed income securities.

Margin loans

We had $19,573 million of secured margin loans on our balance sheet at Dec. 31, 2015 compared with $20,034 million at Dec. 31, 2014. Margin loans are collateralized with marketable securities and borrowers are required to maintain a daily collateral margin in excess of 100% of the value of the loan. We have rarely suffered a loss on these types of loans and do not allocate any of our allowance for credit losses to margin loans.

Reverse repurchase agreements

Reverse repurchase agreements are transactions fully collateralized with high-quality liquid securities. These transactions carry minimal credit risk and therefore are not allocated an allowance for credit losses.

Note 6 - Goodwill and intangible assets

Impairment testing

BNY Mellon’s three business segments include seven reporting units for which goodwill impairment testing is performed on an annual basis. The Investment Management segment consists of two reporting units. The Investment Services segment consists of four reporting units. One reporting unit is included in the Other segment.

The goodwill impairment test is performed in two steps. The first step compares the estimated fair value of the reporting unit with the carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit were to exceed its estimated fair value, a second step would be performed that would compare the implied fair value of the reporting unit’s goodwill with the carrying amount of that goodwill. An impairment loss would be recorded to the extent that the carrying amount of goodwill exceeds its implied fair value.

BNY Mellon conducted an annual goodwill impairment test on a quantitative basis on all seven reporting units in the second quarter of 2015. The estimated fair value of the Company’s seven reporting units exceeded the carrying value and no goodwill impairment was recognized.

Intangible assets not subject to amortization are tested annually for impairment or more often if events or circumstances indicate they may be impaired.

Goodwill

Total goodwill decreased in 2015 compared with 2014 primarily reflecting the impact of foreign exchange translation on non-U.S. dollar denominated goodwill. The tables below provide a breakdown of goodwill by business.

Goodwill by business *(in millions)*	Investment Management *(a)*	Investment Services	Other *(a)*	Consolidated
Balance at Dec. 31, 2013	$ 9,446	$ 8,550	$ 77	$ 18,073
Acquisition/dispositions	—	39	—	39
Foreign currency translation	(118)	(124)	(3)	(245)
Other *(b)*	—	2	—	2
Balance at Dec. 31, 2014	$ 9,328	$ 8,467	$ 74	$ 17,869
Acquisitions/dispositions	10	—	(22)	(12)
Foreign currency translation	(128)	(105)	(3)	(236)
Other *(b)*	(3)	—	—	(3)
Balance at Dec. 31, 2015	**$ 9,207**	**$ 8,362**	**$ 49**	**$ 17,618**

(a) Includes the reclassification of goodwill associated with Meriten from Investment Management to the Other segment.
(b) Other changes in goodwill include purchase price adjustments and certain other reclassifications.

Intangible assets

Intangible assets decreased in 2015 compared with 2014 primarily reflecting amortization. Amortization of intangible assets was $261 million in 2015, $298 million in 2014 and $342 million in 2013. In 2013, we recorded an $8 million impairment charge related to the write-down of the value of a customer contract intangible in the Investment Services business to its fair value. The tables below provide a breakdown of intangible assets by business.

Intangible assets – net carrying amount by business *(in millions)*	Investment Management *(a)*	Investment Services	Other *(a)*	Consolidated
Balance at Dec. 31, 2013	$ 2,047	$ 1,538	$ 867	$ 4,452
Amortization	(118)	(175)	(5)	(298)
Foreign currency translation	(18)	(8)	(1)	(27)
Balance at Dec. 31, 2014	$ 1,911	$ 1,355	$ 861	$ 4,127
Acquisitions/dispositions	9	—	(9)	—
Amortization	(97)	(162)	(2)	(261)
Foreign currency translation	(16)	(7)	(1)	(24)
Balance at Dec. 31, 2015	**$ 1,807**	**$ 1,186**	**$ 849**	**$ 3,842**

(a) Includes the reclassification of intangible assets associated with Meriten from Investment Management to the Other segment.

The table below provides a breakdown of intangible assets by type.

Intangible assets	**Dec. 31, 2015**				Dec. 31, 2014		
(in millions)	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**	**Remaining weighted-average amortization period**	Gross carrying amount	Accumulated amortization	Net carrying amount
Subject to amortization:							
Customer relationships—Investment Management	**$ 1,709**	**$ (1,351)**	**$ 358**	**11 years**	$ 1,945	$ (1,481)	$ 464
Customer contracts—Investment Services	**2,313**	**(1,503)**	**810**	**10 years**	2,328	(1,354)	974
Other	**75**	**(66)**	**9**	**3 years**	81	(67)	14
Total subject to amortization	**4,097**	**(2,920)**	**1,177**	**10 years**	4,354	(2,902)	1,452
Not subject to amortization: *(a)*							
Trade name	**1,358**	**N/A**	**1,358**	**N/A**	1,360	N/A	1,360
Customer relationships	**1,307**	**N/A**	**1,307**	**N/A**	1,315	N/A	1,315
Total not subject to amortization	**2,665**	**N/A**	**2,665**	**N/A**	2,675	N/A	2,675
Total intangible assets	**$ 6,762**	**$ (2,920)**	**$ 3,842**	**N/A**	$ 7,029	$ (2,902)	$ 4,127

(a) Intangible assets not subject to amortization have an indefinite life.

Estimated annual amortization expense for current intangibles for the next five years is as follows:

For the year ended Dec. 31,	Estimated amortization expense *(in millions)*
2016	**$ 238**
2017	**214**
2018	**180**
2019	**108**
2020	**97**

Note 7 - Other assets

Other assets *(in millions)*	Dec. 31, **2015**	2014
Corporate/bank owned life insurance	**$ 4,704**	$ 4,598
Accounts receivable	**3,535**	4,166
Equity in joint venture and other investments *(a)*	**3,329**	3,287
Income taxes receivable	**1,554**	2,142
Fails to deliver	**1,494**	1,351
Software	**1,355**	1,332
Prepaid pension assets	**727**	708
Fair value of hedging derivatives	**716**	851
Prepaid expenses	**464**	451
Due from customers on acceptances	**258**	247
Other	**1,490**	1,357
Total other assets	**$ 19,626**	$ 20,490

(a) Includes Federal Reserve Bank stock of $453 million and $447 million, respectively, at cost.

Certain seed capital and private equity investments valued using net asset value per share

In our Investment Management business, we manage investment assets, including equities, fixed income, money market and alternative investment funds for institutions and other investors. As part of that activity we make seed capital investments in certain funds. BNY Mellon also holds private equity investments, which consist of investments in private equity funds, mezzanine financings, SBICs and direct equity investments. Seed capital and private equity investments are included in other assets.

The fair value of certain of these investments has been estimated using the net asset value ("NAV") per share of BNY Mellon's ownership interest in the funds. The table below presents information about BNY Mellon's investments in seed capital and private equity investments that have been valued using NAV.

Seed capital and private equity investments valued using NAV

	Dec. 31, 2015				Dec. 31, 2014			
(dollar amounts in millions)	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Seed capital and other funds *(a)*	$ 83	$ 1	Daily-quarterly	1-180 days	$ 307	$ —	Daily-quarterly	0-180 days
Private equity investments *(b)(c)*	34	58	N/A	N/A	35	45	N/A	N/A
Total	**$ 117**	**$ 59**			$ 342	$ 45		

(a) Other funds include various leveraged loans, structured credit funds and hedge funds. Redemption notice periods vary by fund.
(b) Private equity funds primarily include numerous venture capital funds that invest in various sectors of the economy. Private equity funds do not have redemption rights. Distributions from such funds will be received as the underlying investments in the funds are liquidated.
(c) Includes investments and unfunded commitments related to SBICs, which are compliant with the Volcker Rule, of $34 million and $58 million, respectively, at Dec. 31, 2015 and $18 million and $45 million, respectively, at Dec. 31, 2014.
N/A - Not applicable.

Qualified affordable housing project investments

We invest in affordable housing projects primarily to satisfy the Company's requirements under the Community Reinvestment Act. Our total investment in qualified affordable housing projects totaled $918 million at Dec. 31, 2015 and $853 million at Dec. 31, 2014. Commitments to fund future investments in qualified affordable housing projects totaled $393 million at Dec. 31, 2015 and $358 million at Dec. 31, 2014. A summary of the commitments to fund future investments is as follows: 2016—$221 million; 2017—$53 million; 2018—$100 million; 2019—$2 million; 2020—$5 million and 2021 and thereafter—$12 million.

Tax credits and other tax benefits recognized were $130 million in 2015, $128 million in 2014, and $118 million in 2013.

Amortization expense included in the provision for income taxes was $99 million in 2015, $96 million in the 2014, and $88 million in 2013.

Note 8 - Deposits

Total time deposits in denominations of $100,000 or greater was $72.2 billion at Dec. 31, 2015, and $46.5 billion at Dec. 31, 2014. At Dec. 31, 2015, the scheduled maturities of all time deposits are as follows: 2016 – $73.1 billion; 2017 – $2 million; 2018 – $2 million; 2019 – $- million; 2020 – $- million; and 2021 and thereafter – $1 million.

Note 9 - Net interest revenue

The following table provides the components of net interest revenue presented on the consolidated income statement.

Net interest revenue *(in millions)*	**2015**	2014	2013
Interest revenue			
Non-margin loans	**$ 727**	$ 697	$ 674
Margin loans	**207**	182	160
Securities:			
Taxable	**1,813**	1,603	1,782
Exempt from federal income taxes	**82**	100	103
Total securities	**1,895**	1,703	1,885
Deposits with banks	**104**	238	279
Deposits with the Federal Reserve and other central banks	**170**	207	150
Federal funds sold and securities purchased under resale agreements	**147**	86	47
Trading assets	**76**	121	157
Total interest revenue	**3,326**	3,234	3,352
Interest expense			
Deposits in domestic offices	**30**	29	35
Deposits in foreign offices	**7**	54	70
Federal funds purchased and securities sold under repurchase agreements	**(6)**	(13)	(16)
Trading liabilities	**9**	25	38
Other borrowed funds	**9**	6	7
Commercial paper	**2**	2	—
Customer payables	**7**	9	8
Long-term debt	**242**	242	201
Total interest expense	**300**	354	343
Net interest revenue	**$ 3,026**	$ 2,880	$ 3,009

Note 10 - Noninterest expense

The following table provides a breakdown of noninterest expense presented on the consolidated income statement.

Noninterest expense *(in millions)*	**2015**	2014	2013
Staff:			
Compensation	**$ 3,580**	$ 3,630	$ 3,620
Incentives	**1,415**	1,331	1,384
Employee benefits	**842**	884	1,015
Total staff	**5,837**	5,845	6,019
Professional, legal and other purchased services	**1,230**	1,339	1,252
Software	**627**	620	596
Net occupancy	**600**	610	629
Distribution and servicing	**381**	428	435
Furniture and equipment	**280**	322	337
Sub-custodian	**270**	286	280
Business development	**267**	268	317
Clearing	**150**	129	130
Communications	**103**	119	131
Other	**708**	783	768
Amortization of intangible assets	**261**	298	342
Litigation	**87**	953	24
Merger and integration and restructuring charges	**(2)**	177	46
Total noninterest expense	**$ 10,799**	$ 12,177	$ 11,306

Note 11 - Restructuring charges

Aggregate restructuring charges are included in M&I, litigation and restructuring charges on the income statement. Restructuring charges recorded in 2014 related to corporate-level initiatives and were therefore recorded in the Other segment. In the fourth quarter of 2013, restructuring charges were recorded in the businesses. Prior to the fourth quarter of 2013, restructuring charges were reported in the Other segment. Severance payments are primarily paid over the salary continuance period in accordance with the separation plan. We recorded net restructuring recoveries of $2 million in 2015, net charges of $177 million in 2014 and net charges of $45 million in 2013.

Streamlining actions

In 2014, we disclosed streamlining actions which included rationalizing our staff and simplifying and automating global processes primarily related to actions taken across investment services, technology, and operations. The initial restructuring charge consisted of $125 million of severance costs. We recorded total restructuring charges of $16 million in 2015 primarily related to severance. The following table presents the activity in the reserve through Dec. 31, 2015.

Streamlining actions 2014 – restructuring reserve activity		
(in millions)		Total
Original restructuring charge	$	125
Net additional charges		59
Utilization		(92)
Balance at Dec. 31, 2014		92
Net additional charges		16
Utilization		(79)
Balance at Dec. 31, 2015	**$**	**29**

The table below presents the restructuring charge if it had been allocated by business.

Streamlining actions 2014 – restructuring charge by business				
(in millions)		**2015**	2014	Total charges since inception
Investment Management	**$**	**12**	$ 23	$ 35
Investment Services		**2**	83	85
Other segment (including Business Partners)		**2**	78	80
Total restructuring charge	**$**	**16**	$ 184	$ 200

Operational Excellence Initiatives

In 2011, we announced our Operational Excellence Initiatives which include an expense reduction initiative impacting approximately 1,500 positions, as well as additional initiatives to transform operations, technology and corporate services that will increase productivity and reduce the growth rate of expenses. We recorded a pre-tax restructuring charge of $107 million related to the Operational Excellence Initiatives in 2011. This charge consisted of $78 million of severance costs and $29 million primarily for operating lease-related items and consulting costs. We recorded a $9 million net recovery in 2015 related to this program. The following table presents the activity in the restructuring reserve related to the Operational Excellence Initiatives through Dec. 31, 2015.

Operational Excellence Initiatives 2011 – restructuring reserve activity				
(in millions)		Severance	Other	Total
Original restructuring charge	$	78	$ 29	$ 107
Net additional charges (net recovery/gain)		100	(57)	43
Utilization		(98)	28	(70)
Balance at Dec. 31, 2013		80	—	80
Net additional (recovery)		(7)	—	(7)
Utilization		(45)	—	(45)
Balance at Dec. 31, 2014		28	—	28
Net additional (recovery)		(9)	—	(9)
Utilization		(10)	—	(10)
Balance at Dec. 31, 2015	**$**	**9**	**$ —**	**$ 9**

The table below presents the restructuring charge if it had been allocated by business.

Operational Excellence Initiatives 2011 – restructuring charge (recovery) by business					
(in millions)		**2015**	2014	2013	Total charges since inception
Investment Management	**$**	**(2)**	$ (1)	$ 4	$ 49
Investment Services		**(2)**	(1)	25	82
Other segment (including Business Partners)		**(5)**	(5)	16	3
Total restructuring charge (recovery)	**$**	**(9)**	$ (7)	$ 45	$ 134

Note 12 - Income taxes

The components of the income tax provision are as follows:

Provision (benefit) for income taxes	Year ended Dec. 31,			
(in millions)		**2015**	2014	2013
Current taxes:				
Federal	**$**	**551**	$ 1,273	$ 714
Foreign		**306**	337	286
State and local		**109**	155	66
Total current tax expense		**966**	1,765	1,066
Deferred tax expense (benefit):				
Federal		**114**	(672)	536
Foreign		**(1)**	(98)	(30)
State and local		**(66)**	(83)	20
Total deferred tax expense (benefits)		**47**	(853)	526
Provision for income taxes	**$**	**1,013**	$ 912	$ 1,592

The components of income before taxes are as follows:

Components of income before taxes	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Domestic	**$ 2,698**	$ 2,456	$ 2,428
Foreign	**1,537**	1,107	1,349
Income before taxes	**$ 4,235**	$ 3,563	$ 3,777

The components of our net deferred tax liability are as follows:

Net deferred tax liability	Dec. 31,	
(in millions)	**2015**	2014
Depreciation and amortization	**$ 2,631**	$ 2,646
Lease financings	**569**	761
Securities valuation	**156**	230
Pension obligation	**155**	117
Equity investments	**113**	115
Employee benefits	**(470)**	(616)
Reserves not deducted for tax	**(274)**	(536)
Credit losses on loans	**(102)**	(113)
Other assets	**(109)**	(99)
Other liabilities	**110**	277
Net deferred tax liability	**$ 2,779**	$ 2,782

As of Dec. 31, 2015, we have an available German net operating loss carryforward of $90 million with an indefinite life. Also, we have a U.S. foreign tax credit carryforward of approximately $36 million that will expire in 2025. We believe it is more likely than not that we will fully realize our deferred tax assets.

As of Dec. 31, 2015, we had approximately $6.2 billion of earnings attributable to foreign subsidiaries that have been permanently reinvested abroad and for which no incremental U.S. income tax provision has been recorded. If these earnings were to be repatriated, the estimated U.S. tax liability as of Dec. 31, 2015 would be up to $1.1 billion. Management has no intention of repatriating these earnings to the U.S. in the foreseeable future.

The statutory federal income tax rate is reconciled to our effective income tax rate below:

Effective tax rate	Year ended Dec. 31,		
	2015	2014	2013
Federal rate	**35.0 %**	35.0 %	35.0 %
State and local income taxes, net of federal income tax benefit	**0.6**	1.3	1.6
Leverage lease adjustment	**(1.3)**	(1.1)	(2.1)
Tax-exempt income	**(2.5)**	(3.3)	(3.1)
Foreign operations	**(6.6)**	(3.0)	(4.4)
Tax credits	**(1.4)**	(0.8)	(2.0)
Tax litigation	**—**	—	16.5
Carryback claim	**—**	(4.7)	—
Nondeductible litigation expense	**—**	2.1	—
Other – net	**0.1**	0.1	0.6
Effective tax rate	**23.9 %**	25.6 %	42.1 %

Unrecognized tax positions			
(in millions)	**2015**	2014	2013
Beginning balance at Jan. 1, – gross	**$ 669**	$ 866	$ 340
Prior period tax positions:			
Increases	**13**	58	570
Decreases	**(21)**	(257)	(19)
Current period tax positions	**14**	19	21
Settlements	**(26)**	(17)	(46)
Ending balance at Dec. 31, – gross	**$ 649**	$ 669	$ 866

Our total tax reserves as of Dec. 31, 2015 were $649 million compared with $669 million at Dec. 31, 2014. If these tax reserves were unnecessary, $649 million would affect the effective tax rate in future periods. We recognize accrued interest and penalties, if applicable, related to income taxes in income tax expense. Included in the balance sheet at Dec. 31, 2015 is accrued interest, where applicable, of $194 million. The additional tax expense related to interest for the year ended Dec. 31, 2015 was $2 million compared with $1 million for the year ended Dec. 31, 2014.

It is reasonably possible the total reserve for uncertain tax positions could decrease within the next 12 months by approximately $60 million as a result of adjustments related to tax years that are still subject to examination.

On Nov. 10, 2009, BNY Mellon filed a petition with the U.S. Tax Court challenging the IRS's disallowance of certain foreign tax credits claimed for the 2001 and 2002 tax years. Trial was held from

April 16 to May 17, 2012. On Feb. 11, 2013, BNY Mellon received an adverse decision from the U.S. Tax Court. On Sept. 23, 2013, the U.S. Tax Court amended its prior ruling to allow BNY Mellon an interest expense deduction and to exclude certain items from taxable income. The net impact of the court rulings for all years involved and related interest decreased after-tax income in 2013 by $593 million.

The U.S. Tax Court ruling was finalized on Feb. 20, 2014. On March 5, 2014, BNY Mellon appealed the decision to the Second Circuit Court of Appeals. On Sept. 25, 2014, the government filed its response to our appeal. On Sept. 9, 2015, the Second Circuit affirmed the Tax Court decision. On Nov. 2, 2015, BNY Mellon filed a petition for review with the Supreme Court of the United States, seeking reversal of the Second Circuit Court of Appeals decision. See Note 22 of the Notes to Consolidated Financial Statements for additional information.

Our federal income tax returns are closed to examination through 2010. Our New York State tax returns are closed to examination through 2012. Our New York City income tax returns are closed to examination through 2010. Our UK income tax returns are closed to examination through 2012.

Note 13 - Long-term debt

Long-term debt	**Dec. 31, 2015**			Dec. 31, 2014	
(in millions)	**Rate**	**Maturity**	**Amount**	Rate	Amount
Senior debt:					
Fixed rate	**0.70 - 5.94%**	**2016 - 2025**	**$ 17,724**	0.70 - 6.92%	$ 16,122
Floating rate	**0.41 - 1.48%**	**2018 - 2038**	**2,378**	0.06 - 0.82%	2,178
Subordinated debt *(a)*	**5.45 - 7.50%**	**2016 - 2021**	**1,150**	4.95 - 7.50%	1,655
Junior subordinated debentures *(a)*	**6.37%**	**2036**	**295**	6.37%	309
Total			**$ 21,547**		$ 20,264

(a) Fixed rate.

Total long-term debt that matures during the next five years for BNY Mellon is as follows: 2016 – $2.45 billion, 2017 – $1.25 billion, 2018 – $3.65 billion, 2019 – $4.25 billion and 2020 – $4.01 billion.

Trust-preferred securities

Mellon Capital III, a Delaware statutory trust owned by BNY Mellon, issued trust preferred securities in 2006. At Dec. 31, 2015, the sole assets of Mellon Capital III are junior subordinated debentures of BNY Mellon with maturities and interest rates that match the trust preferred securities. BNY Mellon's obligations provide a full and unconditional guarantee of payment of distributions and other amounts due on the trust preferred securities. The guarantee does not guarantee payment of distributions or other amounts due when Mellon Capital III does not have funds available to make such payments.

Mellon Capital IV, a Delaware statutory trust owned by BNY Mellon, issued trust preferred securities in June 2007. The sole assets of Mellon Cap IV originally were junior subordinated debentures and a stock purchase contract for preferred stock. Through a remarketing in May 2012, the junior subordinated debentures issued by BNY Mellon and held by Mellon Capital IV were sold to third party investors and then exchanged for BNY Mellon's senior notes, which were sold in a public offering. The proceeds of the sale of the senior notes were used to fund the purchase by Mellon Capital IV of $500 million of BNY Mellon’s Series A preferred stock, which was issued on June 20, 2012. At Dec. 31, 2015, the Series A preferred stock was the sole asset of Mellon Capital IV. See Note 15 of the Notes to Consolidated Financial Statements for additional disclosures related to preferred stock, including the Series A preferred stock.

The following tables summarize the trust preferred securities issued by the Trusts as of Dec. 31, 2015 and 2014.

Trust preferred securities at Dec. 31, 2015 *(dollar amounts in millions)*	Trust-preferred securities issued by the trust	Interest rate	Assets of the trust *(a)*	Due date	Call date	Call price
MEL Capital III *(b)*	**$ 296**	**6.37%**	**$ 295**	**2036**	**2016**	**Par**
MEL Capital IV	**—**	**—%**	**500**	**—**	**—**	**—**
Total	**$ 296**		**$ 795**			

(a) *Represents junior subordinated deferrable interest debentures of BNY Mellon in the case of MEL Capital III and BNY Mellon's Series A preferred stock in the case of MEL Capital IV.*
(b) *Amount was translated from Sterling into U.S. dollars on a basis of U.S. $1.48 to £1, the rate of exchange on Dec. 31, 2015.*

Trust preferred securities at Dec. 31, 2014 *(dollar amounts in millions)*	Trust-preferred securities issued by the trust	Interest rate	Assets of the trust *(a)*	Due date	Call date	Call price
MEL Capital III *(b)*	$ 312	6.37%	$ 309	2036	2016	Par
MEL Capital IV	—	—%	500	—	—	—
Total	$ 312		$ 809			

(a) *Represents junior subordinated deferrable interest debentures of BNY Mellon in the case of MEL Capital III and BNY Mellon's Series A preferred stock in the case of MEL Capital IV.*
(b) *Amount was translated from Sterling into U.S. dollars on a basis of U.S. $1.56 to £1, the rate of exchange on Dec. 31, 2014.*

Note 14 - Securitizations and variable interest entities

BNY Mellon's VIEs generally include retail, institutional and alternative investment funds, including collateralized loan obligation structures in which we provide asset management services. The funds are offered to our retail and institutional clients to provide them with access to investment vehicles with specific investment objectives and strategies that address the client's investment needs.

BNY Mellon earns management fees from these funds as well as performance fees in certain funds and may also provide start-up capital for its new funds. The VIEs are primarily financed by our customer's investments in the funds' equity or debt. These VIEs are included in the scope of ASU 2015-02 and are reviewed for consolidation based on the guidance in ASC 810.

We reconsider and reassess whether or not we are the primary beneficiary of a VIE when governing documents or contractual arrangements are changed which would reallocate the obligation to absorb expected losses or receive expected residual returns between BNY Mellon and the other investors, when BNY Mellon disposes of its variable interests in the fund or when additional variable interests are issued to other investors and when we acquire additional variable interests in the VIE.

The following tables present the incremental assets and liabilities included in BNY Mellon's consolidated financial statements, after applying intercompany eliminations, as of Dec. 31, 2015 based on the assessments performed in accordance with ASC 810, as amended by ASU 2015-02, and as of Dec. 31, 2014 based on the assessments performed in accordance with ASC 810, prior to the adoption of ASU 2015-02. The net assets of any consolidated VIE are solely available to settle the liabilities of the VIE and to settle any investors' ownership liquidation requests, including any seed capital invested in the VIE by BNY Mellon.

Investments consolidated under ASC 810 as amended by ASU 2015-02 at Dec. 31, 2015 *(in millions)*	Investment Management funds		Securitizations	Total consolidated investments
Available-for-sale securities	**$ —**		**$ 400**	**$ 400**
Trading assets	**1,228**		**—**	**1,228**
Other assets	**173**		**—**	**173**
Total assets	**$ 1,401**	*(a)*	**$ 400**	**$ 1,801**
Trading liabilities	**$ 229**		**$ —**	**$ 229**
Other liabilities	**17**		**359**	**376**
Total liabilities	**$ 246**	*(a)*	**$ 359**	**$ 605**
Nonredeemable noncontrolling interests	**$ 738**	*(a)*	**$ —**	**$ 738**

(a) *Includes VMEs with assets of $190 million, liabilities of $1 million and nonredeemable noncontrolling interests of $5 million.*

Investments consolidated under ASC 810 and ASU 2009-17 at Dec. 31, 2014			
(in millions)	Investment Management funds	Securitizations	Total consolidated investments
Available-for-sale securities	$ —	$ 414	$ 414
Trading assets	8,678	—	8,678
Other assets	604	—	604
Total assets	$ 9,282 *(a)*	$ 414	$ 9,696
Trading liabilities	$ 7,660	$ —	$ 7,660
Other liabilities	9	363	372
Total liabilities	$ 7,669 *(a)*	$ 363	$ 8,032
Nonredeemable noncontrolling interests	$ 1,033 *(a)*	$ —	$ 1,033

(a) Includes VMEs with assets of $855 million, liabilities of $148 million and nonredeemable noncontrolling interests of $544 million.

BNY Mellon is not contractually required to provide financial or any other support to any of our VIEs. Additionally, creditors of any consolidated VIEs do not have any recourse to the general credit of BNY Mellon.

Non-consolidated VIEs

As of Dec. 31, 2015 and Dec. 31, 2014, the following assets related to the VIEs where BNY Mellon is not the primary beneficiary are included in our consolidated financial statements.

Non-consolidated VIEs at Dec. 31, 2015			
(in millions)	Assets	Liabilities	Maximum loss exposure
Other	**$ 189**	**$ —**	**$ 189**

Non-consolidated VIEs at Dec. 31, 2014			
(in millions)	Assets	Liabilities	Maximum loss exposure
Other	$ 148	$ —	$ 148

The maximum loss exposure indicated in the above tables relates solely to BNY Mellon's seed capital or residual interests invested in the VIEs.

Note 15 - Shareholders' equity

Common stock

BNY Mellon has 3.5 billion authorized shares of common stock with a par value of $0.01 per share. At Dec. 31, 2015, 1,085,342,985 shares of common stock were outstanding.

Common stock repurchase program

On March 26, 2014, in connection with the Federal Reserve's non-objection to our 2014 capital plan, the board of directors authorized a stock purchase program providing for the repurchase of an aggregate of $1.74 billion of common stock beginning in the second quarter of 2014 and continuing through the first quarter of 2015. On March 11, 2015, in connection with the Federal Reserve's non-objection to our 2015 capital plan, the board of directors authorized a new stock purchase program providing for the repurchase of an aggregate of $3.1 billion of common stock beginning in the second quarter of 2015 and continuing through the second quarter of 2016. Of the $3.1 billion authorization, common stock repurchases of $700 million was contingent on a prior issuance of $1 billion of qualifying preferred stock. The Company completed the issuance of preferred stock on April 28, 2015. Share repurchases may be executed through repurchase plans designed to comply with Rule 10b5-1 and through derivative, accelerated share repurchase and other structured transactions. In 2015, we repurchased 55.6 million common shares at an average price of $42.35 per common share for a total of $2.4 billion. At Dec. 31, 2015, the maximum dollar value of shares that may yet be purchased under the March 11, 2015 program, including employee benefit plan repurchases, totaled $1.1 billion.

Preferred stock

BNY Mellon has 100 million authorized shares of preferred stock with a par value of $0.01. The table below summarizes BNY Mellon's preferred stock issued and outstanding at Dec. 31, 2015 and Dec. 31, 2014.

Preferred stock summary *(dollars in millions, unless otherwise noted)*		**Per annum dividend rate**	**Liquidation preference per share** *(in dollars)*	**Total shares issued and outstanding**		**Carrying value** *(a)*	
				Dec. 31, 2015	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014
Series A	Noncumulative Perpetual Preferred Stock	Greater of (i) three-month LIBOR plus 0.565% for the related distribution period; or (ii) 4.000%	$ 100,000	**5,001**	5,001	**$ 500**	$ 500
Series C	Noncumulative Perpetual Preferred Stock	5.2%	$ 100,000	**5,825**	5,825	**568**	568
Series D	Noncumulative Perpetual Preferred Stock	4.50% commencing Dec. 20, 2013 to but excluding June 20, 2023, then a floating rate equal to the three-month LIBOR plus 2.46%	$ 100,000	**5,000**	5,000	**494**	494
Series E	Noncumulative Perpetual Preferred Stock	4.95% commencing Dec. 20, 2015 to and including June 20, 2020, then a floating rate equal to the three-month LIBOR plus 3.42%	$ 100,000	**10,000**	—	**990**	—
Total				**25,826**	15,826	**$ 2,552**	$ 1,562

(a) The carrying value of the Series C, Series D and Series E preferred stock is recorded net of issuance costs.

Holders of both the Series A and Series C preferred stock are entitled to receive dividends on each dividend payment date (March 20, June 20, September 20 and December 20 of each year), if declared by BNY Mellon's Board of Directors. Holders of the Series D preferred stock are entitled to receive dividends, if declared by our board of directors, on each June 20 and December 20, to but excluding June 20, 2023; and on each March 20, June 20, September 20 and December 20, from and including June 20, 2023. Holders of the Series E preferred stock are entitled to receive dividends, if declared by our board of directors, on each June 20 and December 20, to and including June 20, 2020; and on each March 20, June 20, September 20 and December 20, from and including September 20, 2020. BNY Mellon's ability to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of our common stock or any of our shares that rank junior to the preferred stock as to the payment of dividends and/or the distribution of any assets on any liquidation, dissolution or winding-up of BNY Mellon will be prohibited, subject to certain restrictions, in the event that we do not declare and pay in full preferred dividends for the then current dividend period of the Series A preferred stock or the last preceding dividend period of the Series C, Series D and Series E preferred stock.

All of the outstanding shares of the Series A preferred stock are owned by Mellon Capital IV, which will pass through any dividend on the Series A preferred stock to the holders of its Normal Preferred Capital Securities. All of the outstanding shares of the Series C, Series D and Series E preferred stock are held by the depositary of the depositary shares, which will pass through the applicable portion of any dividend on the Series C, Series D and Series E preferred stock to the holders of record of their respective depositary shares.

On Dec. 21, 2015, The Bank of New York Mellon Corporation paid the following dividends for the noncumulative perpetual preferred stock for the dividend period ending in December 2015 to holders of record as of the close of business on Dec. 5, 2015:

- $1,011.11 per share on the Series A Preferred Stock (equivalent to $10.1111 per Normal Preferred Capital Security of Mellon Capital IV, each representing a 1/100th interest in a share of Series A Preferred Stock);
- $1,300.00 per share on the Series C Preferred Stock (equivalent to $0.3250 per depositary share, each representing a 1/4,000th interest in a share of the Series C Preferred Stock);
- $2,250.00 per share on the Series D Preferred Stock (equivalent to $22.50 per depositary share,

each representing a 1/100th interest in a share of the Series D Preferred Stock); and
- $3,190.00 per share on the Series E Preferred Stock (equivalent to $31.90 per depositary share, each representing a 1/100th interest in a share of the Series E Preferred Stock).

The preferred stock is not subject to the operation of a sinking fund and is not convertible into, or exchangeable for, shares of our common stock or any other class or series of our other securities. Subject to the restrictions in BNY Mellon's 2007 replacement capital covenant, subsequently amended on May 8 and Sept. 11, 2012, we may redeem the Series A preferred stock, in whole or in part, at our option. We may also, at our option, redeem the shares of the Series C preferred stock in whole or in part, on or after the dividend payment date in September 2017, the Series D preferred stock in whole or in part, on or after the dividend payment date in June 2023 and the Series E preferred stock in whole or in part, on or after the dividend payment date in June 2020. The Series C, Series D or Series E preferred stock can be redeemed in whole but not in part at any time within 90 days following a regulatory capital treatment event (as defined in each of the Series C, Series D and Series E's Certificates of Designation).

Terms of the Series A, Series C, Series D and Series E preferred stock are more fully described in each of their Certificate of Designations, each of which is filed as an Exhibit to BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2015.

Temporary equity

Temporary equity was $200 million at Dec. 31, 2015 and $229 million at Dec. 31, 2014. Temporary equity represents amounts recorded for redeemable non-controlling interests resulting from equity-classified share-based payments and other investment arrangements that are currently redeemable or are expected to become redeemable. The current redemption value of such awards is classified as temporary equity and is adjusted to its redemption value at each balance sheet date.

Capital adequacy

Regulators establish certain levels of capital for bank holding companies and banks, including BNY Mellon and our bank subsidiaries, in accordance with established quantitative measurements. For the Parent to maintain its status as a financial holding company, our bank subsidiaries and BNY Mellon must, among other things, qualify as "well capitalized".

As of Dec. 31, 2015 and Dec. 31, 2014, BNY Mellon and our bank subsidiaries were considered "well capitalized" on the basis of the Tier 1 and Total capital ratios and, in the case of our bank subsidiaries, the CET1 ratio and the leverage capital ratio (Tier 1 capital to quarterly average assets as defined for regulatory purposes).

Our consolidated and largest bank subsidiary, The Bank of New York Mellon, regulatory capital ratios are shown below.

Consolidated and largest bank subsidiary regulatory capital ratios *(a)*	Dec. 31, 2015	Dec. 31, 2014
Consolidated regulatory capital ratios:		
CET1	**10.8%**	11.2%
Tier 1 capital ratio	**12.3**	12.2
Total (Tier 1 plus Tier 2) capital ratio	**12.5**	12.5
Leverage capital ratio	**6.0**	5.6
The Bank of New York Mellon regulatory capital ratios:		
CET1	**11.8%**	N/A
Tier 1 capital ratio	**12.3**	12.4%
Total (Tier 1 plus Tier 2) capital ratio	**12.5**	12.6
Leverage capital ratio	**5.9**	5.2

(a) The CET1, Tier 1 and Total risk-based regulatory capital ratios are based on Basel III components of capital, as phased-in, and the Advanced Approach framework as the related RWA were higher using that framework. The leverage capital ratio is based on Basel III components of capital and quarterly average total assets, as phased-in. For BNY Mellon to qualify as "well capitalized," its Tier 1 and Total (Tier 1 plus Tier 2) capital ratios must be at least 6% and 10%, respectively. For The Bank of New York Mellon, our largest bank subsidiary, to qualify as "well capitalized," its CET1, Tier 1, Total and leverage capital ratios must be at least 6.5%, 8%, 10% and 5%, respectively. For The Bank of New York Mellon to qualify as "adequately capitalized," it's CET1, Tier 1, Total and leverage capital ratios must be at least 4.5%, 6%, 8% and 4%, respectively.

If a financial holding company such as BNY Mellon fails to qualify as "well capitalized", it may lose its status as a financial holding company, which may restrict its ability to undertake or continue certain activities or make acquisitions that are not generally permissible for bank holding companies without financial holding company status. If The Bank of New York Mellon or BNY Mellon, N.A. fails to qualify as "well capitalized", it may be subject to higher FDIC assessments.

If a bank holding company such as BNY Mellon or bank such as The Bank of New York Mellon or BNY Mellon, N.A. fails to qualify as "adequately capitalized", regulatory sanctions and limitations are imposed.

The following table presents the components of our transitional CET1, Tier 1 and Tier 2 capital, the RWA determined under both the Standardized and Advanced Approaches and the average assets used for leverage capital purposes.

Components of transitional capital *(a)* *(in millions)*	Dec. 31, 2015	2014
CET1:		
Common shareholders' equity	**$ 36,067**	$ 36,326
Goodwill and intangible assets	**(17,295)**	(17,111)
Net pension fund assets	**(46)**	(17)
Equity method investments	**(296)**	(314)
Deferred tax assets	**(8)**	(4)
Other	**(5)**	4
Total CET1	**18,417**	18,884
Other Tier 1 capital:		
Preferred stock	**2,552**	1,562
Trust preferred securities	**74**	156
Disallowed deferred tax assets	**(12)**	(14)
Net pension fund assets	**(70)**	(69)
Other	**(25)**	(17)
Total Tier 1 capital	**20,936**	20,502
Tier 2 capital:		
Trust preferred securities	**222**	156
Subordinated debt	**149**	298
Allowance for credit losses	**275**	280
Other	**(12)**	(11)
Total Tier 2 capital - Standardized Approach	**634**	723
Excess of expected credit losses	**37**	13
Less: Allowance for credit losses	**275**	280
Total Tier 2 capital - Advanced Approach	**$ 396**	$ 456
Total capital:		
Standardized Approach	**$ 21,570**	$ 21,225
Advanced Approach	**$ 21,332**	$ 20,958
Risk-weighted assets:		
Standardized Approach *(b)*	**$ 159,893**	$ 125,562
Advanced Approach:		
Credit Risk	**$ 106,974**	$ 120,122
Market Risk	**2,148**	3,046
Operational Risk	**61,262**	45,112
Total Advanced Approach	**$ 170,384**	$ 168,280
Average assets for leverage capital purposes	**$ 351,435**	$ 368,140

(a) Reflects transitional adjustments to CET1, Tier 1 capital and Tier 2 capital required in 2015 under the U.S. capital rules.

(b) RWA under the Standardized Approach at Dec. 31, 2014 was determined using a Basel I-based calculation. Effective Jan. 1, 2015, we implemented the Basel III Standardized Approach which used a broader array of more risk sensitive risk-weighting categories.

The following table presents the amount of capital by which BNY Mellon and our largest bank subsidiary, The Bank of New York Mellon, exceeded the capital thresholds determined under the transitional rules at Dec. 31, 2015.

Capital above thresholds at Dec. 31, 2015

(in millions)	Consolidated		The Bank of New York Mellon	*(b)*
CET1	$ 10,750	*(a)*	$ 7,333	
Tier 1 capital	10,713	*(b)*	5,837	
Total capital	4,294	*(b)*	3,394	
Leverage capital	6,879	*(a)*	2,464	

(a) Based on minimum required standards.
(b) Based on well capitalized standards.

Note 16 - Other comprehensive income (loss)

Components of other comprehensive income (loss)

	Year ended								
	Dec. 31, 2015			Dec. 31, 2014			Dec. 31, 2013		
(in millions)	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Foreign currency translation:									
Foreign currency translation adjustments arising during the period *(a)*	**$ (518)**	**$ (81)**	**$ (599)**	$ (715)	$ (91)	$ (806)	$ 130	$ 62	$ 192
Total foreign currency translation	**(518)**	**(81)**	**(599)**	(715)	(91)	(806)	130	62	192
Unrealized gain (loss) on assets available-for-sale:									
Unrealized gain (loss) arising during period	**(535)**	**172**	**(363)**	582	(169)	413	(1,466)	577	(889)
Reclassification adjustment *(b)*	**(83)**	**31**	**(52)**	(91)	33	(58)	(129)	55	(74)
Net unrealized gain (loss) on assets available-for-sale	**(618)**	**203**	**(415)**	491	(136)	355	(1,595)	632	(963)
Defined benefit plans:									
Prior service cost arising during the period	**—**	**—**	**—**	3	(1)	2	(2)	1	(1)
Net gain (loss) arising during the period	**(105)**	**40**	**(65)**	(766)	287	(479)	732	(303)	429
Foreign exchange adjustment	**—**	**—**	**—**	(2)	1	(1)	—	—	—
Amortization of prior service credit, net loss and initial obligation included in net periodic benefit cost *(b)*	**104**	**(35)**	**69**	127	(50)	77	209	(83)	126
Total defined benefit plans	**(1)**	**5**	**4**	(638)	237	(401)	939	(385)	554
Unrealized gain (loss) on cash flow hedges:									
Unrealized hedge gain (loss) arising during period	**—**	**—**	**—**	23	(13)	10	136	(54)	82
Reclassification adjustment *(b)*	**11**	**(3)**	**8**	(41)	16	(25)	(124)	51	(73)
Net unrealized gain (loss) on cash flow hedges	**11**	**(3)**	**8**	(18)	3	(15)	12	(3)	9
Total other comprehensive income (loss)	**$ (1,126)**	**$ 124**	**$ (1,002)**	$ (880)	$ 13	$ (867)	$ (514)	$ 306	$ (208)

(a) Includes the impact of hedges of net investments in foreign subsidiaries. See Note 23 for additional information.
(b) The reclassification adjustment related to the unrealized gain (loss) on assets available-for-sale is recorded as net securities gains on the Consolidated Income Statement. The amortization of prior service credit, net loss and initial obligation included in net periodic benefit cost is recorded as staff expense on the Consolidated Income Statement. See Note 23 of the Notes to Consolidated Financial Statements for the location of the reclassification adjustment related to cash flow hedges on the Consolidated Income Statement.

Changes in accumulated other comprehensive income (loss) attributable to The Bank of New York Mellon Corporation shareholders

		ASC 820 Adjustments				
(in millions)	Foreign currency translation	Pensions	Other post-retirement benefits	Unrealized gain (loss) on assets available-for-sale	Unrealized gain (loss) on cash flow hedges	Total accumulated other comprehensive income (loss), net of tax
2012 ending balance	$ (539)	$ (1,394)	$ (60)	$ 1,350	$ —	$ (643)
Change in 2013	151	554	—	(963)	9	(249)
2013 ending balance	$ (388)	$ (840)	$ (60)	$ 387	$ 9	$ (892)
Change in 2014	(681)	(396)	(5)	355	(15)	(742)
2014 ending balance	$ (1,069)	$ (1,236)	$ (65)	$ 742	$ (6)	$ (1,634)
Change in 2015	(563)	(14)	18	(415)	8	(966)
2015 ending balance	$ (1,632)	$ (1,250)	$ (47)	$ 327	$ 2	$ (2,600)

Note 17 - Stock-based compensation

Our Long-Term Incentive Plans provide for the issuance of stock options, restricted stock, restricted stock units ("RSUs") and other stock-based awards to employees and directors of BNY Mellon. At Dec. 31, 2015, under the Long-Term Incentive Plan approved in April 2014, we may issue 42,097,582 new stock-based awards. Of this amount, 27,453,939 shares (subject to potential increase as provided in the Long-Term Incentive Plan) may be issued as restricted stock or RSUs. Stock-based compensation expense related to retirement eligibility vesting totaled $97 million in 2015, $88 million in 2014 and $65 million in 2013.

Stock options

Our Long-Term Incentive Plans provide for the issuance of stock options at fair market value at the date of grant to officers and employees of BNY Mellon. Generally, each option granted is exercisable between one and ten years from the date of grant. No stock options were granted in 2015, 2014 and 2013.

The compensation cost that has been charged against income was $10 million for 2015, $28 million for 2014 (including $1 million recorded in restructuring expense) and $49 million for 2013. The total income tax benefit recognized in the income statement was $4 million for 2015, $11 million for 2014 and $20 million for 2013.

A summary of the status of our options as of Dec. 31, 2015, and changes during the year, is presented below:

Stock option activity	Shares subject to option	Weighted-average exercise price	Weighted-average remaining contractual term *(in years)*
Balance at Dec. 31, 2014	48,420,255	$ 33.06	4.2
Granted	—	—	
Exercised	(10,862,315)	30.15	
Canceled/Expired	(1,822,676)	40.36	
Balance at Dec. 31, 2015	**35,735,264**	**$ 33.57**	**3.4**
Vested and expected to vest at Dec. 31, 2015	**35,734,694**	**33.57**	**3.4**
Exercisable at Dec. 31, 2015	**33,703,283**	**34.27**	**3.2**

Stock options outstanding at Dec. 31, 2015	Options outstanding			Options exercisable *(a)*	
Range of exercise prices	Outstanding at Dec. 31, 2015	Weighted-average remaining contractual life *(in years)*	Weighted-average exercise price	Exercisable at Dec. 31, 2015	Weighted-average exercise price
$ 18 to 31	19,256,469	4.9	$ 25.78	17,224,488	$ 26.22
$ 31 to 41	6,044,363	1.0	39.73	6,044,363	39.73
$ 41 to 51	10,434,432	2.0	44.38	10,434,432	44.38
$ 18 to 51	**35,735,264**	**3.4**	**$ 33.57**	**33,703,283**	**$ 34.27**

(a) At Dec. 31, 2014 and 2013, 42,137,574 and 52,130,525 options were exercisable at an average price per common share of $34.38 and $34, respectively.

Aggregate intrinsic value of options *(in millions)*	**2015**	2014	2013
Outstanding at Dec. 31,	**$ 306**	$ 409	$ 336
Exercisable at Dec. 31,	**$ 267**	$ 307	$ 212

The total intrinsic value of options exercised was $130 million in 2015, $118 million in 2014 and $67 million in 2013.

As of Dec. 31, 2015, $1 million of total unrecognized compensation cost related to nonvested options is expected to be recognized over a weighted-average period of less than 3 months.

Cash received from option exercises totaled $326 million in 2015, $370 million in 2014 and $263 million in 2013. The actual tax benefit realized for the tax deductions from options exercised totaled $21 million in 2015, $17 million in 2014 and less than $8 million in 2013.

Restricted stock and RSUs

Restricted stock and RSUs are granted under our long-term incentive plans at no cost to the recipient. These awards are subject to forfeiture until certain restrictions have lapsed, including continued employment, for a specified period. The recipient of a share of restricted stock is entitled to voting rights and generally is entitled to dividends on the common stock. An RSU entitles the recipient to receive a share of common stock after the applicable restrictions lapse. The recipient generally is entitled to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSU is outstanding but does not receive voting rights.

The fair value of restricted stock and RSUs is equal to the fair market value of our common stock on the date of grant. The expense is recognized over the vesting period, which is generally one to four years. The total compensation expense recognized for restricted stock and RSUs was $235 million in 2015, $243 million in 2014 (including $13 million recorded in restructuring expense) and $201 million in 2013. The total income tax benefit recognized in the income statement was $83 million for 2015, $94 million for 2014 and $79 million for 2013.

BNY Mellon's Executive Committee members were granted a target award of 630,100 performance units ("PSUs") in 2015 that cliff vest in three years based on operating earnings per share with the potential of a risk modifier based on appropriate growth in risk-weighted assets. These awards are marked-to-market as the earnout percentages are determined at the discretion of the Human Resources Compensation Committee based on a payout table.

BNY Mellon's Executive Committee members were granted a target award of 719,947 PSUs in 2014 and 942,428 in 2013 that are earned annually based on an earnout percentage calculated using a metric of net income divided by risk-weighted assets under Basel III. The awards earned in each of the three performance periods vest at the end of the third performance period. Certain of the awards are granted to MRT (Material Risk Takers under the European Banking Authority) and are required to be marked to market due to discretionary claw-back language contained in their grants.

The following table summarizes our nonvested PSU, restricted stock and RSU activity for 2015.

Nonvested PSU, restricted stock and RSU activity	Number of shares	Weighted-average fair value
Nonvested PSUs, restricted stock and RSUs at Dec. 31, 2014	21,400,291	$ 27.72
Granted	**6,948,487**	**39.58**
Vested	**(10,880,844)**	**25.34**
Forfeited	**(483,963)**	**33.20**
Nonvested PSUs, restricted stock and RSUs at Dec. 31, 2015	**16,983,971**	**$ 34.07**

As of Dec. 31, 2015, $190 million of total unrecognized compensation costs related to nonvested PSUs, restricted stock and RSUs is expected to be recognized over a weighted-average period of 1.6 years.

The total fair value of restricted stock and RSUs that vested was $429 million in 2015, $229 million in 2014 and $117 million in 2013.

Subsidiary Long-Term Incentive plans

BNY Mellon also has several subsidiary Long-Term Incentive Plans which have issued restricted subsidiary shares to certain employees. These share awards are subject to forfeiture until certain restrictions have lapsed, including continued employment for a specified period of time. The shares are non-voting and non-dividend paying. Once the restrictions lapse, which generally occurs in zero to three years, the shares can only be sold, at the option of the employee, to BNY Mellon at a price based generally on the fair value of the subsidiary at the time of repurchase. In certain instances BNY Mellon has an election to call the shares.

Note 18 - Employee benefit plans

BNY Mellon has defined benefit and/or defined contribution retirement plans covering substantially all full-time and eligible part-time employees and other post-retirement plans providing healthcare benefits for certain retired employees. On Jan. 29, 2015, the board of directors approved an amendment to freeze benefit accruals under the U.S. qualified and nonqualified defined benefit plans effective June 30, 2015. This change resulted in no additional benefits being earned by participants in those plans based on service or pay after June 30, 2015. As a result of the amendment to the U.S. pension plans, liabilities were re-measured as of Jan. 29, 2015 at a discount rate of 3.73%. The market-related value of plan assets was $4,713 million at Jan. 29, 2015.

Pension and post-retirement healthcare plans

The following tables report the combined data for our domestic and foreign defined benefit pension and post-retirement healthcare plans.

	Pension Benefits				Healthcare Benefits			
	Domestic		Foreign		Domestic		Foreign	
(dollar amounts in millions)	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Weighted-average assumptions used to determine benefit obligations								
Discount rate	**4.48%**	4.13%	**3.45%**	3.33%	**4.48%**	4.13%	**3.60%**	3.10%
Rate of compensation increase	**N/A**	3.00	**3.51**	3.29	**3.00**	3.00	**—**	—
Change in benefit obligation *(a)*								
Benefit obligation at beginning of period	**$ (4,460)**	$ (3,712)	**$ (1,177)**	$ (1,021)	**$ (210)**	$ (224)	**$ (8)**	$ (7)
Service cost	**(30)**	(58)	**(32)**	(33)	**(1)**	(1)	**—**	—
Interest cost	**(170)**	(180)	**(38)**	(43)	**(8)**	(11)	**—**	—
Employee contributions	**—**	—	**(1)**	(1)	**—**	—	**—**	—
Amendments	**—**	—	**—**	3	**—**	—	**—**	—
Actuarial gain (loss)	**178**	(687)	**(1)**	(169)	**17**	(8)	**1**	(1)
(Acquisitions) divestitures	**—**	—	**12**	—	**—**	—	**2**	—
Curtailments	**94**	—	**—**	—	**—**	—	**—**	—
Special termination benefits	**—**	(1)	**—**	—	**—**	—	**—**	—
Benefits paid	**211**	178	**17**	19	**18**	34	**—**	—
Foreign exchange adjustment	**N/A**	N/A	**73**	68	**N/A**	N/A	**1**	—
Benefit obligation at end of period	**(4,177)**	(4,460)	**(1,147)**	(1,177)	**(184)**	(210)	**(4)**	(8)
Change in fair value of plan assets								
Fair value at beginning of period	**4,942**	4,721	**997**	930	**93**	86	**—**	—
Actual return on plan assets	**(61)**	383	**40**	88	**(1)**	7	**—**	—
Employer contributions	**19**	16	**51**	56	**18**	34	**—**	—
Employee contributions	**—**	—	**1**	1	**—**	—	**—**	—
Acquisitions (divestitures)	**—**	—	**1**	—	**—**	—	**—**	—
Benefit payments	**(211)**	(178)	**(17)**	(19)	**(18)**	(34)	**—**	—
Foreign exchange adjustment	**N/A**	N/A	**(59)**	(59)	**N/A**	N/A	**—**	—
Fair value at end of period	**4,689**	4,942	**1,014**	997	**92**	93	**—**	—
Funded status at end of period	**$ 512**	$ 482	**$ (133)**	$ (180)	**$ (92)**	$ (117)	**$ (4)**	$ (8)
Amounts recognized in accumulated other comprehensive (income) loss consist of:								
Net loss (gain)	**$ 1,678**	$ 1,668	**$ 368**	$ 382	**$ 111**	$ 146	**$ (1)**	$ —
Prior service cost (credit)	**—**	(31)	**1**	1	**(69)**	(79)	**—**	—
Total (before tax effects)	**$ 1,678**	$ 1,637	**$ 369**	$ 383	**$ 42**	$ 67	**$ (1)**	$ —

(a) *The benefit obligation for pension benefits is the projected benefit obligation and for healthcare benefits, it is the accumulated benefit obligation.*

Net periodic benefit cost (credit)	Pension Benefits						Healthcare Benefits					
	Domestic			Foreign			Domestic			Foreign		
(dollar amounts in millions)	**2015**	2014	2013	**2015**	2014	2013	**2015**	2014	2013	**2015**	2014	2013
Weighted-average assumptions as of Jan. 1:												
Market-related value of plan assets	**$ 4,696**	$ 4,430	$ 4,121	**$ 959**	$ 898	$ 790	**$ 92**	$ 86	$ 80	**N/A**	N/A	N/A
Discount rate	**4.13%**	4.99%	4.25%	**3.33%**	4.29%	4.49%	**4.13%**	4.99%	4.25%	**3.10%**	4.21%	4.50%
Expected rate of return on plan assets	**7.25**	7.25	7.25	**5.25**	6.26	6.04	**7.25**	7.25	7.25	**N/A**	N/A	N/A
Rate of compensation increase	**3.00**	3.00	3.00	**3.29**	3.71	3.49	**3.00**	3.00	3.00	**N/A**	N/A	N/A
Components of net periodic benefit cost (credit):												
Service cost	**$ 30**	$ 58	$ 63	**$ 32**	$ 33	$ 36	**$ 1**	$ 1	$ 2	**$ —**	$ —	$ —
Interest cost	**170**	180	170	**38**	43	38	**8**	11	9	**—**	—	—
Expected return on assets	**(333)**	(315)	(292)	**(51)**	(58)	(46)	**(6)**	(6)	(6)	**—**	—	—
Amortization of:												
Prior service cost (credit)	**(1)**	(15)	(16)	**—**	1	—	**(10)**	(10)	(10)	**—**	—	—
Net actuarial (gain) loss	**111**	125	205	**23**	15	15	**10**	11	12	**—**	—	—
Settlement (gain) loss	**1**	—	3	**—**	—	—	**—**	—	—	**—**	—	—
Curtailment (gain) loss	**(30)**	—	—	**—**	—	—	**—**	—	—	**—**	—	—
Special termination benefit charge	**—**	1	—	**—**	—	—	**—**	—	—	**—**	—	—
Net periodic benefit cost (credit)	**$ (52)**	$ 34	$ 133	**$ 42**	$ 34	$ 43	**$ 3**	$ 7	$ 7	**$ —**	$ —	$ —

Changes in other comprehensive (income) loss in 2015	Pension Benefits		Healthcare Benefits	
(in millions)	Domestic	Foreign	Domestic	Foreign
Net loss (gain) arising during period	**$ 122**	**$ 9**	**$ (25)**	**$ (1)**
Recognition of prior years' net (loss)	**(112)**	**(23)**	**(10)**	**—**
Prior service cost (credit) arising during period	**—**	**—**	**—**	**—**
Recognition of prior years' service credit	**31**	**—**	**10**	**—**
Foreign exchange adjustment	**N/A**	**—**	**N/A**	**—**
Total recognized in other comprehensive (income) loss (before tax effects)	**$ 41**	**$ (14)**	**$ (25)**	**$ (1)**

Amounts expected to be recognized in net periodic benefit cost (income) in 2016 (before tax effects)	Pension Benefits		Healthcare Benefits	
(in millions)	Domestic	Foreign	Domestic	Foreign
Loss recognition	**$ 69**	**$ 20**	**$ 8**	**$ —**
Prior service (credit) recognition	**—**	**—**	**(10)**	**—**

	Domestic		Foreign	
(in millions)	**2015**	2014	**2015**	2014
Pension benefits:				
Prepaid benefit cost	**$ 724**	$ 708	**$ 3**	$ —
Accrued benefit cost	**(212)**	(226)	**(136)**	(180)
Total pension benefits	**$ 512**	$ 482	**$ (133)**	$ (180)
Healthcare benefits:				
Accrued benefit cost	**$ (92)**	$ (117)	**$ (4)**	$ (8)
Total healthcare benefits	**$ (92)**	$ (117)	**$ (4)**	$ (8)

The accumulated benefit obligation for all defined benefit plans was $5.2 billion at Dec. 31, 2015 and $5.4 billion at Dec. 31, 2014.

Plans with obligations in excess of plan assets	Domestic		Foreign	
(in millions)	**2015**	2014	**2015**	2014
Projected benefit obligation	**$ 233**	$ 227	**$ 132**	$ 392
Accumulated benefit obligation	**233**	225	**115**	375
Fair value of plan assets	**20**	—	**79**	313

For information on pension assumptions see “Critical accounting estimates.”

Assumed healthcare cost trend - Domestic post-retirement healthcare benefits

The assumed healthcare cost trend rate used in determining benefit expense for 2016 is 6.50% decreasing to 4.75% in 2022. This projection is based on various economic models that forecast a decreasing growth rate of healthcare expenses over time. The underlying assumption is that healthcare expense growth cannot outpace gross national product ("GNP") growth indefinitely, and over time a lower equilibrium growth rate will be achieved. Further, the growth rate assumed in 2022 bears a reasonable relationship to the discount rate.

An increase in the healthcare cost trend rate of one percentage point for each year would increase the accumulated post-retirement benefit obligation by $12 million, or 6%, and the sum of the service and interest costs by $1 million, or 7%. Conversely, a decrease in this rate of one percentage point for each year would decrease the benefit obligation by $10 million, or 6%, and the sum of the service and interest costs by $1 million, or 6%.

Assumed healthcare cost trend - Foreign post-retirement healthcare benefits

An increase in the healthcare cost trend rate of one percentage point for each year would increase the accumulated post-retirement benefit obligation by less than $1 million and the sum of the service and interest costs by less than $1 million. Conversely, a decrease in this rate of one percentage point for each year would decrease the benefit obligation by less than $1 million and the sum of the service and interest costs by less than $1 million.

The following benefit payments for BNY Mellon's pension and healthcare plans, which reflect expected future service as appropriate, are expected to be paid:

Expected benefit payments *(in millions)*		**Domestic**	**Foreign**
Pension benefits:			
Year	2016	$ 252	$ 16
	2017	267	15
	2018	254	17
	2019	250	17
	2020	253	20
	2021-2025	1,275	116
Total pension benefits		$ 2,551	$ 201
Healthcare benefits:			
Year	2016	$ 14	$ —
	2017	14	—
	2018	14	—
	2019	14	—
	2020	14	—
	2021-2025	62	1
Total healthcare benefits		$ 132	$ 1

Plan contributions

BNY Mellon expects to make cash contributions to fund its defined benefit pension plans in 2016 of $22 million for the domestic plans and $22 million for the foreign plans.

BNY Mellon expects to make cash contributions to fund its post-retirement healthcare plans in 2016 of $14 million for the domestic plans and less than $1 million for the foreign plans.

Investment strategy and asset allocation

BNY Mellon is responsible for the administration of various employee pension and healthcare post-retirement benefits plans, both domestically and internationally. The domestic plans are administered by BNY Mellon's Benefits Administration Committee, a named fiduciary. Subject to the following, at all relevant times, BNY Mellon's Benefits Investment Committee, another named fiduciary to the domestic plans, is responsible for the investment of plan assets. The Benefits Investment Committee's responsibilities include the investment of all domestic defined benefit plan assets, as well as the determination of investment options offered to participants in all domestic defined contribution plans. The Benefits Investment Committee conducts periodic reviews of investment performance, asset allocation and investment manager suitability. In addition, the Benefits Investment Committee has oversight of the Regional Governance Committees for the foreign defined benefit plans.

Our investment objective for U.S. and foreign plans is to maximize total return while maintaining a broadly diversified portfolio for the primary purpose of satisfying obligations for future benefit payments.

Equities are the main holding of the plans. Alternative investments (including private equities) and fixed income securities provide diversification and, in certain cases, lower the volatility of returns. In general, equity securities and alternative investments within any domestic plan's portfolio can be maintained in the range of 30% to 70% of total plan assets, fixed-income securities can range from 20% to 50% of plan assets and cash equivalents can be held in amounts ranging from 0% to 5% of plan assets. Actual asset allocation within the approved ranges varies from time to time based on economic conditions (both current and forecast) and the advice of professional advisors.

Our pension assets were invested as follows at Dec. 31, 2015 and 2014:

Asset allocations	Domestic		Foreign	
	2015	2014	**2015**	2014
Equities	**63%**	63%	**57%**	56%
Fixed income	**31**	31	**34**	36
Private equities	**1**	2	**—**	—
Alternative investment	**3**	3	**3**	2
Real estate	**—**	—	**5**	5
Cash	**2**	1	**1**	1
Total pension benefits	**100%**	100%	**100%**	100%

Our pension plans did not hold any shares of The Bank of New York Mellon Corporation common stock at Dec. 31, 2015 and 2014. Assets of the U.S. post-retirement healthcare plan are invested in an insurance contract.

Fair value measurement of plan assets

In accordance with ASC 715, BNY Mellon has established a three-level hierarchy for fair value measurements of its pension plan assets based upon the transparency of inputs to the valuation of an asset as of the measurement date. The valuation hierarchy is consistent with guidance in ASC 820 which is detailed in Note 20 of the Notes to Consolidated Financial Statements.

The following is a description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such assets pursuant to the valuation hierarchy.

Cash and currency

This category consists primarily of foreign currency balances and is included in Level 1 of the valuation hierarchy. Foreign currency is translated monthly based on current exchange rates.

Common and preferred stock, exchange traded funds and equity funds

These investments include equities, exchange traded funds and equity funds and are valued at the closing price reported in the active market in which the individual securities are traded, if available. Where there are no readily available market quotations, we determine fair value primarily based on pricing sources with reasonable levels of price transparency.

Collective trust funds

Collective trust funds include commingled and U.S. equity funds that have no readily available market quotations. The fair value of the funds are based on the securities in the portfolio, which typically are the amount that the fund might reasonably expect to receive for the securities upon a sale. These funds are valued using observable inputs on either a daily or monthly basis. Collective trust funds are included as Level 2 of the valuation hierarchy.

Fixed income investments

Fixed income investments include U.S. Treasury securities, U.S. Government agencies, sovereign government obligations, U.S. corporate bonds and foreign corporate debt funds. U.S. Treasury securities are valued at the closing price reported in the active market in which the individual security is traded and included as Level 1 of the valuation hierarchy. U.S. Government agencies, sovereign government obligations, U.S. corporate bonds and foreign corporate debt funds are valued based on quoted prices for comparable securities with similar yields and credit ratings. When quoted prices are not available for identical or similar bonds, the bonds are valued using discounted cash flows that maximize observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. U.S. Government agencies, sovereign government obligations, U.S. corporate bonds and foreign corporate debt funds are primarily included as Level 2 of the valuation hierarchy with a small portion of U.S. corporate debt funds included as Level 1.

Other assets measured at NAV

Other assets measured at NAV include venture capital investments and partnership interests, funds of funds, property funds and other funds. There are no readily available market quotations for these funds. The fair value of the venture capital investments is based on the pension plan's ownership percentage of the fair value of the underlying funds as provided by the fund managers. These funds are typically valued on a quarterly basis. The pension plan's venture capital investments and partnership interests are valued at NAV as a practical expedient for fair value. The fair value of the funds of funds is based on NAVs of the funds in the portfolio, which reflects the value of the underlying securities. The fair value of the underlying securities is typically the amount that the fund might reasonably expect to receive upon selling those hard to value or illiquid securities within the portfolios.

The following tables present the fair value of each major category of plan assets as of Dec. 31, 2015 and Dec. 31, 2014, by captions and by ASC 820 valuation hierarchy. There were no transfers between Level 1 and Level 2.

Plan assets measured at fair value on a recurring basis—domestic plans at Dec. 31, 2015

(in millions)	Level 1	Level 2	Level 3	Total fair value
Common and preferred stock:				
U.S. equity	**$ 1,473**	**$ —**	**$ —**	**$ 1,473**
Non-U.S. equity	**132**	**—**	**—**	**132**
Collective trust funds:				
Commingled	**—**	**318**	**—**	**318**
U.S. equity	**—**	**1,181**	**—**	**1,181**
Fixed income:				
U.S. Treasury securities	**450**	**—**	**—**	**450**
U.S. Government agencies	**—**	**20**	**—**	**20**
Sovereign government obligations	**—**	**77**	**—**	**77**
U.S. corporate bonds	**—**	**726**	**—**	**726**
Other	**—**	**39**	**—**	**39**
Exchange traded funds	**60**	**—**	**—**	**60**
Other assets measured at NAV				**213**
Total domestic plan assets, at fair value	**$ 2,115**	**$ 2,361**	**$ —**	**$ 4,689**

Plan assets measured at fair value on a recurring basis—foreign plans at Dec. 31, 2015

(in millions)	Level 1	Level 2	Level 3	Total fair value
Equity funds	**$ 375**	**$ 163**	**$ —**	**$ 538**
Sovereign/government obligation funds	**52**	**84**	**—**	**136**
Corporate debt funds	**—**	**158**	**19**	**177**
Cash and currency	**5**	**—**	**—**	**5**
Other assets measured at NAV				**80**
Total foreign plan assets, at fair value	**$ 432**	**$ 405**	**$ 19**	**$ 936**

Plan assets measured at fair value on a recurring basis—domestic plans at Dec. 31, 2014

(in millions)	Level 1	Level 2	Level 3	Total fair value
Common and preferred stock:				
U.S. equity	$ 1,468	$ —	$ —	$ 1,468
Non-U.S. equity	132	—	—	132
Collective trust funds:				
Commingled	—	342	—	342
U.S. equity	—	1,344	—	1,344
Fixed income:				
U.S. Treasury securities	438	—	—	438
U.S. Government agencies	—	59	—	59
Sovereign government obligations	—	91	—	91
U.S. corporate bonds	—	724	—	724
Other	—	32	—	32
Exchange traded funds	70	—	—	70
Other assets measured at NAV				242
Total domestic plan assets, at fair value	$ 2,108	$ 2,592	$ —	$ 4,942

Plan assets measured at fair value on a recurring basis—foreign plans at Dec. 31, 2014

(in millions)	Level 1	Level 2	Level 3	Total fair value
Equity funds	$ 432	$ 125	$ —	$ 557
Sovereign/government obligation funds	75	130	—	205
Corporate debt funds	60	74	20	154
Cash and currency	13	—	—	13
Other assets measured at NAV				68
Total foreign plan assets, at fair value	$ 580	$ 329	$ 20	$ 997

Changes in Level 3 fair value measurements

The table below includes a roll forward of the plan assets for the years ended Dec. 31, 2015 and 2014 (including the change in fair value), for financial instruments classified in Level 3 of the valuation hierarchy.

Fair value measurements using significant unobservable inputs—foreign plans—for the year ended Dec. 31, 2015		
(in millions)		Corporate debt funds
Fair value at Dec. 31, 2014	$	20
Transfers into Level 3		—
Total gains or (losses) included in earnings (or changes in net assets)		(1)
Fair value at Dec. 31, 2015	**$**	**19**
Change in unrealized gains or (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$	(1)

Fair value measurements using significant unobservable inputs—foreign plans—for the year ended Dec. 31, 2014		
(in millions)		Corporate debt funds
Fair value at Dec. 31, 2013	$	19
Transfers into Level 3		—
Total gains or (losses) included in earnings (or changes in net assets)		1
Fair value at Dec. 31, 2014	$	20
Change in unrealized gains or (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$	1

Assets valued using net asset value per share

BNY Mellon had pension and post-retirement plan assets invested in venture capital and partnership interests, funds of funds, property funds and other contracts valued using NAV. The fund of funds investments are redeemable at NAV under agreements with the fund of funds managers.

Assets valued using NAV—Dec. 31, 2015						
(dollar amounts in millions)		Fair value		Unfunded commitments	Redemption frequency	Redemption notice period
Venture capital and partnership interests *(a)*	$	60	$	8	N/A	N/A
Funds of funds *(b)*		177		—	Monthly	30-45 days
Property funds *(c)*		49		—	Daily-Quarterly	0-90 days
Other contracts *(d)*		7		—	N/A	N/A
Total	**$**	**293**	**$**	**8**		

Assets valued using NAV—Dec. 31, 2014						
(dollar amounts in millions)		Fair value		Unfunded commitments	Redemption frequency	Redemption notice period
Venture capital and partnership interests *(a)*	$	159	$	11	N/A	N/A
Funds of funds *(b)*		151		—	Monthly	30-45 days
Total	**$**	**310**	**$**	**11**		

(a) Venture capital and partnership interests do not have redemption rights. Distributions from such funds will be received as the underlying investments are liquidated.
(b) Funds of funds include multi-strategy hedge funds that utilize investment strategies that invest over both long-term investment and short-term investment horizons.
(c) Property funds include funds invested in regional real estate vehicles that hold direct interest in real estate properties.
(d) Other contracts include assets invested in pooled accounts at insurance companies that are privately valued by the asset manager.

Defined contribution plans

BNY Mellon sponsors defined contribution plans in the U.S. and in certain non-U.S. locations, all of which are administered in accordance with local laws. The most significant defined contribution plan is The Bank of New York Mellon Corporation 401(k) Savings Plan sponsored by the Company in the U.S and covers substantially all U.S. employees.

Under The Bank of New York Mellon Corporation 401(k) Savings Plan, the Company matched 100% of the first 4% of an employee's eligible base pay plus 50% of the next 2% of eligible pay contributed by the participant for a maximum matching contribution of 5% for 2015, 2014 and 2013, subject to statutory limits.

The U.S. qualified and nonqualified defined benefit plans were closed to new participants effective Dec. 31, 2010, at which time an annual non-elective contribution equal to 2% of eligible base pay was added to The Bank of New York Mellon Corporation 401(k) Savings Plan. For 2014 and 2013, employees who were hired on or after Jan. 1, 2010 and were not eligible to earn benefits in The Bank of New York Mellon Corporation Pension Plan received the annual non-elective contribution.

On Jan. 29, 2015, the board of directors approved an amendment to freeze benefit accruals under the U.S. qualified and nonqualified defined benefit plans effective June 30, 2015. Employees, who were hired before Jan. 1, 2010 and were eligible to earn benefits in the pension plan prior to freezing the benefit accrual, received the non-elective contribution starting July 1, 2015. All Company contributions are invested according to participants' individual elections.

At Dec. 31, 2015 and Dec. 31, 2014, The Bank of New York Mellon Corporation 401(k) Savings Plan owned 15.6 million and 16.7 million shares of our common stock, respectively. The fair value of total assets was $5.2 billion at Dec. 31, 2015 and $5.3 billion at Dec. 31, 2014. We recorded expense of $209 million in 2015, $198 million in 2014 and $192 million in 2013 primarily for contributions to our defined contribution plans.

We also have an Employee Stock Ownership Plan ("ESOP") covering certain domestic full-time employees hired on or before July 1, 2008. The ESOP works in conjunction with the defined benefit pension plan. Employees are entitled to the higher of their benefit under the ESOP or such defined benefit pension plan at retirement. Benefits payable under the defined benefit pension plan are offset by the equivalent value of benefits earned under the ESOP.

At Dec. 31, 2015 and Dec. 31, 2014, the ESOP owned 6.0 million and 6.4 million shares of our common stock, respectively. The fair value of total ESOP assets was $251 million at Dec. 31, 2015 and $263 million at Dec. 31, 2014. The ESOP was amended effective June 30, 2015 to discontinue the ability of the Company to make contributions to the ESOP. There were no contributions to the ESOP in 2015, 2014 or 2013.

The Benefits Investment Committee appointed Fiduciary Counselors, Inc. to serve as the independent fiduciary to (i) make certain fiduciary decisions related to the continued prudence of offering the common stock of BNY Mellon or its affiliates as an investment option under the plans other than with respect to plan sponsor decisions, and (ii) select and monitor any managed investments (active or passive, including mutual funds) of BNY Mellon or its affiliates to be offered to participants as investment options under the plans.

Note 19 - Company financial information (Parent Corporation)

Our bank subsidiaries are subject to dividend limitations under the Federal Reserve Act, as well as national and state banking laws. Under these statutes, prior regulatory consent is required for dividends in any year that would exceed the bank's net profits for such year combined with retained net profits for the prior two years. Additionally, such bank subsidiaries may not declare dividends in excess of net profits on hand, as defined, after deducting the amount by which the principal amount of all loans, on which interest is past due for a period of six months or more, exceeds the allowance for credit losses.

The payment of dividends also is limited by minimum capital requirements imposed on banks. As of Dec. 31, 2015, BNY Mellon's bank subsidiaries exceeded these minimum requirements.

Subsequent to Dec. 31, 2015, our bank subsidiaries could declare dividends to the Parent of approximately $3.1 billion without the need for a regulatory waiver. In addition, at Dec. 31, 2015, non-bank subsidiaries of the Parent had liquid assets of approximately $1.3 billion.

The bank subsidiaries declared dividends of $182 million in 2015, $809 million in 2014 and $1.0 billion in 2013. The Federal Reserve and the OCC have issued additional guidelines that require bank holding companies and national banks to continually evaluate the level of cash dividends in relation to their respective operating income, capital needs, asset quality and overall financial condition.

The Federal Reserve policy with respect to the payment of cash dividends by bank holding companies provides that, as a matter of prudent banking, a bank holding company should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears to be consistent with the holding company's capital needs, asset quality and overall financial condition. The Federal Reserve can also prohibit a dividend if payment would constitute an unsafe or unsound banking practice. Any increase in BNY Mellon's ongoing quarterly dividends would require approval from the Federal Reserve. The Federal Reserve's current guidance provides that, for large bank holding companies like us, dividend payout ratios exceeding 30% of projected after-tax net income will receive particularly close scrutiny.

The Federal Reserve requires U.S. bank holding companies with total consolidated assets of $50 billion or more, like BNY Mellon, to submit annual capital plans for review. The Federal Reserve will evaluate the bank holding companies' capital adequacy, internal capital adequacy assessment processes, and their plans to make capital distributions, such as dividend payments or stock repurchases.

BNY Mellon and other affected BHCs may pay dividends, repurchase stock, and make other capital distributions only in accordance with a capital plan that has been reviewed by the Federal Reserve and as to which the Federal Reserve has not objected. The Federal Reserve may object to a capital plan if the plan does not show that the covered BHC will meet, for each quarter throughout the nine-quarter planning horizon covered by the capital plan, all minimum regulatory capital ratios under applicable capital rules as in effect for that quarter on a *pro forma* basis under the base case and stressed scenarios (including a severely adverse scenario provided by the Federal Reserve). The capital plan rules also stipulate that a covered BHC may not make a capital distribution unless after giving effect to the distribution it will meet all minimum regulatory capital ratios. As part of this process, BNY Mellon also provides the Federal Reserve with estimates of the composition and levels of regulatory capital, risk-weighted assets and other measures under Basel III under an identified scenario. In March 2015, BNY Mellon received confirmation that the Federal Reserve did not object to our 2015 capital plan. The board of directors subsequently approved the repurchase of up to $3.1 billion worth of common stock for a five-quarter period beginning in the second quarter of 2015 and continuing through the second quarter of 2016, including employee benefit plan repurchases. Of the $3.1 billion authorization, common stock repurchases of $700 million were contingent on a prior issuance of $1 billion of qualifying preferred stock, which issuance was completed in April 2015.

The Federal Reserve Act limits and requires collateral for extensions of credit by our insured subsidiary banks to BNY Mellon and certain of its non-bank affiliates. Also, there are restrictions on the amounts of investments by such banks in stock and other securities of BNY Mellon and such affiliates, and restrictions on the acceptance of their securities as collateral for loans by such banks. Extensions of credit by the banks to each of our affiliates are limited to 10% of such bank's regulatory capital, and in the aggregate for BNY Mellon and all such affiliates to 20%, and collateral must be between 100% and 130% of the amount of the credit, depending on the type of collateral.

Our insured subsidiary banks are required to maintain reserve balances with Federal Reserve Banks under the Federal Reserve Act and Regulation D. Required balances averaged $6.5 billion and $6.3 billion for the years 2015 and 2014, respectively.

In the event of impairment of the capital stock of one of the Parent's national banks or The Bank of New York Mellon, the Parent, as the banks' stockholder, could be required to pay such deficiency.

The Parent guarantees the debt issued by Mellon Funding Corporation, a wholly-owned financing subsidiary of the Company. The Parent also guarantees committed and uncommitted lines of credit of Pershing LLC and Pershing Limited subsidiaries. The Parent guarantees described above are full and unconditional and contain the standard provisions relating to parent guarantees of subsidiary debt. Additionally, the Parent guarantees or indemnifies obligations of its consolidated subsidiaries as needed. Generally, there are no stated notional amounts included in these indemnifications and the contingencies triggering the obligation for indemnification are not expected to occur. As a result, we are unable to develop an estimate of the maximum payout under these indemnifications. However, we believe the possibility is remote that we will have to make any material payment under these guarantees and indemnifications.

The Parent's condensed financial statements are as follows:

Condensed Income Statement—The Bank of New York Mellon Corporation (Parent Corporation)

	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Dividends from bank subsidiaries	**$ 145**	$ 775	$ 1,010
Dividends from nonbank subsidiaries	**207**	44	210
Interest revenue from bank subsidiaries	**68**	67	60
Interest revenue from nonbank subsidiaries	**91**	98	101
Gain on securities held for sale	**3**	1	32
Other revenue	**25**	24	26
Total revenue	**539**	1,009	1,439
Interest (including, $69, $62, $50, to subsidiaries, respectively)	**288**	257	245
Other expense	**64**	71	94
Total expense	**352**	328	339
Income before income taxes and equity in undistributed net income of subsidiaries	**187**	681	1,100
Provision (benefit) for income taxes	**(98)**	(155)	(93)
Equity in undistributed net income:			
Bank subsidiaries	**2,004**	910	184
Nonbank subsidiaries	**869**	821	727
Net income	**3,158**	2,567	2,104
Preferred stock dividends	**(105)**	(73)	(64)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 3,053**	$ 2,494	$ 2,040

Condensed Balance Sheet—The Bank of New York Mellon Corporation (Parent Corporation)

	Dec. 31,	
(in millions)	**2015**	2014
Assets:		
Cash and due from banks	**$ 9,383**	$ 7,517
Securities	**26**	30
Loans, net of allowance	**20**	76
Investment in and advances to subsidiaries and associated companies:		
Banks	**30,156**	28,600
Other	**27,405**	26,471
Subtotal	**57,561**	55,071
Corporate-owned life insurance	**728**	712
Other assets	**1,509**	1,361
Total assets	**$ 69,227**	$ 64,767
Liabilities:		
Deferred compensation	**$ 473**	$ 501
Affiliate borrowings	**8,243**	6,120
Other liabilities	**1,623**	1,194
Long-term debt	**20,851**	19,511
Total liabilities	**31,190**	27,326
Shareholders' equity	**38,037**	37,441
Total liabilities and shareholders' equity	**$ 69,227**	$ 64,767

Condensed Statement of Cash Flows—The Bank of New York Mellon Corporation (Parent Corporation)

	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Operating activities:			
Net income	**$ 3,158**	$ 2,567	$ 2,104
Adjustments to reconcile net income to net cash provided by/ (used in) operating activities:			
Amortization	**—**	—	1
Equity in undistributed net (income) of subsidiaries	**(2,873)**	(1,731)	(911)
Change in accrued interest receivable	**(4)**	23	21
Change in accrued interest payable	**15**	18	(5)
Change in taxes payable *(a)*	**132**	91	63
Other, net	**66**	2	(22)
Net cash provided by operating activities	**494**	970	1,251
Investing activities:			
Proceeds from sales of securities	**3**	7	67
Change in loans	**56**	(57)	(6)
Acquisitions of, investments in, and advances to subsidiaries	**(358)**	(1,603)	722
Other, net	**14**	107	11
Net cash (used in) provided by investing activities	**(285)**	(1,546)	794
Financing activities:			
Net change in commercial paper	**—**	(96)	(242)
Proceeds from issuance of long-term debt	**4,986**	4,686	3,892
Repayments of long-term debt	**(3,650)**	(4,071)	(2,023)
Change in advances from subsidiaries	**2,123**	2,704	78
Issuance of common stock	**352**	396	288
Treasury stock acquired	**(2,355)**	(1,669)	(1,026)
Issuance of preferred stock	**990**	—	494
Cash dividends paid	**(865)**	(833)	(744)
Tax benefit realized on share based payment awards	**76**	17	15
Net cash provided by financing activities	**1,657**	1,134	732
Change in cash and due from banks	**1,866**	558	2,777
Cash and due from banks at beginning of year	**7,517**	6,959	4,182
Cash and due from banks at end of year	**$ 9,383**	$ 7,517	$ 6,959
Supplemental disclosures			
Interest paid	**$ 302**	$ 275	$ 241
Income taxes paid	**158**	946	94
Income taxes refunded	**103**	54	14

(a) *Includes payments received from subsidiaries for taxes of $24 million in 2015, $452 million in 2014 and $192 million in 2013.*

Note 20 - Fair value measurement

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. A three-level hierarchy for fair value measurements is utilized based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. BNY Mellon's own creditworthiness is considered when valuing liabilities.

Fair value focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The objective is to determine from weighted indicators of fair value a reasonable point within the range that is most representative of fair value under current market conditions.

Determination of fair value

We have established processes for determining fair values. Fair value is based upon quoted market prices in active markets, where available. For financial instruments where quotes from recent exchange transactions are not available, we determine fair value based on discounted cash flow analysis, comparison to similar instruments, and the use of financial models. Discounted cash flow analysis is dependent upon estimated future cash flows and the level of interest rates. Model-based pricing uses inputs of observable prices, where available, for interest rates, foreign exchange rates, option volatilities and other factors. Models are benchmarked and validated by an independent internal risk management function. Our valuation process takes into consideration factors such as counterparty credit quality, liquidity, concentration concerns, and observability of model parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

Most derivative contracts are valued using internally developed models which are calibrated to observable market data and employ standard market pricing theory for their valuations. An initial "risk-neutral" valuation is performed on each position assuming time-discounting based on an AA credit curve. Then, to arrive at a fair value that incorporates counter-party credit risk, a credit adjustment is made to these results by discounting each trade's expected exposures to the counterparty using the counterparty's credit spreads, as implied by the credit default swap market. We also adjust expected liabilities to the counterparty using BNY Mellon's own credit spreads, as implied by the credit default swap market. Accordingly, the valuation of our derivative position is sensitive to the current changes in our own credit spreads as well as those of our counterparties.

In certain cases, recent prices may not be observable for instruments that trade in inactive or less active markets. Upon evaluating the uncertainty in valuing financial instruments subject to liquidity issues, we make an adjustment to their value. The determination of the liquidity adjustment includes the availability of external quotes, the time since the latest available quote and the price volatility of the instrument.

Certain parameters in some financial models are not directly observable and, therefore, are based on management's estimates and judgments. These financial instruments are normally traded less actively. We apply valuation adjustments to mitigate the possibility of error and revision in the model based estimate value. Examples include products where parameters such as correlation and recovery rates are unobservable.

The methods described above for instruments that trade in inactive or less active markets may produce a current fair value calculation that may not be indicative of net realizable value or reflective of future fair values. We believe our methods of determining fair value are appropriate and consistent with other market participants. However, the use of different methodologies or different assumptions to value certain financial instruments could result in a different estimate of fair value.

Valuation hierarchy

A three-level valuation hierarchy is used for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are described below.

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 1 assets and liabilities include certain debt and equity securities, derivative financial instruments actively traded on exchanges and U.S. Treasury securities that are actively traded in highly liquid over-the-counter markets.

Level 2: Observable inputs other than Level 1 prices, for example, quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs that are observable or can be corroborated, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 assets and liabilities include debt instruments that are traded less frequently than exchange-traded securities and derivative instruments whose model inputs are observable in the market or can be corroborated by market-observable data. Examples in this category are agency and non-agency mortgage-backed securities, corporate debt securities and over-the-counter derivative contracts.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Examples in this category include certain private equity investments, derivative contracts that are highly structured or long-dated, and interests in certain securitized financial assets.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Securities

Where quoted prices are available in an active market, we classify the securities within Level 1 of the valuation hierarchy. Securities include both long and short positions. Level 1 securities include highly liquid government bonds, money market funds, foreign covered bonds and exchange-traded equities.

If quoted market prices are not available, we estimate fair values using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include agency and non-agency mortgage-backed securities, state and political subdivisions, commercial mortgage-backed securities, sovereign debt, corporate bonds and foreign covered bonds.

For securities where quotes from recent transactions are not available for identical securities, we determine fair value primarily based on pricing sources with reasonable levels of price transparency that employ financial models or obtain comparison to similar instruments to arrive at "consensus" prices.

Specifically, the pricing sources obtain recent transactions for similar types of securities (e.g., vintage, position in the securitization structure) and ascertain variables such as discount rate and speed of prepayment for the types of transaction and apply such variables to similar types of bonds. We view these as observable transactions in the current marketplace and classify such securities as Level 2. Pricing sources discontinue pricing any specific security whenever they determine there is insufficient observable data to provide a good faith opinion on price.

In addition, we have significant investments in more actively traded agency RMBS and other types of securities such as sovereign debt. The pricing sources derive the prices for these securities largely from quotes they obtain from three major inter-dealer brokers. The pricing sources receive their daily observed trade price and other information feeds from the inter-dealer brokers.

For securities with bond insurance, the financial strength of the insurance provider is analyzed and that information is included in the fair value assessment for such securities.

In certain cases where there is limited activity or less transparency around inputs to the valuation, we classify those securities in Level 3 of the valuation hierarchy. Securities classified within Level 3 may include securities of state and political subdivisions and distressed debt securities.

At Dec. 31, 2015, all of our securities were valued by pricing sources with reasonable levels of price transparency. We have no instruments included in Level 3 of the valuation hierarchy.

Consolidated collateralized loan obligations

BNY Mellon values assets in consolidated CLOs using observable market prices observed from the secondary loan market. The returns to the note holders are solely dependent on the assets and accordingly equal the value of those assets. Based on the structure of the CLOs, the valuation of the assets is attributable to the note holders. Changes in the values of assets and liabilities are reflected in the income statement as investment and other income and interest of investment management fund note holders, respectively. Assets in consolidated CLOs are generally classified within Level 2 of the valuation hierarchy.

Derivatives

We classify exchange-traded derivatives valued using quoted prices in Level 1 of the valuation hierarchy. Examples include exchange-traded equity and foreign exchange options. Since few other classes of derivative contracts are listed on an exchange, most of our derivative positions are valued using internally developed models that use as their basis readily observable market parameters, and we classify them in Level 2 of the valuation hierarchy. Such derivatives include swaps and options, foreign exchange spot and forward contracts and credit default swaps.

Derivatives valued using models with significant unobservable market parameters in markets that lack two-way flow are classified in Level 3 of the valuation hierarchy. Examples include long-dated swaps and options, where parameters may be unobservable for longer maturities; and certain highly structured products, where correlation risk is unobservable. As of Dec. 31, 2015 we have no Level 3 derivatives. Additional disclosures of derivative instruments are provided in Note 23 of the Notes to Consolidated Financial Statements.

Loans and unfunded lending-related commitments

Where quoted market prices are not available, we generally base the fair value of loans and unfunded lending-related commitments on observable market prices of similar instruments, including bonds, credit derivatives and loans with similar characteristics. If observable market prices are not available, we base the fair value on estimated cash flows adjusted for credit risk which are discounted using an interest rate appropriate for the maturity of the applicable loans or the unfunded lending-related commitments.

Unrealized gains and losses, if any, on unfunded lending-related commitments carried at fair value are classified in other assets and other liabilities, respectively. Loans and unfunded lending-related commitments carried at fair value are generally classified within Level 2 of the valuation hierarchy.

Seed capital

In our Investment Management business, we manage investment assets, including equities, fixed income, money market and alternative investment funds for institutions and other investors. As part of that activity, we make seed capital investments in certain funds. Seed capital is included in other assets. When applicable, we value seed capital based on the published NAV of the fund.

For other types of investments in funds, we consider all of the rights and obligations inherent in our ownership interest, including the reported NAV as well as other factors that affect the fair value of our interest in the fund.

Certain interests in securitizations

For certain interests in securitizations that are classified in securities available-for-sale, trading assets and long-term debt, we use discounted cash flow models, which generally include assumptions of projected finance charges related to the securitized assets, estimated net credit losses, prepayment assumptions and estimates of payments to third-party investors. When available, we compare our fair value estimates and assumptions to market activity and to the actual results of the securitized portfolio.

Private equity investments

Our Other segment includes holdings of nonpublic private equity investments through funds managed by third-party investment managers. We value private equity investments initially based upon the transaction price, which we subsequently adjust to reflect expected exit values as evidenced by financing and sale transactions with third parties or through ongoing reviews by the investment managers.

Private equity investments also include publicly held equity investments, generally obtained through the initial public offering of privately held equity investments. These equity investments are often held in a partnership structure. Publicly held investments are marked-to-market at the quoted public value less adjustments for regulatory or contractual sales restrictions or adjustments to reflect the difficulty in selling a partnership interest.

Discounts for restrictions are quantified by analyzing the length of the restriction period and the volatility of the equity security. Publicly held private equity investments are primarily classified in Level 2 of the valuation hierarchy.

The following tables present the financial instruments carried at fair value at Dec. 31, 2015 and Dec. 31, 2014, by caption on the consolidated balance sheet and by valuation hierarchy (as described above). We have included credit ratings information in certain of the tables because the information indicates the degree of credit risk to which we are exposed, and significant changes in ratings classifications could result in increased risk for us. There were no material transfers between Level 1 and Level 2 during 2015.

Assets measured at fair value on a recurring basis at Dec. 31, 2015

(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting *(a)*	Total carrying value
Available-for-sale securities:					
U.S. Treasury	$ 12,832	$ —	$ —	$ —	$ 12,832
U.S. Government agencies	—	387	—	—	387
Sovereign debt/sovereign guaranteed	35	13,182	—	—	13,217
State and political subdivisions *(b)*	—	4,046	—	—	4,046
Agency RMBS	—	23,501	—	—	23,501
Non-agency RMBS	—	793	—	—	793
Other RMBS	—	1,061	—	—	1,061
Commercial MBS	—	1,392	—	—	1,392
Agency commercial MBS	—	4,020	—	—	4,020
Asset-backed CLOs	—	2,351	—	—	2,351
Other asset-backed securities	—	2,893	—	—	2,893
Equity securities	4	—	—	—	4
Money market funds *(b)*	886	—	—	—	886
Corporate bonds	—	1,752	—	—	1,752
Other debt securities	—	2,775	—	—	2,775
Foreign covered bonds	1,966	202	—	—	2,168
Non-agency RMBS *(c)*	—	1,789	—	—	1,789
Total available-for-sale securities	15,723	60,144	—	—	75,867
Trading assets:					
Debt and equity instruments *(b)*	1,232	2,167	—	—	3,399
Derivative assets not designated as hedging:					
Interest rate	10	10,034	—	(8,071)	1,973
Foreign exchange	—	4,905	—	(2,981)	1,924
Equity and other contracts	15	120	—	(63)	72
Total derivative assets not designated as hedging	25	15,059	—	(11,115)	3,969
Total trading assets	1,257	17,226	—	(11,115)	7,368
Loans	—	422	—	—	422
Other assets:					
Derivative assets designated as hedging:					
Interest rate	—	497	—	—	497
Foreign exchange	—	219	—	—	219
Total derivative assets designated as hedging	—	716	—	—	716
Other assets *(d)*	192	62	—	—	254
Other assets measured at net asset value					117
Total other assets	192	778	—	—	1,087
Subtotal assets of operations at fair value	**17,172**	**78,570**	**—**	**(11,115)**	**84,744**
Percentage of assets prior to netting	18%	82%	—%		
Assets of consolidated investment management funds:					
Trading assets	455	773	—	—	1,228
Other assets	157	16	—	—	173
Total assets of consolidated investment management funds	612	789	—	—	1,401
Total assets	**$ 17,784**	**$ 79,359**	**$ —**	**$ (11,115)**	**$ 86,145**
Percentage of assets prior to netting	18%	82%	—%		

Liabilities measured at fair value on a recurring basis at Dec. 31, 2015

(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting *(a)*	Total carrying value
Trading liabilities:					
Debt and equity instruments	$ 422	$ 152	$ —	$ —	$ 574
Derivative liabilities not designated as hedging:					
Interest rate	5	9,957	—	(8,235)	1,727
Foreign exchange	—	4,682	—	(2,567)	2,115
Equity and other contracts	5	147	—	(67)	85
Total derivative liabilities not designated as hedging	10	14,786	—	(10,869)	3,927
Total trading liabilities	432	14,938	—	(10,869)	4,501
Long-term debt *(b)*	—	359	—	—	359
Other liabilities - derivative liabilities designated as hedging:					
Interest rate	—	372	—	—	372
Foreign exchange	—	20	—	—	20
Total other liabilities - derivative liabilities designated as hedging	—	392	—	—	392
Subtotal liabilities of operations at fair value	**432**	**15,689**	**—**	**(10,869)**	**5,252**
Percentage of liabilities prior to netting	3%	97%	—%		
Liabilities of consolidated investment management funds:					
Trading liabilities	—	229	—	—	229
Other liabilities	1	16	—	—	17
Total liabilities of consolidated investment management funds	1	245	—	—	246
Total liabilities	**$ 433**	**$ 15,934**	**$ —**	**$ (10,869)**	**$ 5,498**
Percentage of liabilities prior to netting	3%	97%	—%		

(a) ASC 815 permits the netting of derivative receivables and derivative payables under legally enforceable master netting agreements and permits the netting of cash collateral. Netting is applicable to derivatives not designated as hedging instruments included in trading assets or trading liabilities, and derivatives designated as hedging instruments included in other assets or other liabilities. Netting is allocated to the derivative products based on the net fair value of each product.

(b) Includes certain interests in securitizations.

(c) Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.

(d) Includes private equity investments and seed capital.

Assets measured at fair value on a recurring basis at Dec. 31, 2014

(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting *(a)*	Total carrying value
Available-for-sale securities:					
U.S. Treasury	$ 19,997	$ —	$ —	$ —	$ 19,997
U.S. Government agencies	—	343	—	—	343
Sovereign debt/sovereign guaranteed	40	17,244	—	—	17,284
State and political subdivisions *(b)*	—	5,236	11	—	5,247
Agency RMBS	—	32,600	—	—	32,600
Non-agency RMBS	—	953	—	—	953
Other RMBS	—	1,551	—	—	1,551
Commercial MBS	—	1,959	—	—	1,959
Agency commercial MBS	—	3,132	—	—	3,132
Asset-backed CLOs	—	2,130	—	—	2,130
Other asset-backed securities	—	3,240	—	—	3,240
Equity securities	95	—	—	—	95
Money market funds *(b)*	763	—	—	—	763
Corporate bonds	—	1,785	—	—	1,785
Other debt securities	—	2,169	—	—	2,169
Foreign covered bonds	2,250	618	—	—	2,868
Non-agency RMBS *(c)*	—	2,214	—	—	2,214
Total available-for-sale securities	23,145	75,174	11	—	98,330
Trading assets:					
Debt and equity instruments *(b)*	2,204	2,217	—	—	4,421
Derivative assets not designated as hedging:					
Interest rate	7	17,137	6	(13,942)	3,208
Foreign exchange	—	6,280	—	(4,246)	2,034
Equity	96	278	3	(159)	218
Total derivative assets not designated as hedging	103	23,695	9	(18,347)	5,460
Total trading assets	2,307	25,912	9	(18,347)	9,881
Loans	—	21	—	—	21
Other assets:					
Derivative assets designated as hedging:					
Interest rate	—	477	—	—	477
Foreign exchange	—	374	—	—	374
Total derivative assets designated as hedging	—	851	—	—	851
Other assets *(d)(e)*	174	514	35	—	723
Other assets measured at net asset value *(e)*					342
Total other assets	174	1,365	35	—	1,916
Subtotal assets of operations at fair value	25,626	102,472	55	(18,347)	110,148
Percentage of assets prior to netting	20%	80%	—%		
Assets of consolidated investment management funds:					
Trading assets	100	8,578	—	—	8,678
Other assets	457	147	—	—	604
Total assets of consolidated investment management funds	557	8,725	—	—	9,282
Total assets	$ 26,183	$ 111,197	$ 55	$ (18,347)	$ 119,430
Percentage of assets prior to netting	19%	81%	—%		

Liabilities measured at fair value on a recurring basis at Dec. 31, 2014					
(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting *(a)*	Total carrying value
Trading liabilities:					
Debt and equity instruments	$ 367	$ 294	$ —	$ —	$ 661
Derivative liabilities not designated as hedging:					
Interest rate	3	17,645	6	(14,467)	3,187
Foreign exchange	—	6,367	—	(3,149)	3,218
Equity and other contracts	47	499	3	(181)	368
Total derivative liabilities not designated as hedging	50	24,511	9	(17,797)	6,773
Total trading liabilities	417	24,805	9	(17,797)	7,434
Long-term debt *(b)*	—	347	—	—	347
Other liabilities:					
Derivative liabilities designated as hedging:					
Interest rate	—	385	—	—	385
Foreign exchange	—	62	—	—	62
Total derivative liabilities designated as hedging	—	447	—	—	447
Other liabilities	4	—	—	—	4
Total other liabilities	4	447	—	—	451
Subtotal liabilities of operations at fair value	421	25,599	9	(17,797)	8,232
Percentage of liabilities prior to netting	2%	98%	—%		
Liabilities of consolidated investment management funds:					
Trading liabilities	—	7,660	—	—	7,660
Other liabilities	1	8	—	—	9
Total liabilities of consolidated investment management funds	1	7,668	—	—	7,669
Total liabilities	$ 422	$ 33,267	$ 9	$ (17,797)	$ 15,901
Percentage of liabilities prior to netting	1%	99%	—%		

(a) *ASC 815 permits the netting of derivative receivables and derivative payables under legally enforceable master netting agreements and permits the netting of cash collateral. Netting is applicable to derivatives not designated as hedging instruments included in trading assets or trading liabilities, and derivatives designated as hedging instruments included in other assets or other liabilities. Netting is allocated to the derivative products based on the net fair value of each product.*

(b) *Includes certain interests in securitizations.*

(c) *Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.*

(d) *Includes private equity investments and seed capital.*

(e) *Other assets measured at fair value at Dec. 31, 2014 were restated to reflect the retrospective application of adopting new disclosure guidance contained in ASU 2015-07 related to investments in certain entities that use NAV as a practical expedient when measuring fair value. See Note 2 of the Notes to Consolidated Financial Statements for additional information.*

Details of certain items measured at fair value on a recurring basis (dollar amounts in millions)	Dec. 31, 2015 Total carrying value (a)	Ratings AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower	Dec. 31, 2014 Total carrying value (a)	Ratings AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower
Non-agency RMBS, originated in:										
2007	**$ 66**	**—%**	**—%**	**—%**	**100%**	$ 78	—%	—%	—%	100%
2006	**115**	**—**	**—**	**—**	**100**	138	—	—	—	100
2005	**234**	**19**	**9**	**13**	**59**	284	—	21	19	60
2004 and earlier	**378**	**4**	**4**	**26**	**66**	453	3	5	27	65
Total non-agency RMBS	**$ 793**	**8%**	**4%**	**16%**	**72%**	$ 953	1%	9%	19%	71%
Commercial MBS - Domestic, originated in:										
2009-2015	**$ 626**	**83%**	**17%**	**—%**	**—%**	$ 639	83%	17%	—%	—%
2008	**16**	**100**	**—**	**—**	**—**	19	100	—	—	—
2007	**304**	**62**	**22**	**16**	**—**	353	65	21	14	—
2006	**384**	**76**	**24**	**—**	**—**	599	83	17	—	—
2005 and earlier	**—**	**—**	**—**	**—**	**—**	277	100	—	—	—
Total commercial MBS - Domestic	**$ 1,330**	**76%**	**20%**	**4%**	**—%**	$ 1,887	82%	15%	3%	—%
Foreign covered bonds:										
Canada	**$ 1,014**	**100%**	**—%**	**—%**	**—%**	$ 1,266	100%	—%	—%	—%
United Kingdom	**363**	**100**	**—**	**—**	**—**	690	100	—	—	—
Netherlands	**214**	**100**	**—**	**—**	**—**	244	100	—	—	—
Other	**577**	**100**	**—**	**—**	**—**	668	100	—	—	—
Total foreign covered bonds	**$ 2,168**	**100%**	**—%**	**—%**	**—%**	$ 2,868	100%	—%	—%	—%
European floating rate notes - available-for-sale:										
United Kingdom	**$ 780**	**85%**	**15%**	**—%**	**—%**	$ 1,172	83%	17%	—%	—%
Netherlands	**222**	**100**	**—**	**—**	**—**	296	100	—	—	—
Ireland	**121**	**—**	**45**	**55**	**—**	144	—	—	—	100
Other	**—**	**—**	**—**	**—**	**—**	25	99	1	—	—
Total European floating rate notes - available-for-sale	**$ 1,123**	**79%**	**15%**	**6%**	**—%**	$ 1,637	79%	12%	—%	9%
Sovereign debt/sovereign guaranteed:										
United Kingdom	**$ 2,941**	**100%**	**—%**	**—%**	**—%**	$ 5,076	100%	—%	—%	—%
France	**2,008**	**100**	**—**	**—**	**—**	3,550	100	—	—	—
Spain	**1,955**	**—**	**—**	**100**	**—**	1,978	—	—	100	—
Germany	**1,683**	**100**	**—**	**—**	**—**	1,522	100	—	—	—
Italy	**1,398**	**—**	**—**	**100**	**—**	1,427	—	—	100	—
Belgium	**1,108**	**100**	**—**	**—**	**—**	829	100	—	—	—
Netherlands	**1,055**	**100**	**—**	**—**	**—**	1,800	100	—	—	—
Ireland	**772**	**—**	**—**	**100**	**—**	672	—	—	100	—
Other	**297**	**68**	**—**	**32**	**—**	430	81	—	19	—
Total sovereign debt/sovereign guaranteed	**$ 13,217**	**68%**	**—%**	**32%**	**—%**	$ 17,284	76%	—%	24%	—%
Non-agency RMBS *(b)*, originated in:										
2007	**$ 502**	**—%**	**—%**	**—%**	**100%**	$ 620	—%	—%	—%	100%
2006	**530**	**—**	**1**	**—**	**99**	653	—	—	1	99
2005	**580**	**—**	**2**	**1**	**97**	727	—	3	1	96
2004 and earlier	**177**	**—**	**3**	**9**	**88**	214	—	4	7	89
Total non-agency RMBS *(b)*	**$ 1,789**	**—%**	**1%**	**1%**	**98%**	$ 2,214	—%	1%	1%	98%

(a) At Dec. 31, 2015 and Dec. 31, 2014, foreign covered bonds and sovereign debt were included in Level 1 and Level 2 in the valuation hierarchy. All other assets in the table are Level 2 assets in the valuation hierarchy.

(b) Previously included in the Grantor Trust. The Grantor Trust was dissolved in 2011.

Changes in Level 3 fair value measurements

Our classification of a financial instrument in Level 3 of the valuation hierarchy is based on the significance of the unobservable factors to the overall fair value measurement. However, these instruments generally include other observable components that are actively quoted or validated to third-party sources; accordingly, the gains and losses in the table below include changes in fair value due to observable parameters as well as the unobservable parameters in our valuation methodologies. We also frequently manage the risks of Level 3 financial instruments using securities and derivatives positions that are Level 1 or 2 instruments which are not included in the table; accordingly, the gains or losses below do not reflect the effect of our risk management activities related to the Level 3 instruments.

The Company has a Level 3 Pricing Committee which evaluates the valuation techniques used in determining the fair value of Level 3 assets and liabilities.

The tables below include a roll forward of the balance sheet amounts for the years ended Dec. 31, 2015 and 2014 (including the change in fair value), for financial instruments classified in Level 3 of the valuation hierarchy. There were no Level 3 instruments as of Dec. 31, 2015.

Fair value measurements for assets using significant unobservable inputs for the year ended Dec. 31, 2015

	Available-for-sale securities	Trading assets		
(in millions)	State and political subdivisions	Derivative assets *(a)*	Other assets	Total assets
Fair value at Dec. 31, 2014	$ 11	$ 9	$ 35	$ 55
Transfers out of Level 3	—	(3)	—	(3)
Total gains or (losses) for the period:				
Included in earnings (or changes in net assets)	— *(b)*	(1) *(c)*	10 *(d)*	9
Purchases, sales and settlements:				
Purchases	—	—	3	3
Sales	—	—	(48)	(48)
Settlements	(11)	(5)	—	(16)
Fair value at Dec. 31, 2015	**$ —**	**$ —**	**$ —**	**$ —**
Change in unrealized gains or (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period		$ —	$ —	$ —

(a) Derivative assets are reported on a gross basis.
(b) Realized gains (losses) are reported in securities gains (losses). Unrealized gains (losses) are reported in accumulated other comprehensive income (loss) except for the credit portion of OTTI losses which are recorded in securities gains (losses).
(c) Reported in foreign exchange and other trading revenue.
(d) Reported in investment and other income.

Fair value measurements for liabilities using significant unobservable inputs for the year ended Dec. 31, 2015

	Trading liabilities
(in millions)	Derivative liabilities *(a)*
Fair value at Dec. 31, 2014	$ 9
Transfers out of Level 3	(3)
Total (gains) or losses for the period:	
Included in earnings (or changes in net liabilities)	(1) *(b)*
Settlements	(5)
Fair value at Dec. 31, 2015	**$ —**
Change in unrealized (gains) or losses for the period included in earnings (or changes in net assets) for liabilities held at the end of the reporting period	$ —

(a) Derivative liabilities are reported on a gross basis.
(b) Reported in foreign exchange and other trading revenue.

Fair value measurements for assets using significant unobservable inputs for the year ended Dec. 31, 2014

	Available-for-sale securities		Trading assets										
(in millions)		State and political subdivisions			Debt and equity instruments			Derivative assets *(a)*		Other assets			Total assets *(b)*
Fair value at Dec. 31, 2013	$	11		$	1		$	22	$	—		$	34
Transfers out of Level 3		—			—			(12)		—			(12)
Transfers into Level 3		—			—			—		38			38
Total gains or (losses) for the period:													
Included in earnings (or changes in net assets)		—	*(c)*		—	*(d)*		12 *(d)*		(2)	*(e)*		10
Purchases, sales and settlements:													
Purchases		—			—			—		1			1
Sales		—			—			—		(2)			(2)
Settlements		—			(1)			(13)		—			(14)
Fair value at Dec. 31, 2014	$	11		$	—		$	9	$	35		$	55
Change in unrealized gains or (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period				$	—		$	13	$	(2)		$	11

(a) *Derivative assets are reported on a gross basis.*
(b) *Total assets measured at fair value at Dec. 31, 2014 were restated to reflect the retrospective application of adopting new disclosure guidance contained in ASU 2015-07 related to investments in certain entities that use NAV as a practical expedient when measuring fair value. See Note 2 for additional information.*
(c) *Realized gains (losses) are reported in securities gains (losses). Unrealized gains (losses) are reported in accumulated other comprehensive income (loss) except for the credit portion of OTTI losses which are recorded in securities gains (losses).*
(d) *Reported in foreign exchange and other trading revenue.*
(e) *Reported in investment and other income.*

Fair value measurements for liabilities using significant unobservable inputs for the year ended Dec. 31, 2014

		Trading liabilities	
(in millions)		Derivative liabilities	*(a)*
Fair value at Dec. 31, 2013	$	75	
Transfers out of Level 3		(39)	
Total (gains) or losses for the period:			
Included in earnings (or changes in net liabilities)		(14)	*(b)*
Purchases and settlements:			
Purchases		3	
Settlements		(16)	
Fair value at Dec. 31, 2014	$	9	
Change in unrealized (gains) or losses for the period included in earnings (or changes in net assets) for liabilities held at the end of the reporting period	$	9	

(a) *Derivative liabilities are reported on a gross basis.*
(b) *Reported in foreign exchange and other trading revenue.*

Assets and liabilities measured at fair value on a nonrecurring basis

Under certain circumstances, we make adjustments to fair value our assets, liabilities and unfunded lending-related commitments although they are not measured at fair value on an ongoing basis. An example would be the recording of an impairment of an asset.

The following tables present the financial instruments carried on the consolidated balance sheet by caption and by level in the fair value hierarchy as of Dec. 31, 2015 and Dec. 31, 2014, for which a nonrecurring change in fair value has been recorded during the years ended Dec. 31, 2015 and Dec. 31, 2014.

Assets measured at fair value on a nonrecurring basis at Dec. 31, 2015

(in millions)		Level 1		Level 2		Level 3		Total carrying value
Loans *(a)*	$	—	$	97	$	174	$	271
Other assets *(b)*		—		6		—		6
Total assets at fair value on a nonrecurring basis	**$**	**—**	**$**	**103**	**$**	**174**	**$**	**277**

Assets measured at fair value on a nonrecurring basis at Dec. 31, 2014 *(in millions)*	Level 1	Level 2	Level 3	Total carrying value
Loans *(a)*	$ —	$ 112	$ 2	$ 114
Other assets *(b)*	—	6	—	6
Total assets at fair value on a nonrecurring basis	$ —	$ 118	$ 2	$ 120

(a) During the years ended Dec. 31, 2015 and Dec. 31, 2014, the fair value of these loans decreased $2 million and $6 million, respectively, based on the fair value of the underlying collateral as allowed by ASC 310, Accounting by Creditors for Impairment of a loan, with an offset to the allowance for credit losses.
(b) Includes other assets received in satisfaction of debt and loans held for sale. Loans held for sale are carried on the balance sheet at the lower of cost or fair value.

Estimated fair value of financial instruments

The carrying amounts of our financial instruments (i.e., monetary assets and liabilities) are determined under different accounting methods - see Note 1 of the Notes to Consolidated Financial Statements. The following disclosure discusses these instruments on a uniform fair value basis. However, active markets do not exist for a significant portion of these instruments. For financial instruments where quoted prices from identical assets and liabilities in active markets do not exist, we determine fair value based on discounted cash flow analysis and comparison to similar instruments. Discounted cash flow analysis is dependent upon estimated future cash flows and the level of interest rates. Other judgments would result in different fair values. The fair value information supplements the basic financial statements and other traditional financial data presented throughout this report.

A summary of the practices used for determining fair value and the respective level in the valuation hierarchy for financial assets and liabilities not recorded at fair value follows.

Interest-bearing deposits with the Federal Reserve and other central banks and interest-bearing deposits with banks

The estimated fair value of interest-bearing deposits with the Federal Reserve and other central banks is equal to the book value as these interest-bearing deposits are generally considered cash equivalents. These instruments are classified as Level 2 within the valuation hierarchy. The estimated fair value of interest-bearing deposits with banks is generally determined using discounted cash flows and duration of the instrument to maturity. The primary inputs used to value these transactions are interest rates based on current LIBOR market rates and time to maturity. Interest-bearing deposits with banks are classified as Level 2 within the valuation hierarchy.

Federal funds sold and securities purchased under resale agreements

The estimated fair value of federal funds sold and securities purchased under resale agreements is based on inputs such as interest rates and tenors. Federal funds sold and securities purchased under resale agreements are classified as Level 2 within the valuation hierarchy.

Securities held-to-maturity

Where quoted prices are available in an active market for identical assets and liabilities, we classify the securities as Level 1 within the valuation hierarchy. Level 1 securities include U.S. Treasury securities and foreign covered bonds.

If quoted market prices are not available for identical assets, we estimate fair value using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Examples of such instruments, which would generally be classified as Level 2 within the valuation hierarchy, include certain agency and non-agency mortgage-backed securities, commercial mortgage-backed securities and state and political subdivision securities. For securities where quotes from active markets are not available for identical securities, we determine fair value primarily based on pricing sources with reasonable levels of price transparency that employ financial models or obtain comparison to similar instruments to arrive at "consensus" prices.

Specifically, the pricing sources obtain active market prices for similar types of securities (e.g., vintage, position in the securitization structure) and ascertain variables such as discount rate and speed of prepayment for the types of transaction and apply such variables to similar types of bonds. We view these as observable transactions in the current marketplace and classify such securities as Level 2 within the valuation hierarchy.

Loans

For residential mortgage loans, fair value is estimated using discounted cash flow analysis, adjusting where appropriate for prepayment estimates, using interest rates currently being offered for loans with similar terms and maturities to borrowers. The estimated fair value of margin loans and overdrafts is equal to the book value due to the short-term nature of these assets. The estimated fair value of other types of loans, including our term loan program, is determined using discounted cash flows. Inputs include current LIBOR market rates adjusted for credit spreads. These loans are generally classified as Level 2 within the valuation hierarchy.

Other financial assets

Other financial assets include cash, the Federal Reserve Bank stock and accrued interest receivable. Cash is classified as Level 1 within the valuation hierarchy. The Federal Reserve Bank stock is not redeemable or transferable. The estimated fair value of the Federal Reserve Bank stock is based on the issue price and is classified as Level 2 within the valuation hierarchy. Accrued interest receivable is generally short-term. As a result, book value is considered to equal fair value. Accrued interest receivable is included as Level 2 within the valuation hierarchy.

Noninterest-bearing and interest-bearing deposits

Interest-bearing deposits are comprised of money market rate and demand deposits, savings deposits and time deposits. Except for time deposits, book value is considered to equal fair value for these deposits due to their short duration to maturity or payable on demand feature. The fair value of interest-bearing time deposits is determined using discounted cash flow analysis. Inputs primarily consist of current LIBOR market rates and time to maturity. For all noninterest-bearing deposits, book value is considered to equal fair value as a result of the short duration of the deposit. Interest-bearing and noninterest-bearing deposits are classified as Level 2 within the valuation hierarchy.

Federal funds purchased and securities sold under repurchase agreements

The estimated fair value of federal funds purchased and securities sold under repurchase agreements is based on inputs such as interest rates and tenors. Federal funds purchased and securities sold under repurchase agreements are classified as Level 2 within the valuation hierarchy.

Payables to customers and broker-dealers

The estimated fair value of payables to customers and broker-dealers is equal to the book value, due to the demand feature of the payables to customers and broker-dealers, and are classified as Level 2 within the valuation hierarchy.

Borrowings

Borrowings primarily consist of overdrafts of subcustodian account balances in our Investment Services businesses and accrued interest payable. The estimated fair value of overdrafts of subcustodian account balances in our Investment Services businesses is considered to equal book value as a result of the short duration of the overdrafts and is included as Level 2 within the valuation hierarchy. Overdrafts are typically repaid within two days. Accrued interest payable is generally short-term. As a result, book value is considered to equal fair value. Accrued interest payable is included as Level 2 within the valuation hierarchy.

Long-term debt

The estimated fair value of long-term debt is based on current rates for instruments of the same remaining maturity or quoted market prices for the same or similar issues. Long-term debt is classified as Level 2 within the valuation hierarchy.

The following tables present the estimated fair value and the carrying amount of financial instruments not carried at fair value on the consolidated balance sheet at Dec. 31, 2015 and Dec. 31, 2014, by caption on the consolidated balance sheet and by the valuation hierarchy.

Summary of financial instruments	**Dec. 31, 2015**				
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total estimated fair value**	**Carrying amount**
Assets:					
Interest-bearing deposits with the Federal Reserve and other central banks	**$ —**	**$ 113,203**	**$ —**	**$ 113,203**	**$ 113,203**
Interest-bearing deposits with banks	**—**	**15,150**	**—**	**15,150**	**15,146**
Federal funds sold and securities purchased under resale agreements	**—**	**24,373**	**—**	**24,373**	**24,373**
Securities held-to-maturity	**11,376**	**31,828**	**—**	**43,204**	**43,312**
Loans	**—**	**61,421**	**—**	**61,421**	**61,267**
Other financial assets	**6,537**	**1,096**	**—**	**7,633**	**7,633**
Total	**$ 17,913**	**$ 247,071**	**$ —**	**$ 264,984**	**$ 264,934**
Liabilities:					
Noninterest-bearing deposits	**$ —**	**$ 96,277**	**$ —**	**$ 96,277**	**$ 96,277**
Interest-bearing deposits	**—**	**182,410**	**—**	**182,410**	**183,333**
Federal funds purchased and securities sold under repurchase agreements	**—**	**15,002**	**—**	**15,002**	**15,002**
Payables to customers and broker-dealers	**—**	**21,900**	**—**	**21,900**	**21,900**
Borrowings	**—**	**698**	**—**	**698**	**698**
Long-term debt	**—**	**21,494**	**—**	**21,494**	**21,188**
Total	**$ —**	**$ 337,781**	**$ —**	**$ 337,781**	**$ 338,398**

Summary of financial instruments	Dec. 31, 2014				
(in millions)	Level 1	Level 2	Level 3	Total estimated fair value	Carrying amount
Assets:					
Interest-bearing deposits with the Federal Reserve and other central banks	$ —	$ 96,682	$ —	$ 96,682	$ 96,682
Interest-bearing deposits with banks	—	19,505	—	19,505	19,495
Federal funds sold and securities purchased under resale agreements	—	20,302	—	20,302	20,302
Securities held-to-maturity	5,063	16,064	—	21,127	20,933
Loans	—	56,840	—	56,840	56,749
Other financial assets	6,970	1,121	—	8,091	8,091
Total	$ 12,033	$ 210,514	$ —	$ 222,547	$ 222,252
Liabilities:					
Noninterest-bearing deposits	$ —	$ 104,240	$ —	$ 104,240	$ 104,240
Interest-bearing deposits	—	160,688	—	160,688	161,629
Federal funds purchased and securities sold under repurchase agreements	—	11,469	—	11,469	11,469
Payables to customers and broker-dealers	—	21,181	—	21,181	21,181
Borrowings	—	956	—	956	956
Long-term debt	—	20,401	—	20,401	19,917
Total	$ —	$ 318,935	$ —	$ 318,935	$ 319,392

The table below summarizes the carrying amount of the hedged financial instruments, the notional amount of the hedge and the unrealized gain (loss) (estimated fair value) of the derivatives.

Hedged financial instruments		Notional amount of	Unrealized	
(in millions)	Carrying amount	hedge	Gain	(Loss)
Dec. 31, 2015				
Securities available-for-sale	**$ 7,978**	**$ 7,918**	**$ 16**	**$ (359)**
Long-term debt	**18,231**	**17,850**	**479**	**(14)**
Dec. 31, 2014				
Securities available-for-sale	$ 7,294	$ 7,045	$ 4	$ (370)
Long-term debt	16,469	16,100	470	(14)

Note 21 - Fair value option

We elected fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments and written loan commitments.

The following table presents the assets and liabilities, by type, of consolidated investment management funds recorded at fair value.

Assets and liabilities of consolidated investment management funds, at fair value

	Dec. 31,	
(in millions)	**2015**	2014
Assets of consolidated investment management funds:		
Trading assets	**$ 1,228**	$ 8,678
Other assets	**173**	604
Total assets of consolidated investment management funds	**$ 1,401**	$ 9,282
Liabilities of consolidated investment management funds:		
Trading liabilities	**$ 229**	$ 7,660
Other liabilities	**17**	9
Total liabilities of consolidated investment management funds	**$ 246**	$ 7,669

BNY Mellon values the assets and liabilities of its consolidated asset management funds using quoted prices for identical assets or liabilities in active markets or observable inputs such as quoted prices for similar assets or liabilities. Quoted prices for either identical or similar assets or liabilities in inactive markets may also be used. Accordingly, fair value best reflects the interests BNY Mellon holds in the economic performance of the consolidated asset management funds. Changes in the value of the assets and liabilities are recorded in the income statement as investment income of consolidated investment management funds and in the interest of investment management fund note holders, respectively.

We have elected the fair value option on $419 million and $21 million of loans at Dec. 31, 2015 and Dec. 31, 2014, respectively. The fair value of these loans was $422 million at Dec. 31, 2015 and $21 million at Dec. 31, 2014. The loans were valued using observable market inputs to discount expected loan cash flows. These loans are included in Level 2 of the valuation hierarchy.

We have elected the fair value option on $240 million of long-term debt. The fair value of this long-term debt was $359 million at Dec. 31, 2015 and $347 million at Dec. 31, 2014. The long-term debt is valued using observable market inputs and is included in Level 2 of the valuation hierarchy.

The following table presents the changes in fair value of the loans and long-term debt and the location of the changes in the consolidated income statement.

Impact of changes in fair value in the income statement *(a)*

	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Loans:			
Investment and other income	**$ 3**	$ —	$ —
Long-term debt:			
Foreign exchange and other trading revenue	**$ (12)**	$ (26)	$ 24

(a) *The changes in fair value of the loans and long-term debt are approximately offset by economic hedges included in foreign exchange and other trading revenue.*

Note 22 - Commitments and contingent liabilities

In the normal course of business, various commitments and contingent liabilities are outstanding that are not reflected in the accompanying consolidated balance sheets.

Our significant trading and off-balance sheet risks are securities, foreign currency and interest rate risk management products, commercial lending commitments, letters of credit and securities lending indemnifications. We assume these risks to reduce interest rate and foreign currency risks, to provide customers with the ability to meet credit and liquidity needs and to hedge foreign currency and interest rate risks. These items involve, to varying degrees, credit, foreign currency and interest rate risk not recognized in the balance sheet. Our off-balance sheet risks are managed and monitored in manners similar to those used for on-balance sheet risks. Significant industry concentrations related to credit exposure at Dec. 31, 2015 are disclosed in the financial institutions portfolio exposure table and the commercial portfolio exposure table below.

Financial institutions portfolio exposure *(in billions)*	Dec. 31, 2015		
	Loans	**Unfunded commitments**	**Total exposure**
Securities industry	$ **3.1**	$ **20.6**	$ **23.7**
Banks	**9.4**	**2.1**	**11.5**
Asset managers	**2.0**	**5.6**	**7.6**
Insurance	**0.2**	**4.5**	**4.7**
Government	**0.1**	**1.9**	**2.0**
Other	**1.1**	**1.3**	**2.4**
Total	$ **15.9**	$ **36.0**	$ **51.9**

Commercial portfolio exposure *(in billions)*	Dec. 31, 2015		
	Loans	**Unfunded commitments**	**Total exposure**
Manufacturing	$ **0.6**	$ **6.3**	$ **6.9**
Services and other	**0.8**	**5.5**	**6.3**
Energy and utilities	**0.6**	**4.9**	**5.5**
Media and telecom	**0.3**	**1.5**	**1.8**
Total	$ **2.3**	$ **18.2**	$ **20.5**

Major concentrations in securities lending are primarily to broker-dealers and are generally collateralized with cash. Securities lending transactions are discussed below.

The following table presents a summary of our off-balance sheet credit risks, net of participations.

Off-balance sheet credit risks	Dec. 31,	
(in millions)	**2015**	2014
Lending commitments	$ **54,505**	$ 33,273
Standby letters of credit *(a)*	**4,915**	5,767
Commercial letters of credit	**303**	255
Securities lending indemnifications *(b)*	**294,108**	304,386

(a) *Net of participations totaling $809 million at Dec. 31, 2015 and $894 million at Dec. 31, 2014.*
(b) *Excludes the indemnification for securities for which BNY Mellon acts as an agent on behalf of CIBC Mellon clients, which totaled $54 billion at Dec. 31, 2015 and $64 billion at Dec. 31, 2014.*

Beginning in 2015, lending commitments include secured intraday credit provided to dealers in connection with their tri-party repo activity. The committed credit requires dealers to fully secure the outstanding intraday credit with high-quality liquid assets having a market value in excess of the amount of the outstanding credit. At Dec. 31, 2015, the secured intraday credit provided to dealers in connection with their tri-party repo activity totaled $19.6 billion.

Also included in lending commitments are facilities that provide liquidity for variable rate tax-exempt securities wrapped by monoline insurers. The credit approval for these facilities is based on an assessment of the underlying tax-exempt issuer and considers factors other than the financial strength of the monoline insurer.

The total potential loss on undrawn lending commitments, standby and commercial letters of credit, and securities lending indemnifications is equal to the total notional amount if drawn upon, which does not consider the value of any collateral.

Since many of the commitments are expected to expire without being drawn upon, the total amount does not necessarily represent future cash requirements. A summary of lending commitment maturities is as follows: $31.1 billion in less than one year, $23.2 billion in one to five years and $242 million over five years.

Standby letters of credit ("SBLC") principally support corporate obligations and were collateralized with cash and securities of $299 million and $421 million at Dec. 31, 2015 and Dec. 31, 2014, respectively. At Dec. 31, 2015, $2.8 billion of the SBLCs will expire within one year and $2.1 billion in one to five years.

We must recognize, at the inception of standby letters of credit and foreign and other guarantees, a liability for the fair value of the obligation undertaken in issuing the guarantee. The fair value of the liability, which was recorded with a corresponding asset in other assets, was estimated as the present value of contractual customer fees.

The estimated liability for losses related to these commitments and SBLCs, if any, is included in the allowance for lending-related commitments. The allowance for lending-related commitments was $118 million at Dec. 31, 2015 and $89 million at Dec. 31, 2014.

Payment/performance risk of SBLCs is monitored using both historical performance and internal ratings criteria. BNY Mellon's historical experience is that SBLCs typically expire without being funded. SBLCs below investment grade are monitored closely for payment/performance risk. The table below shows SBLCs by investment grade:

Standby letters of credit	Dec. 31,	
	2015	2014
Investment grade	**86%**	88%
Non-investment grade	**14%**	12%

A commercial letter of credit is normally a short-term instrument used to finance a commercial contract for the shipment of goods from a seller to a buyer. Although the commercial letter of credit is contingent upon the satisfaction of specified conditions, it represents a credit exposure if the buyer defaults on the underlying transaction. As a result, the total contractual amounts do not necessarily represent future cash requirements. Commercial letters of credit totaled $303 million at Dec. 31, 2015 compared with $255 million at Dec. 31, 2014.

A securities lending transaction is a fully collateralized transaction in which the owner of a security agrees to lend the security (typically through an agent, in our case, The Bank of New York Mellon), to a borrower, usually a broker-dealer or bank, on an open, overnight or term basis, under the terms of a prearranged contract, which normally matures in less than 90 days.

We typically lend securities with indemnification against borrower default. We generally require the borrower to provide collateral with a minimum value of 102% of the fair value of the securities borrowed, which is monitored on a daily basis, thus reducing credit risk. Market risk can also arise in securities lending transactions. These risks are controlled through policies limiting the level of risk that can be undertaken. Securities lending transactions are generally entered into only with highly-rated counterparties. Securities lending indemnifications were secured by collateral of $306 billion at Dec. 31, 2015 and $316 billion at Dec. 31, 2014.

CIBC Mellon, a joint venture between BNY Mellon and the Canadian Imperial Bank of Commerce ("CIBC"), engages in securities lending activities. CIBC Mellon, BNY Mellon, and CIBC jointly and severally indemnify securities lenders against specific types of borrower default. At Dec. 31, 2015 and Dec. 31, 2014, $54 billion and $64 billion, respectively, of borrowings at CIBC Mellon for which BNY Mellon acts as agent on behalf of CIBC Mellon clients, were secured by collateral of $56 billion and $67 billion, respectively. If, upon a default, a borrower's collateral was not sufficient to cover its related obligations, certain losses related to the indemnification could be covered by the indemnitors.

We expect many of these guarantees to expire without the need to advance any cash. The revenue associated with guarantees frequently depends on the credit rating of the obligor and the structure of the transaction, including collateral, if any.

Operating leases

Net rent expense for premises and equipment was $329 million in 2015, $328 million in 2014 and $335 million in 2013.

At Dec. 31, 2015, we were obligated under various noncancelable lease agreements, some of which provide for additional rents based upon real estate taxes, insurance and maintenance and for various renewal options. A summary of the future minimum rental commitments under noncancelable operating leases, net of related sublease revenue, is as follows: 2016—$343 million; 2017—$323 million; 2018—$228 million; 2019—$213 million; 2020—$193 million and 2021 and thereafter—$773 million.

Exposure for certain administrative errors

In connection with certain offshore tax-exempt funds that we manage, we may be liable to the funds for certain administrative errors. The errors relate to the resident status of such funds, potentially exposing the Company to a tax liability related to the funds' earnings. The Company is in discussions with tax authorities regarding the funds. With the charge recorded in 2014 for this matter, we believe we are appropriately accrued and the additional reasonably possible exposure is not significant.

Indemnification arrangements

We have provided standard representations for underwriting agreements, acquisition and divestiture agreements, sales of loans and commitments, and other similar types of arrangements and customary indemnification for claims and legal proceedings related to providing financial services that are not otherwise included above. Insurance has been purchased to mitigate certain of these risks. Generally, there are no stated or notional amounts included in these indemnifications and the contingencies triggering the obligation for indemnification are not expected to occur.

Furthermore, often counterparties to these transactions provide us with comparable indemnifications. We are unable to develop an estimate of the maximum payout under these indemnifications for several reasons. In addition to the lack of a stated or notional amount in a majority of such indemnifications, we are unable to predict the nature of events that would trigger indemnification or the level of indemnification for a certain event. We believe, however, that the possibility that we will have to make any material payments for these indemnifications is remote. At Dec. 31, 2015 and Dec. 31, 2014, we have not recorded any material liabilities under these arrangements.

Clearing and settlement exchanges

We are a noncontrolling equity investor in, and/or member of, several industry clearing or settlement exchanges through which foreign exchange, securities, derivatives or other transactions settle. Certain of these industry clearing and settlement exchanges require their members to guarantee their obligations and liabilities or to provide financial support in the event other members do not honor their obligations. We believe the likelihood that a clearing or settlement exchange (of which we are a member) would become insolvent is remote. Additionally, certain settlement exchanges have implemented loss allocation policies that enable the exchange to allocate settlement losses to the members of the exchange. It is not possible to quantify such mark-to-market loss until the loss occurs. In addition, any ancillary costs that occur as a result of any mark-to-market loss cannot be quantified. At Dec. 31, 2015 and Dec. 31, 2014, we have not recorded any material liabilities under these arrangements.

Legal proceedings

In the ordinary course of business, BNY Mellon and its subsidiaries are routinely named as defendants in or made parties to pending and potential legal actions. We also are subject to governmental and regulatory examinations, information-gathering requests, investigations and proceedings (both formal and informal). Claims for significant monetary damages are often asserted in many of these legal actions, while claims for disgorgement, restitution, penalties and/or other remedial actions or sanctions may be sought in regulatory matters. It is inherently difficult to predict the eventual outcomes of such matters given their complexity and the particular facts and circumstances at issue in each of these matters. However, on the basis of our current knowledge and understanding, we do not believe that judgments, settlements or orders, if any, arising from these matters (either individually or in the aggregate, after giving effect to applicable reserves and insurance coverage) will have a material adverse effect on the consolidated financial position or liquidity of BNY Mellon, although they could have a material effect on net income in a given period.

In view of the inherent unpredictability of outcomes in litigation and governmental and regulatory matters, particularly where (i) the damages sought are substantial or indeterminate, (ii) the proceedings are in the early stages, or (iii) the matters involve novel legal theories or a large number of parties, as a matter of course there is considerable uncertainty surrounding the timing or ultimate resolution of litigation and governmental and regulatory matters, including a possible eventual loss, fine, penalty or business impact, if any, associated with each such matter. In accordance with applicable accounting guidance, BNY Mellon establishes accruals for litigation and governmental and regulatory matters when those matters proceed to a stage where they present loss contingencies that are both probable and reasonably estimable. In such cases, there may be a possible exposure to loss in excess of any amounts accrued. BNY Mellon will continue to monitor such matters for developments that could affect the amount of the accrual, and will adjust the accrual amount as appropriate. If the loss contingency in question is not both probable and reasonably estimable, BNY Mellon does not establish an accrual and the matter will continue to be monitored for any developments that would make the loss contingency both probable and reasonably estimable. BNY Mellon believes that its accruals for legal proceedings are appropriate and, in the aggregate, are not material to the consolidated financial position of BNY Mellon, although future accruals could have a material effect on net income in a given period.

For certain of those matters described here for which a loss contingency may, in the future, be reasonably possible (whether in excess of a related accrued liability or where there is no accrued liability), BNY Mellon is currently unable to estimate a range of reasonably possible loss. For those matters described here where BNY Mellon is able to estimate a reasonably possible loss, the aggregate range of such reasonably possible loss is up to $640 million in excess of the accrued liability (if any) related to those matters.

The following describes certain judicial, regulatory and arbitration proceedings involving BNY Mellon:

Sentinel Matters

On Jan. 18, 2008, The Bank of New York Mellon filed a proof of claim in the Chapter 11 bankruptcy proceeding of Sentinel Management Group, Inc. ("Sentinel") pending in federal court in the Northern District of Illinois, seeking to recover approximately $312 million loaned to Sentinel and secured by securities and cash in an account maintained by Sentinel at The Bank of New York Mellon. On March 3, 2008, the bankruptcy trustee filed an adversary complaint against The Bank of New York Mellon seeking to disallow The Bank of New York Mellon's claim and seeking damages for The Bank of New York Mellon's allegedly aiding and abetting Sentinel insiders in misappropriating customer assets and improperly using those assets as collateral for the loan. In a decision dated Nov. 3, 2010, the court found for The Bank of New York Mellon and against the bankruptcy trustee, holding that The Bank of New York Mellon's loan to Sentinel is valid, fully secured and not subject to equitable subordination. The bankruptcy trustee appealed this decision, and on Aug. 9, 2012, the United States Court of Appeals for the Seventh Circuit issued a decision affirming the trial court's judgment. On Sept. 7, 2012, the bankruptcy trustee filed a petition for rehearing and, on Nov. 30, 2012, the Court of Appeals withdrew its opinion and vacated its judgment. On Aug. 26, 2013, the Court of Appeals reversed its own prior decision and the district court's decision, and remanded the case to the district court for further proceedings. On Dec. 10, 2014, the district court issued a decision in favor of The Bank of New York Mellon holding that the transfers from Sentinel cannot be reversed and that The Bank of New York Mellon's lien is valid and not subject to equitable subordination. The bankruptcy trustee appealed the decision. On Jan. 8, 2016, the Court of Appeals invalidated The Bank of New York Mellon's lien but rejected the trustee's request for equitable subordination. The impact of this decision is that The Bank of New York Mellon will have an unsecured claim in the Sentinel bankruptcy.

In November 2009, the Division of Enforcement of the U.S. Commodities Futures Trading Commission ("CFTC") indicated that it is considering a recommendation to the CFTC that it file a civil enforcement action against The Bank of New York Mellon for possible violations of the Commodity Exchange Act and CFTC regulations in connection with its relationship to Sentinel. The Bank of New York Mellon responded in writing to the CFTC on Jan. 29, 2010 and provided an explanation as to why an enforcement action is unwarranted.

Standing Instruction Matters

Beginning in December 2009, government authorities conducted inquiries seeking information relating primarily to standing instruction foreign exchange transactions in connection with custody services BNY Mellon provides to custody clients. On various dates beginning in 2009, BNY Mellon was named as a defendant in lawsuits by various government and private entities alleging BNY Mellon's pricing of standing instruction foreign exchange transactions was improper.

On March 19, 2015, BNY Mellon announced that it had resolved substantially all of the pending standing instruction-related actions, resulting in a total of $714 million in settlement payments. On May 21, 2015, BNY Mellon settled a putative class action lawsuit asserting securities law violations. The settlements are now final, except for an agreement in principle with the SEC staff to pay a $30 million penalty, which is subject to Commission approval. With these settlements, BNY Mellon has effectively resolved virtually all of the standing instruction FX-related actions, with the exception of several lawsuits brought by individual customers or shareholders asserting derivative claims.

Tax Litigation

On Aug. 17, 2009, BNY Mellon received a Statutory Notice of Deficiency disallowing tax benefits for the 2001 and 2002 tax years in connection with a 2001 transaction that involved the payment of UK corporate income taxes that were credited against BNY Mellon's U.S. corporate income tax liability. The Notice alleged that the transaction lacked economic substance and business purpose. On Nov. 10, 2009, BNY Mellon filed a petition with the U.S. Tax Court contesting the disallowance of the benefits. Following a trial, the Tax Court upheld the IRS's Notice of Deficiency and disallowed BNY Mellon's tax credits and associated transaction costs on Feb. 11, 2013. On Sept. 23, 2013, the Tax Court issued a supplemental opinion, partially reducing the tax implications to BNY Mellon of its earlier decision.

The Tax Court entered a decision formally implementing its prior rulings on Feb. 20, 2014. BNY Mellon appealed the decision to the Second Circuit Court of Appeals. On Sept. 9, 2015, the Second Circuit affirmed the Tax Court decision. BNY Mellon has sought review by the United States Supreme Court. See Note 12 of the Notes to Consolidated Financial Statements for additional information.

Mortgage-Securitization Trusts Proceedings

The Bank of New York Mellon has been named as a defendant in a number of legal actions brought by MBS investors alleging that the trustee has expansive duties under the governing agreements, including the duty to investigate and pursue breach of representation and warranty claims against other parties to the MBS transactions. These actions include a lawsuit brought in New York State court on June 18, 2014, and later re-filed in federal court, by a group of institutional investors who purport to sue on behalf of 260 MBS trusts.

Matters Related to R. Allen Stanford

In late December 2005, Pershing LLC became a clearing firm for Stanford Group Co. (“SGC”), a registered broker dealer that was part of a group of entities ultimately controlled by R. Allen Stanford. Stanford International Bank (“SIB”), also controlled by Stanford, issued certificates of deposit (“CDs”). Some investors allegedly wired funds from their SGC accounts to purchase CDs. In 2009, the SEC charged Stanford with operating a Ponzi scheme in connection with the sale of CDs, and SGC was placed into receivership. Alleged purchasers of CDs have filed 12 pending lawsuits against Pershing in Texas, including a putative class action. The purchasers allege that Pershing, as SGC’s clearing firm, assisted Stanford in a fraudulent scheme and assert contractual, statutory and common law claims. In addition, five FINRA arbitration claims brought by alleged purchasers remain pending.

Brazilian Postalis Litigation

BNY Mellon Servicos Financeiros DTVM S.A. (“DTVM”), a subsidiary that provides a number of asset services in Brazil, acts as administrator for certain investment funds in which the exclusive investor is a public pension fund for postal workers called Postalis-Instituto de Seguridade Social dos Correios e Telégrafos (“Postalis”). On Aug. 22, 2014, Postalis sued DTVM in Brazil for losses related to a Postalis investment fund for which DTVM serves as fund administrator. Postalis alleges that DTVM failed to properly perform alleged duties, including duties to conduct due diligence of and exert control over the fund manager, Atlântica Administração de Recursos (“Atlântica”), and Atlântica’s investments. On March 12, 2015, Postalis filed a lawsuit in Brazil against DTVM and BNY Mellon Administração de Ativos Ltda. (“Ativos”) alleging failure to properly perform alleged duties relating to another fund of which DTVM is administrator and Ativos is investment manager. On Dec. 14, 2015, Associacão Dos Profissionais Dos Correiros, a Brazilian postal workers association, filed a lawsuit in Brazil against DTVM and other defendants alleging that DTVM improperly contributed to investment losses in the Postalis portfolio. On Dec. 17, 2015, Postalis filed three additional lawsuits in Brazil against DTVM and Ativos alleging failure to properly perform alleged duties with respect to investments in several other funds. On Feb. 4, 2016, Postalis filed another lawsuit in Brazil against DTVM, Ativos and BNY Mellon Alocação de Patrimônio Ltda., an investment management subsidiary, alleging failure to properly perform duties with respect to investments in various other funds of which defendants were administrator and/or manager.

Depositary Receipt Matters

Between late December 2015 and February 2016, four putative class action lawsuits were filed against BNY Mellon in federal courts in the Southern and Eastern Districts of New York asserting claims relating to BNY Mellon’s foreign exchange pricing when converting dividends and other distributions from non-U.S. companies in its role as depositary bank to Depositary Receipt issuers. The primary claims are for breach of contract and violations of ERISA. The lawsuits are in their earliest stages.

Note 23 - Derivative instruments

We use derivatives to manage exposure to market risk including interest rate risk, equity price risk and foreign currency risk, as well as credit risk. Our trading activities are focused on acting as a market-maker for our customers and facilitating customer trades in compliance with the Volcker Rule.

The notional amounts for derivative financial instruments express the dollar volume of the transactions; however, credit risk is much smaller. We perform credit reviews and enter into netting agreements and collateral arrangements to minimize the credit risk of derivative financial instruments. We enter into offsetting positions to reduce exposure to foreign currency, interest rate and equity price risk.

Use of derivative financial instruments involves reliance on counterparties. Failure of a counterparty to honor its obligation under a derivative contract is a risk we assume whenever we engage in a derivative contract. Recoveries of less than $1 million were recorded in 2015. There were $5 million of counterparty default losses, net of recoveries, recorded in 2014.

Hedging derivatives

We utilize interest rate swap agreements to manage our exposure to interest rate fluctuations. For hedges of available-for-sale investment securities, deposits and long-term debt, the hedge documentation specifies the terms of the hedged items and the interest rate swaps and indicates that the derivative is hedging a fixed rate item and is a fair value hedge, that the hedge exposure is to the changes in the fair value of the hedged item due to changes in benchmark interest rates, and that the strategy is to eliminate fair value variability by converting fixed rate interest payments to LIBOR.

The available-for-sale investment securities hedged consist of sovereign debt, U.S. Treasury bonds, agency commercial mortgage-backed securities and covered bonds that had original maturities of 30 years or less at initial purchase. The swaps on all of these investment securities are not callable. All of these securities are hedged with "pay fixed rate, receive variable rate" swaps of similar maturity, repricing and fixed rate coupon. At Dec. 31, 2015, $7.8 billion face amount of securities were hedged with interest rate swaps that had notional values of $7.9 billion.

The fixed rate long-term debt instruments hedged generally have original maturities of five to 30 years. We issue both callable and non-callable debt. The non-callable debt is hedged with "receive fixed rate, pay variable rate" swaps with similar maturity, repricing and fixed rate coupon. Callable debt is hedged with callable swaps where the call dates of the swaps exactly match the call dates of the debt. At Dec. 31, 2015, $17.9 billion par value of debt was hedged with interest rate swaps that had notional values of $17.9 billion.

In addition, we enter into foreign exchange hedges. We use forward foreign exchange contracts with maturities of nine months or less to hedge our British pound sterling, euro, Hong Kong dollar, Indian rupee and Singapore dollar foreign exchange exposure with respect to foreign currency forecasted revenue and expense transactions in entities that have the U.S. dollar as their functional currency. As of Dec. 31, 2015, the hedged forecasted foreign currency transactions and designated forward foreign exchange contract hedges were $274 million (notional), with a pre-tax loss of less than $1 million recorded in accumulated other comprehensive income. This loss will be reclassified to income or expense over the next nine months.

Forward foreign exchange contracts are also used to hedge the value of our net investments in foreign subsidiaries. These forward foreign exchange contracts have maturities of less than two years. The derivatives employed are designated as hedges of changes in value of our foreign investments due to exchange rates. Changes in the value of the forward foreign exchange contracts offset the changes in value of the foreign investments due to changes in foreign exchange rates. The change in fair market value of these forward foreign exchange contracts is deferred and reported within accumulated translation adjustments in shareholders' equity, net of tax. At Dec. 31, 2015, forward foreign exchange contracts with notional amounts totaling $6.6 billion were designated as hedges.

In addition to forward foreign exchange contracts, we also designate non-derivative financial instruments as hedges of our net investments in foreign subsidiaries. Those non-derivative financial instruments designated as hedges of our net investments in foreign subsidiaries were all long-term liabilities of BNY Mellon in various currencies, and, at Dec. 31, 2015, had a combined U.S. dollar equivalent value of $462 million.

Ineffectiveness related to derivatives and hedging relationships was recorded in income as follows:

Ineffectiveness	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Fair value hedges of securities	**$ 4.1**	$ (20.6)	$ 14.1
Fair value hedges of deposits and long-term debt	**(6.3)**	(14.6)	3.7
Cash flow hedges	**—**	0.1	(0.1)
Other *(a)*	**—**	(0.1)	0.1
Total	**$ (2.2)**	$ (35.2)	$ 17.8

(a) Includes ineffectiveness recorded on foreign exchange hedges.

The following table summarizes the notional amount and credit exposure of our total derivative portfolio at Dec. 31, 2015 and Dec. 31, 2014.

Impact of derivative instruments on the balance sheet	Notional value		Asset derivatives fair value		Liability derivatives fair value	
(in millions)	**Dec. 31, 2015**	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014
Derivatives designated as hedging instruments *(a)*:						
Interest rate contracts	**$ 25,768**	$ 23,145	**$ 497**	$ 477	**$ 372**	$ 385
Foreign exchange contracts	**6,839**	7,344	**219**	374	**20**	62
Total derivatives designated as hedging instruments			**$ 716**	$ 851	**$ 392**	$ 447
Derivatives not designated as hedging instruments *(b)*:						
Interest rate contracts	**$ 519,428**	$ 731,628	**$ 10,044**	$ 17,150	**$ 9,962**	$ 17,654
Foreign exchange contracts	**576,253**	528,401	**4,905**	6,280	**4,682**	6,367
Equity contracts	**1,923**	10,842	**127**	377	**151**	549
Credit contracts	**319**	—	**8**	—	**1**	—
Total derivatives not designated as hedging instruments			**$ 15,084**	$ 23,807	**$ 14,796**	$ 24,570
Total derivatives fair value *(c)*			**$ 15,800**	$ 24,658	**$ 15,188**	$ 25,017
Effect of master netting agreements *(d)*			**(11,115)**	(18,347)	**(10,869)**	(17,797)
Fair value after effect of master netting agreements			**$ 4,685**	$ 6,311	**$ 4,319**	$ 7,220

(a) The fair value of asset derivatives and liability derivatives designated as hedging instruments is recorded as other assets and other liabilities, respectively, on the balance sheet.
(b) The fair value of asset derivatives and liability derivatives not designated as hedging instruments is recorded as trading assets and trading liabilities, respectively, on the balance sheet.
(c) Fair values are on a gross basis, before consideration of master netting agreements, as required by ASC 815.
(d) Effect of master netting agreements includes cash collateral received and paid of $792 million and $546 million, respectively, at Dec. 31, 2015, and $1,589 million and $1,039 million, respectively, at Dec. 31, 2014.

At Dec. 31, 2015, $273 billion (notional) of interest rate contracts will mature within one year, $142 billion between one and five years and $130 billion after five years. At Dec. 31, 2015, $572 billion (notional) of foreign exchange contracts will mature within one year, $7 billion between one and five years and $4 billion after five years.

Impact of derivative instruments on the income statement
(in millions)

Derivatives in fair value hedging relationships	Location of gain or (loss) recognized in income on derivatives	Gain or (loss) recognized in income on derivatives Year ended Dec. 31, 2015	2014	2013	Location of gain or(loss) recognized in income on hedged item	Gain or (loss) recognized in hedged item Year ended Dec. 31, 2015	2014	2013
Interest rate contracts	Net interest revenue	**$ (85)**	$ (921)	$ 486	Net interest revenue	**$ 83**	$ 886	$ (468)

Derivatives in cash flow hedging relationships	Gain or (loss) recognized in accumulated OCI on derivatives(effective portion) Year ended Dec. 31, 2015	2014	2013	Location of gain or (loss) reclassified from accumulated OCI into income (effective portion)	Gain or (loss) reclassified from accumulated OCI into income (effective portion) Year ended Dec. 31, 2015	2014	2013	Location of gain or (loss) recognized in income on derivatives (ineffective portion and amount excluded from effectiveness testing)	Gain or (loss) recognized in income on derivatives (ineffectiveness portion and amount excluded from effectiveness testing) Year ended Dec. 31, 2015	2014	2013
FX contracts	**$ (1)**	$ (2)	$ (27)	Net interest revenue	**$ (1)**	$ (2)	$ (28)	Net interest revenue	**$ —**	$ —	$ —
FX contracts	**—**	(6)	(3)	Other revenue	**—**	(3)	(1)	Other revenue	**—**	0.1	(0.1)
FX contracts	**9**	36	154	Trading revenue	**9**	36	154	Trading revenue	**—**	—	—
FX contracts	**(8)**	(6)	7	Salary expense	**(19)**	10	(1)	Salary expense	**—**	—	—
Total	**$ —**	$ 22	$ 131		**$ (11)**	$ 41	$ 124		**$ —**	$ 0.1	$ (0.1)

Derivatives in net investment hedging relationships	Gain or (loss) recognized in accumulated OCI on derivatives (effective portion) Year ended Dec. 31, 2015	2014	2013	Location of gain or (loss) reclassified from accumulated OCI into income (effective portion)	Gain or (loss) reclassified from accumulated OCI into income (effective portion) Year ended Dec. 31, 2015	2014	2013	Location of gain or (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	Gain or (loss) recognized in income on derivatives (ineffectiveness portion and amount excluded from effectiveness testing) Year ended Dec. 31, 2015	2014	2013
FX contracts	**$ 474**	$ (367)	$ (50)	Net interest revenue	**$ 1**	$ (1)	$ 2	Other revenue	**$ —**	$ (0.1)	$ 0.1

Trading activities (including trading derivatives)

We manage trading risk through a system of position limits, a VaR methodology based on Monte Carlo simulations, stop loss advisory triggers and other market sensitivity measures. Risk is monitored and reported to senior management by a separate unit on a daily basis. Based on certain assumptions, the VaR methodology is designed to capture the potential overnight pre-tax dollar loss from adverse changes in fair values of all trading positions. The calculation assumes a one-day holding period for most instruments, utilizes a 99% confidence level and incorporates the non-linear characteristics of options. The VaR model is one of several statistical models used to develop economic capital results, which is allocated to lines of business for computing risk-adjusted performance.

As the VaR methodology does not evaluate risk attributable to extraordinary financial, economic or other occurrences, the risk assessment process includes a number of stress scenarios based upon the risk factors in the portfolio and management's assessment of market conditions. Additional stress scenarios based upon historical market events are also performed. Stress tests, by their design, incorporate the impact of reduced liquidity and the breakdown of observed correlations. The results of these stress tests are reviewed weekly with senior management.

Revenue from foreign exchange and other trading included the following:

Foreign exchange and other trading revenue *(in millions)*	Year ended Dec. 31, **2015**	2014	2013
Foreign exchange	**$ 743**	$ 578	$ 608
Other trading revenue (loss)	**25**	(8)	66
Total foreign exchange and other trading revenue	**$ 768**	$ 570	$ 674

Foreign exchange includes income from purchasing and selling foreign currencies and currency forwards, futures and options. Other trading revenue (loss) reflects results from futures and forward contracts, interest rate swaps, structured foreign currency swaps, options, equity derivatives and fixed income and equity securities.

Counterparty credit risk and collateral

We assess credit risk of our counterparties through regular examination of their financial statements, confidential communication with the management of those counterparties and regular monitoring of publicly available credit rating information. This and other information is used to develop proprietary credit rating metrics used to assess credit quality.

Collateral requirements are determined after a comprehensive review of the credit quality of each counterparty. Collateral is generally held or pledged in the form of cash or highly liquid government securities. Collateral requirements are monitored and adjusted daily.

Additional disclosures concerning derivative financial instruments are provided in Note 20 of the Notes to Consolidated Financial Statements.

Disclosure of contingent features in over-the-counter ("OTC") derivative instruments

Certain OTC derivative contracts and/or collateral agreements of The Bank of New York Mellon, our largest banking subsidiary and the subsidiary through which BNY Mellon enters into the substantial majority of its OTC derivative contracts and/or collateral agreements, contain provisions that may require us to take certain actions if The Bank of New York Mellon's public debt rating fell to a certain level. Early termination provisions, or "close-out" agreements, in those contracts could trigger immediate payment of outstanding contracts that are in net liability positions. Certain collateral agreements would require The Bank of New York Mellon to immediately post additional collateral to cover some or all of The Bank of New York Mellon's liabilities to a counterparty.

The following table shows the fair value of contracts falling under early termination provisions that were in net liability positions as of Dec. 31, 2015 for three key ratings triggers:

If The Bank of New York Mellon's rating was changed to (Moody's/S&P)	Potential close-out exposures (fair value) *(a)*
A3/A-	$ 117 million
Baa2/BBB	$ 1,076 million
Ba1/BB+	$ 2,061 million

(a) The amounts represent potential total close-out values if The Bank of New York Mellon's rating were to immediately drop to the indicated levels.

The aggregated fair value of contracts impacting potential trade close-out amounts and collateral obligations can fluctuate from quarter to quarter due to changes in market conditions, changes in the composition of counterparty trades, new business, or changes to the agreement definitions establishing close-out or collateral obligations.

Additionally, if The Bank of New York Mellon's debt rating had fallen below investment grade on Dec. 31, 2015, existing collateral arrangements would have required us to have posted an additional $243 million of collateral.

Offsetting assets and liabilities

The following tables present derivative instruments and financial instruments that are either subject to an enforceable netting agreement or offset by collateral arrangements. There were no derivative instruments or financial instruments subject to a netting agreement for which we are not currently netting.

Offsetting of derivative assets and financial assets at Dec. 31, 2015

(in millions)	Gross assets recognized	Gross amounts offset in the balance sheet		Net assets recognized on the balance sheet	Gross amounts not offset in the balance sheet: Financial instruments	Gross amounts not offset in the balance sheet: Cash collateral received	Net amount
Derivatives subject to netting arrangements:			*(a)*				
Interest rate contracts	$ 9,554	$ 8,071		$ 1,483	$ 432	$ —	$ 1,051
Foreign exchange contracts	3,981	2,981		1,000	63	—	937
Equity and other contracts	123	63		60	—	—	60
Total derivatives subject to netting arrangements	13,658	11,115		2,543	495	—	2,048
Total derivatives not subject to netting arrangements	2,142	—		2,142	—	—	2,142
Total derivatives	15,800	11,115		4,685	495	—	4,190
Reverse repurchase agreements	17,088	357	*(b)*	16,731	16,726	—	5
Securities borrowing	7,630	—		7,630	7,373	—	257
Total	$ 40,518	$ 11,472		$ 29,046	$ 24,594	$ —	$ 4,452

(a) Includes the effect of netting agreements and net cash collateral received. The offset related to the over-the-counter derivatives was allocated to the various types of derivatives based on the net positions.
(b) Offsetting of reverse repurchase agreements relates to our involvement in the Fixed Income Clearing Corporation, where we settle government securities transactions on a net basis for payment and delivery through the Fedwire system.

Offsetting of derivative assets and financial assets at Dec. 31, 2014

(in millions)	Gross assets recognized	Gross amounts offset in the balance sheet	*(a)*	Net assets recognized on the balance sheet	Gross amounts not offset in the balance sheet: Financial instruments	Gross amounts not offset in the balance sheet: Cash collateral received	Net amount
Derivatives subject to netting arrangements:							
Interest rate contracts	$ 15,457	$ 13,942		$ 1,515	$ 408	$ —	$ 1,107
Foreign exchange contracts	5,291	4,246		1,045	176	—	869
Equity contracts	303	159		144	6	—	138
Total derivatives subject to netting arrangements	21,051	18,347		2,704	590	—	2,114
Total derivatives not subject to netting arrangements	3,607	—		3,607	—	—	3,607
Total derivatives	24,658	18,347		6,311	590	—	5,721
Reverse repurchase agreements	11,634	434	*(b)*	11,200	11,198	—	2
Securities borrowing	9,033	—		9,033	8,733	—	300
Total	$ 45,325	$ 18,781		$ 26,544	$ 20,521	$ —	$ 6,023

(a) Includes the effect of netting agreements and net cash collateral received. The offset related to the over-the-counter derivatives was allocated to the various types of derivatives based on the net positions.

(b) Offsetting of reverse repurchase agreements relates to our involvement in the Fixed Income Clearing Corporation, where we settle government securities transactions on a net basis for payment and delivery through the Fedwire system.

Offsetting of derivative liabilities and financial liabilities at Dec. 31, 2015

(in millions)	**Gross liabilities recognized**	**Gross amounts offset in the balance sheet**	*(a)*	**Net liabilities recognized on the balance sheet**	**Gross amounts not offset in the balance sheet: Financial instruments**	**Gross amounts not offset in the balance sheet: Cash collateral pledged**	**Net amount**
Derivatives subject to netting arrangements:							
Interest rate contracts	**$ 10,188**	**$ 8,235**		**$ 1,953**	**$ 1,795**	**$ —**	**$ 158**
Foreign exchange contracts	**3,409**	**2,567**		**842**	**274**	**—**	**568**
Equity and other contracts	**145**	**67**		**78**	**71**	**—**	**7**
Total derivatives subject to netting arrangements	**13,742**	**10,869**		**2,873**	**2,140**	**—**	**733**
Total derivatives not subject to netting arrangements	**1,446**	**—**		**1,446**	**—**	**—**	**1,446**
Total derivatives	**15,188**	**10,869**		**4,319**	**2,140**	**—**	**2,179**
Repurchase agreements	**7,737**	**357**	*(b)*	**7,380**	**7,380**	**—**	**—**
Securities lending	**1,801**	**—**		**1,801**	**1,727**	**—**	**74**
Total	**$ 24,726**	**$ 11,226**		**$ 13,500**	**$ 11,247**	**$ —**	**$ 2,253**

(a) Includes the effect of netting agreements and net cash collateral paid. The offset related to the over-the-counter derivatives was allocated to the various types of derivatives based on the net positions.

(b) Offsetting of repurchase agreements relates to our involvement in the Fixed Income Clearing Corporation, where we settle government securities transactions on a net basis for payment and delivery through the Fedwire system.

Offsetting of derivative liabilities and financial liabilities at Dec. 31, 2014					Gross amounts not offset in the balance sheet		
(in millions)	Gross liabilities recognized	Gross amounts offset in the balance sheet	*(a)*	Net liabilities recognized on the balance sheet	Financial instruments	Cash collateral pledged	Net amount
Derivatives subject to netting arrangements:							
Interest rate contracts	$ 16,884	$ 14,467		$ 2,417	$ 1,815	$ —	$ 602
Foreign exchange contracts	4,241	3,149		1,092	399	—	693
Equity contracts	481	181		300	250	—	50
Total derivatives subject to netting arrangements	21,606	17,797		3,809	2,464	—	1,345
Total derivatives not subject to netting arrangements	3,411	—		3,411	—	—	3,411
Total derivatives	25,017	17,797		7,220	2,464	—	4,756
Repurchase agreements	9,160	434	*(b)*	8,726	8,722	—	4
Securities lending	2,571	—		2,571	2,494	—	77
Total	$ 36,748	$ 18,231		$ 18,517	$ 13,680	$ —	$ 4,837

(a) Includes the effect of netting agreements and net cash collateral paid. The offset related to the over-the-counter derivatives was allocated to the various types of derivatives based on the net positions.

(b) Offsetting of repurchase agreements relates to our involvement in the Fixed Income Clearing Corporation, where we settle government securities transactions on a net basis for payment and delivery through the Fedwire system.

Secured borrowings

The following table presents the contract value of repurchase agreements and securities lending transactions accounted for as secured borrowings by the type of collateral provided to counterparties.

Repurchase agreements and securities lending transactions accounted for as secured borrowings at Dec. 31, 2015	Remaining contractual maturity of the agreements			
(in millions)	**Overnight and continuous**	**Up to 30 days**	**30 days or more**	**Total**
Repurchase agreements:				
U.S. Treasury	**$ 2,226**	**$ —**	**$ —**	**$ 2,226**
U.S. Government agencies	**319**	**42**	**5**	**366**
Agency RMBS	**3,158**	**—**	**—**	**3,158**
Corporate bonds	**372**	**—**	**665**	**1,037**
Other debt securities	**106**	**—**	**149**	**255**
Equity securities	**664**	**—**	**31**	**695**
Total	**$ 6,845**	**$ 42**	**$ 850**	**$ 7,737**
Securities lending:				
U.S. Government agencies	**$ 35**	**$ —**	**$ —**	**$ 35**
Other debt securities	**254**	**—**	**—**	**254**
Equity securities	**1,512**	**—**	**—**	**1,512**
Total	**$ 1,801**	**$ —**	**$ —**	**$ 1,801**
Total borrowings	**$ 8,646**	**$ 42**	**$ 850**	**$ 9,538**

BNY Mellon's repurchase agreements and securities lending transactions primarily encounter risk associated with liquidity. We are required to pledge collateral based on predetermined terms within the agreements. If we were to experience a decline in the fair value of the collateral pledged for these transactions, additional collateral could be required to be provided to the counterparty; therefore, decreasing the amount of assets available for other liquidity needs that may arise. BNY Mellon also offers tri-party collateral agency services in the tri-party repo market where we are exposed to credit risk. In order to mitigate this risk, we require dealers to fully secure intraday credit.

Note 24 - Lines of business

We have an internal information system that produces performance data along product and services lines for our two principal businesses and the Other segment.

Business accounting principles

Our business data has been determined on an internal management basis of accounting, rather than the generally accepted accounting principles used for consolidated financial reporting. These measurement principles are designed so that reported results of the businesses will track their economic performance.

Business results are subject to reclassification when organizational changes are made or whenever improvements are made in the measurement principles. On July 31, 2015, BNY Mellon completed the sale of Meriten, a German-based investment management boutique. In 2015, we reclassified the results of Meriten from the Investment Management business to the Other segment. The reclassifications did not impact the consolidated results. All prior periods have been restated.

The accounting policies of the businesses are the same as those described in Note 1 of the Notes to Consolidated Financial Statements.

The primary types of revenue for our two principal businesses and the Other segment are presented below:

Business	Primary types of revenue
Investment Management	• Investment management and performance fees from: Mutual funds Institutional clients Private clients High-net-worth individuals and families, endowments and foundations and related entities • Distribution and servicing fees
Investment Services	• Asset servicing fees, including institutional trust and custody fees, broker-dealer services, global collateral services and securities lending • Issuer services fees, including Corporate Trust and Depositary Receipts • Clearing services fees, including broker-dealer services, registered investment advisor services and prime brokerage services • Treasury services fees, including global payment services and working capital solutions • Foreign exchange
Other segment	• Credit-related activities • Leasing operations • Corporate treasury activities • Derivatives business • Global markets and institutional banking services • Business exits

The results of our businesses are presented and analyzed on an internal management reporting basis:

- Revenue amounts reflect fee and other revenue generated by each business. Fee and other revenue transferred between businesses under revenue transfer agreements is included within other revenue in each business.
- Revenues and expenses associated with specific client bases are included in those businesses. For example, foreign exchange activity associated with clients using custody products is allocated to Investment Services.
- Net interest revenue is allocated to businesses based on the yields on the assets and liabilities generated by each business. We employ a funds transfer pricing system that matches funds with the specific assets and liabilities of each business based on their interest sensitivity and maturity characteristics.
- Incentive expense related to restricted stock and certain corporate overhead charges are allocated to the businesses.
- Support and other indirect expenses are allocated to businesses based on internally-developed methodologies.
- Recurring FDIC expense is allocated to the businesses based on average deposits generated within each business.

- Litigation expense is generally recorded in the business in which the charge occurs.
- Management of the investment securities portfolio is a shared service contained in the Other segment. As a result, gains and losses associated with the valuation of the securities portfolio are included in the Other segment.
- Client deposits serve as the primary funding source for our investment securities portfolio. We typically allocate all interest revenue to the businesses generating the deposits. Accordingly, accretion related to the portion of the investment securities portfolio restructured in 2009 has been included in the results of the businesses.
- M&I expense is a corporate level item and is recorded in the Other segment.
- Restructuring charges recorded in 2014 relate to corporate-level initiatives and were therefore recorded in the Other segment. In the fourth quarter of 2013, restructuring charges were recorded in the businesses. Prior to the fourth quarter of 2013, restructuring charges were reported in the Other segment.
- Balance sheet assets and liabilities and their related income or expense are specifically assigned to each business. Businesses with a net liability position have been allocated assets.
- Goodwill and intangible assets are reflected within individual businesses.

Total revenue includes approximately $2.3 billion in 2015, $2.3 billion in 2014 and $2.3 billion in 2013 of international operations domiciled in the UK which comprised 15%, 15% and 15% of total revenue, respectively.

The following consolidating schedules show the contribution of our businesses to our overall profitability.

For the year ended Dec. 31, 2015 *(dollar amounts in millions)*	**Investment Management**		**Investment Services**	**Other**	**Consolidated**	
Fee and other revenue	**$ 3,600**	*(a)*	**$ 8,026**	**$ 474**	**$ 12,100**	*(a)*
Net interest revenue	**319**		**2,495**	**212**	**3,026**	
Total revenue	**3,919**	*(a)*	**10,521**	**686**	**15,126**	*(a)*
Provision for credit losses	**—**		**—**	**160**	**160**	
Noninterest expense	**2,869**		**7,383**	**543**	**10,795**	*(b)*
Income (loss) before taxes	**$ 1,050**	*(a)*	**$ 3,138**	**$ (17)**	**$ 4,171**	*(a)(b)*
Pre-tax operating margin *(c)*	**27%**		**30%**	**N/M**	**28%**	
Average assets	**$ 30,928**		**$ 283,886**	**$ 57,373**	**$ 372,187**	

(a) Both fee and other revenue and total revenue include the net income from consolidated investment management funds of $18 million, representing $86 million of income and noncontrolling interests of $68 million. Income before taxes is net of noncontrolling interests of $68 million.
(b) Includes a loss attributable to noncontrolling interest of $4 million related to other consolidated subsidiaries.
(c) Income before taxes divided by total revenue.

For the year ended Dec. 31, 2014 *(dollar amounts in millions)*	Investment Management		Investment Services	Other	Consolidated	
Fee and other revenue	$ 3,672	*(a)*	$ 7,719	$ 1,337	$ 12,728	*(a)*
Net interest revenue	274		2,339	267	2,880	
Total revenue	3,946	*(a)*	10,058	1,604	15,608	*(a)*
Provision for credit losses	—		—	(48)	(48)	
Noninterest expense	3,049		8,116	1,012	12,177	
Income before taxes	$ 897	*(a)*	$ 1,942	$ 640	$ 3,479	*(a)*
Pre-tax operating margin *(b)*	23%		19%	N/M	22%	
Average assets	$ 37,655		$ 266,495	$ 68,416	$ 372,566	

(a) Both fee and other revenue and total revenue include the net income from consolidated investment management funds of $79 million, representing $163 million of income and noncontrolling interests of $84 million. Income before taxes is net of noncontrolling interests of $84 million.
(b) Income before taxes divided by total revenue.

For the year ended Dec. 31, 2013 *(dollar amounts in millions)*	Investment Management		Investment Services	Other	Consolidated	
Fee and other revenue	$ 3,608	*(a)*	$ 7,640	$ 711	$ 11,959	*(a)*
Net interest revenue	260		2,514	235	3,009	
Total revenue	3,868	*(a)*	10,154	946	14,968	*(a)*
Provision for credit losses	—		1	(36)	(35)	
Noninterest expense	2,903		7,398	1,005	11,306	
Income (loss) before taxes	$ 965	*(a)*	$ 2,755	$ (23)	$ 3,697	*(a)*
Pre-tax operating margin *(b)*	25%		27%	N/M	25%	
Average assets	$ 38,420		$ 247,431	$ 56,460	$ 342,311	

(a) Both fee and other revenue and total revenue include net income from consolidated investment management funds of $103 million, representing $183 million of income and noncontrolling interests of $80 million. Income before taxes is net of noncontrolling interests of $80 million.
(b) Income before taxes divided by total revenue.

Note 25 - International operations

International activity includes Investment Management and Investment Services fee revenue generating businesses, foreign exchange trading activity, loans and other revenue producing assets and transactions in which the customer is domiciled outside of the United States and/or the international activity is resident at an international entity. Due to the nature of our international and domestic activities, it is not possible to precisely distinguish between internationally and domestically domiciled customers. As a result, it is necessary to make certain subjective assumptions such as:

- Income from international operations is determined after internal allocations for interest revenue, taxes, expenses and provision for credit losses.
- Expense charges to international operations include those directly incurred in connection with such activities, as well as an allocable share of general support and overhead charges.

Total assets, total revenue, income before income taxes and net income of our international operations are shown in the table below.

International operations	International				Total	Total	
(in millions)	EMEA		APAC	Other	International	Domestic	Total
2015							
Total assets at period end *(a)*	**$ 76,679**	*(b)*	**$ 17,829**	**$ 1,176**	**$ 95,684**	**$ 298,096**	**$ 393,780**
Total revenue	**3,932**	*(b)*	**904**	**577**	**5,413**	**9,781**	**15,194**
Income before income taxes	**1,436**		**451**	**269**	**2,156**	**2,079**	**4,235**
Net income	**1,163**		**365**	**218**	**1,746**	**1,476**	**3,222**
2014							
Total assets at period end *(a)*	$ 86,189	*(b)*	$ 16,812	$ 1,516	$ 104,517	$ 280,786	$ 385,303
Total revenue	3,931	*(b)*	1,383	645	5,959	9,733	15,692
Income before income taxes	985		913	365	2,263	1,300	3,563
Net income	775		719	287	1,781	870	2,651
2013							
Total assets at period end *(a)*	$ 70,046	*(b)*	$ 20,498	$ 1,808	$ 92,352	$ 282,164	$ 374,516
Total revenue	3,821	*(b)*	936	738	5,495	9,553	15,048
Income before income taxes	1,015		493	414	1,922	1,855	3,777
Net income	822		399	335	1,556	629	2,185

(a) Total assets include long-lived assets, which are not considered by management to be significant in relation to total assets. Long-lived assets are primarily located in the United States.

(b) Includes revenue of approximately $2.3 billion, $2.3 billion and $2.3 billion and assets of approximately $33.2 billion, $46.2 billion and $36.4 billion in 2015, 2014, and 2013, respectively, of international operations domiciled in the UK, which is 15%, 15% and 15% of total revenue and 8%, 12% and 10% of total assets, respectively.

Note 26 - Supplemental information to the Consolidated Statement of Cash Flows

Noncash investing and financing transactions that, appropriately, are not reflected in the Consolidated Statement of Cash Flows are listed below.

Noncash investing and financing transactions	Year ended Dec. 31,		
(in millions)	**2015**	2014	2013
Transfers from loans to other assets for other real estate owned ("OREO")	**$ 7**	$ 4	$ 5
Change in assets of consolidated VIEs	**7,881**	1,990	209
Change in liabilities of consolidated VIEs	**7,423**	2,462	50
Change in noncontrolling interests of consolidated VIEs	**295**	250	50
Securities purchased not settled	**—**	55	518
Securities sales not settled	**11**	750	88
Available-for-sale securities transferred to held-to-maturity	**11,602**	—	7,032
Premises and equipment/capitalized software funded by capital lease obligations	**49**	31	26

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
The Bank of New York Mellon Corporation:

We have audited the accompanying consolidated balance sheets of The Bank of New York Mellon Corporation and subsidiaries ("BNY Mellon") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of BNY Mellon's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BNY Mellon as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), BNY Mellon's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2016 expressed an unqualified opinion on the effectiveness of BNY Mellon's internal control over financial reporting.

/s/ KPMG LLP

New York, New York
February 26, 2016

Directors, Executive Committee and Other Executive Officers

Effective February 26, 2016

Directors

Nicholas M. Donofrio
Retired Executive Vice President,
Innovation and Technology
IBM Corporation
Developer, manufacturer and provider of
advanced information technologies and services

Joseph J. Echevarria
Retired Chief Executive Officer
Deloitte LLP
Global provider of audit, consulting, financial
advisory, risk management, tax and related
services

Edward P. Garden
Chief Investment Officer and a founding partner,
Trian Fund Management, L.P.
Alternative investment management firm

Jeffrey A. Goldstein
Managing Director, Hellman & Friedman LLC
Private equity firm

Gerald L. Hassell
Chairman and Chief Executive Officer
The Bank of New York Mellon Corporation

John M. Hinshaw
Executive Vice President and
Chief Customer Officer at
Hewlett Packard Enterprise Company
Global provider of IT, technology and enterprise
products and solutions

Edmund F. (Ted) Kelly
Retired Chairman
Liberty Mutual Group
Multi-line insurance company

Richard J. Kogan
Retired Chairman, President and
Chief Executive Officer
Schering-Plough Corporation
Global healthcare company

John A. Luke, Jr.
Non-Executive Chairman
WestRock Company
Global paper and packaging company

Mark A. Nordenberg
Chancellor Emeritus,
Chair of the Institute of Politics and
Distinguished Service Professor of Law
University of Pittsburgh
Major public research university

Catherine A. Rein
Retired Senior Executive Vice President and
Chief Administrative Officer
MetLife, Inc.
Insurance and financial services company

William C. Richardson
President and Chief Executive Officer Emeritus
The W. K. Kellogg Foundation
Retired Chairman and Co-Trustee of
The W. K. Kellogg Foundation Trust
Private foundation

Samuel C. Scott III
Retired Chairman, President and
Chief Executive Officer
Ingredion Incorporated (formerly Corn Products
International, Inc.)
Global ingredient solutions provider

Wesley W. von Schack
Chairman
AEGIS Insurance Services, Inc.
Mutual liability and property insurance company

Executive Committee and Other Executive Officers

Gerald L. Hassell *
Chairman and Chief Executive Officer

Michael Cole-Fontayn
Chairman,
Europe, Middle East and Africa

Thomas P. (Todd) Gibbons *
Chief Financial Officer

Mitchell E. Harris *
Chief Executive Officer,
Investment Management

Monique R. Herena *
Chief Human Resources Officer

Kurtis R. Kurimsky *
Corporate Controller

Suresh Kumar
Chief Information Officer

Stephen D. Lackey
Chairman,
Asia Pacific

J. Kevin McCarthy *
General Counsel

Michelle M. Neal *
President,
BNY Mellon Markets Group

Karen B. Peetz *
President

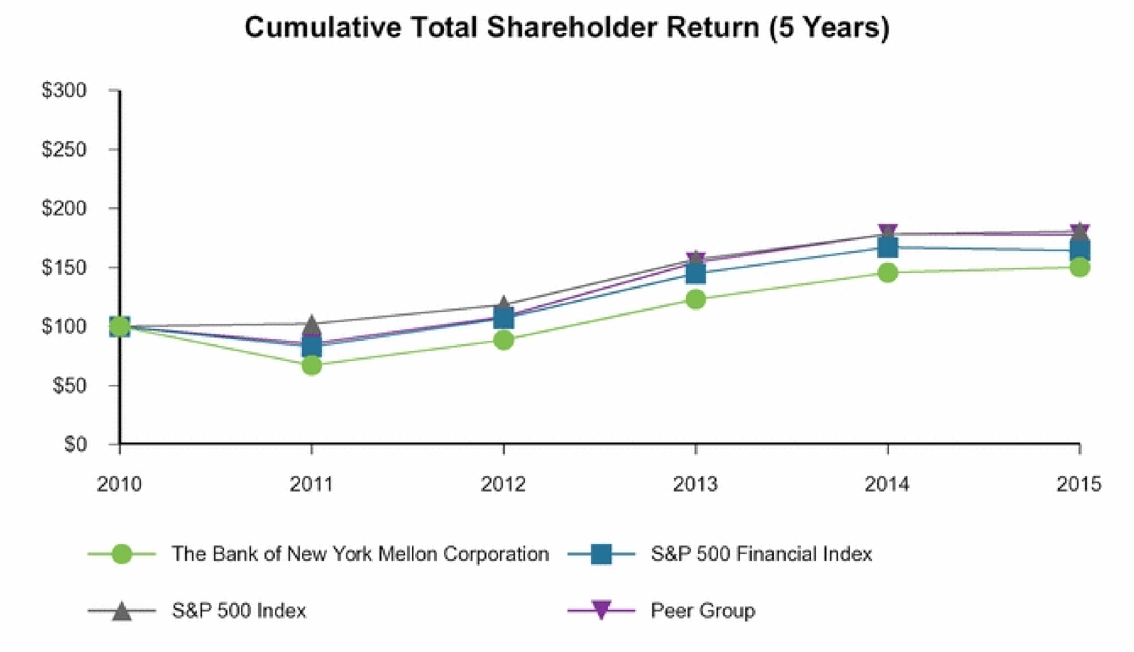
Brian T. Shea *
Chief Executive Officer,
Investment Services

Douglas H. Shulman
Head of Client Service Delivery

James S. Wiener *
Chief Risk Officer

* Designated as an Executive Officer.

Performance Graph



Cumulative shareholder returns *(a)*	Dec. 31,					
(in dollars)	2010	2011	2012	2013	2014	**2015**
The Bank of New York Mellon Corporation	$ 100.0	$ 67.2	$ 88.7	$ 123.0	$ 145.5	**$ 150.3**
S&P 500 Financial Index	100.0	82.9	106.8	144.9	166.9	**164.4**
S&P 500 Index	100.0	102.1	118.5	156.8	178.3	**180.8**
Peer Group	100.0	85.5	108.2	154.3	178.1	**177.8**

(a) Returns are weighted by market capitalization at the beginning of the measurement period.

This graph shows The Bank of New York Mellon Corporation's cumulative total shareholder returns over the five-year period from Dec. 31, 2010 to Dec. 31, 2015. Our peer group is composed of financial services companies which provide investment management and investment servicing. We also utilize the S&P 500 Financial Index as a benchmark against our performance. The graph shows the cumulative total returns for the same five-year period of the S&P 500 Financial Index, the S&P 500 Index as well as our peer group listed below. The comparison assumes a $100 investment on Dec. 31, 2010 in The Bank of New York Mellon Corporation common stock, in the S&P 500 Financial Index, in the S&P 500 Index and in the peer group detailed below and assumes that all dividends were reinvested.

Peer Group		
BlackRock, Inc.	Morgan Stanley	State Street Corporation
The Charles Schwab Corporation	Northern Trust Corporation	U.S. Bancorp
Franklin Resources, Inc.	The PNC Financial Services Group, Inc.	Wells Fargo & Company
JPMorgan Chase & Co.	Prudential Financial, Inc.	

Exhibit 21.1

THE BANK OF NEW YORK MELLON CORPORATION
PRIMARY SUBSIDIARIES
DEC. 31, 2015

The following are primary subsidiaries of The Bank of New York Mellon Corporation as of Dec. 31, 2015 and the states or jurisdictions in which they are organized. The names of particular subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of Dec. 31, 2015, a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X under the Securities Exchange Act of 1934, as amended.

- BNY Capital Funding LLC – State of Organization: Delaware
- BNY Capital Markets Holdings, Inc. – State of Incorporation: New York
- BNY Capital Resources Corporation – State of Incorporation: New York
- BNY International Financing Corporation – Incorporation: United States
- BNY Mellon Asset Management Japan Limited – Incorporation: Japan
- BNY Mellon Capital Markets, LLC – State of Organization: Delaware
- BNY Mellon Fixed Income Securities, LLC – State of Organization: Delaware
- BNY Mellon Fund Managers Limited – Incorporation: England
- BNY Mellon Global Management Limited – Incorporation: Ireland
- BNY Mellon Holdings (UK) Limited – Incorporation: England
- BNY Mellon International Asset Management Group Limited – Incorporation: England
- BNY Mellon International Asset Management (Holdings) Limited – Incorporation: England and Wales
- BNY Mellon International Asset Management (Holdings) No. 1 Limited – Incorporation: England and Wales
- BNY Mellon Investment Management (APAC) Holdings Limited – Incorporation: England
- BNY Mellon Investment Management APAC LP – Incorporation: England and Wales
- BNY Mellon Investment Management Cayman Ltd. – Incorporation: Cayman Islands
- BNY Mellon Investment Management EMEA Limited – Incorporation: England
- BNY Mellon Investment Management Europe Holdings Limited – Incorporation: England
- BNY Mellon Investment Management (Europe) Limited – Incorporation: England
- BNY Mellon Investment Management (Jersey) Limited – Incorporation: Jersey
- BNY Mellon Investment Servicing (US) Inc. – State of Incorporation: Massachusetts
- BNY Mellon, National Association – Incorporation: United States
- BNY Mellon Securities Services (Ireland) Limited – Incorporation: Ireland
- BNY Mellon Trust Company (Ireland) Limited – Incorporation: Ireland
- BNY Real Estate Holdings LLC – State of Organization: Delaware
- BNYM GIS Funding I LLC – State of Organization: Delaware
- BNYM GIS Funding III LLC – State of Organization: Delaware
- BNYM GIS (UK) Funding II LLC – State of Organization: Delaware
- Insight Investment Funds Management Limited – Incorporation: England
- Insight Investment Management (Global) Limited – Incorporation: England
- Insight Investment Management Limited – Incorporation: England
- MAM (MA) Holding Trust – State of Incorporation: Massachusetts
- MBC Investments Corporation – State of Incorporation: Delaware
- Mellon Canada Holding Company – Incorporation: Canada
- Mellon Overseas Investment Corporation – Incorporation: United States

THE BANK OF NEW YORK MELLON CORPORATION
PRIMARY SUBSIDIARIES
DEC. 31, 2015
Continued

- One Wall Street Corporation – State of Incorporation: New York
- Pershing Group LLC – State of Organization: Delaware
- Pershing Holdings (UK) Limited – Incorporation: England
- Pershing Limited – Incorporation: England
- Pershing LLC – State of Organization: Delaware
- Pershing Securities Limited – Incorporation: England
- Standish Mellon Asset Management Company LLC – State of Organization: Delaware
- TBC Securities Co., Inc. – State of Incorporation: Massachusetts
- The Bank of New York Mellon – State of Organization: New York
- The Bank of New York Mellon (International) Limited – Incorporation: England
- The Bank of New York Mellon (Luxembourg) S.A. – Incorporation: Luxembourg
- The Bank of New York Mellon SA/NV – Incorporation: Belgium
- The Dreyfus Corporation – State of Incorporation: New York
- Walter Scott & Partners Limited – Incorporation: Scotland

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
The Bank of New York Mellon Corporation:

We consent to the incorporation by reference in the following registration statements, as amended:

Form	Registration Statement	Filer
S-8	333-198152	The Bank of New York Mellon Corporation
S-8	333-174342	The Bank of New York Mellon Corporation
S-8	333-171258	The Bank of New York Mellon Corporation
S-8	333-150324	The Bank of New York Mellon Corporation
S-8	333-150323	The Bank of New York Mellon Corporation
S-8	333-149473	The Bank of New York Mellon Corporation
S-8	333-144216	The Bank of New York Mellon Corporation
S-3	333-189568	The Bank of New York Mellon Corporation
S-3	333-189569	The Bank of New York Mellon Corporation
S-3	333-189568-01	BNY Capital X
S-3	333-189568-02	BNY Capital IX
S-3	333-189568-03	BNY Capital VIII
S-3	333-189568-04	BNY Capital VII
S-3	333-189568-05	BNY Capital VI
S-3	333-209450	The Bank of New York Mellon Corporation

of our reports dated February 26, 2016, with respect to the consolidated balance sheets of The Bank of New York Mellon Corporation and subsidiaries ("BNY Mellon") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the December 31, 2015 Annual Report on Form 10-K of BNY Mellon.

/s/ KPMG LLP

New York, New York
February 26, 2016

Exhibit 24.1

POWER OF ATTORNEY

THE BANK OF NEW YORK MELLON CORPORATION

Know all men by these presents, that each person whose signature appears below constitutes and appoints J. Kevin McCarthy and Craig T. Beazer, and each of them, such person's true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for such person and in such person's name, place and stead, in any and all capacities, to sign one or more Annual Reports on Form 10-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, for The Bank of New York Mellon Corporation (the "Corporation") for the year ended December 31, 2015, and any and all amendments thereto, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Inc., granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and each of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

This power of attorney shall be effective as of February 9, 2016 and shall continue in full force and effect until revoked by the undersigned in a writing filed with the secretary of the Corporation.

/s/ Nicholas M. Donofrio
Nicholas M. Donofrio, Director

/s/ Joseph J. Echevarria
Joseph J. Echevarria, Director

/s/ Edward P. Garden
Edward P. Garden, Director

/s/ Jeffrey A. Goldstein
Jeffrey A. Goldstein, Director

/s/ John M. Hinshaw
John M. Hinshaw, Director

/s/ Edmund F. Kelly
Edmund F. Kelly, Director

/s/ Richard J. Kogan
Richard J. Kogan, Director

/s/ John A. Luke, Jr.
John A. Luke, Jr., Director

/s/ Mark A. Nordenberg
Mark A. Nordenberg, Director

/s/ Catherine A. Rein
Catherine A. Rein, Director

/s/ William C. Richardson
William C. Richardson, Director

/s/ Samuel C. Scott III
Samuel C. Scott III, Director

/s/ Wesley W. von Schack
Wesley W. von Schack, Director

Exhibit 31.1

CERTIFICATION

I, Gerald L. Hassell, certify that:

1. I have reviewed this annual report on Form 10-K of The Bank of New York Mellon Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 26, 2016

/s/ Gerald L. Hassell

Name: Gerald L. Hassell

Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Thomas P. Gibbons, certify that:

1. I have reviewed this annual report on Form 10-K of The Bank of New York Mellon Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 26, 2016

/s/ Thomas P. Gibbons

Name: Thomas P. Gibbons
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of The Bank of New York Mellon Corporation ("BNY Mellon"), hereby certifies, to his knowledge, that BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of BNY Mellon.

February 26, 2016	/s/ Gerald L. Hassell	
	Name:	Gerald L. Hassell
	Title:	Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of The Bank of New York Mellon Corporation ("BNY Mellon"), hereby certifies, to his knowledge, that BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of BNY Mellon.

February 26, 2016	/s/ Thomas P. Gibbons
	Name: Thomas P. Gibbons
	Title: Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT V
DEFINITIVE PROXY STATEMENT ON FORM DEF 14A
FILED BY THE BANK OF NEW YORK MELLON CORPORATION ON MARCH 13, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No.)

Filed by the Registrant ☒
Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☒ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-12

THE BANK OF NEW YORK MELLON CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

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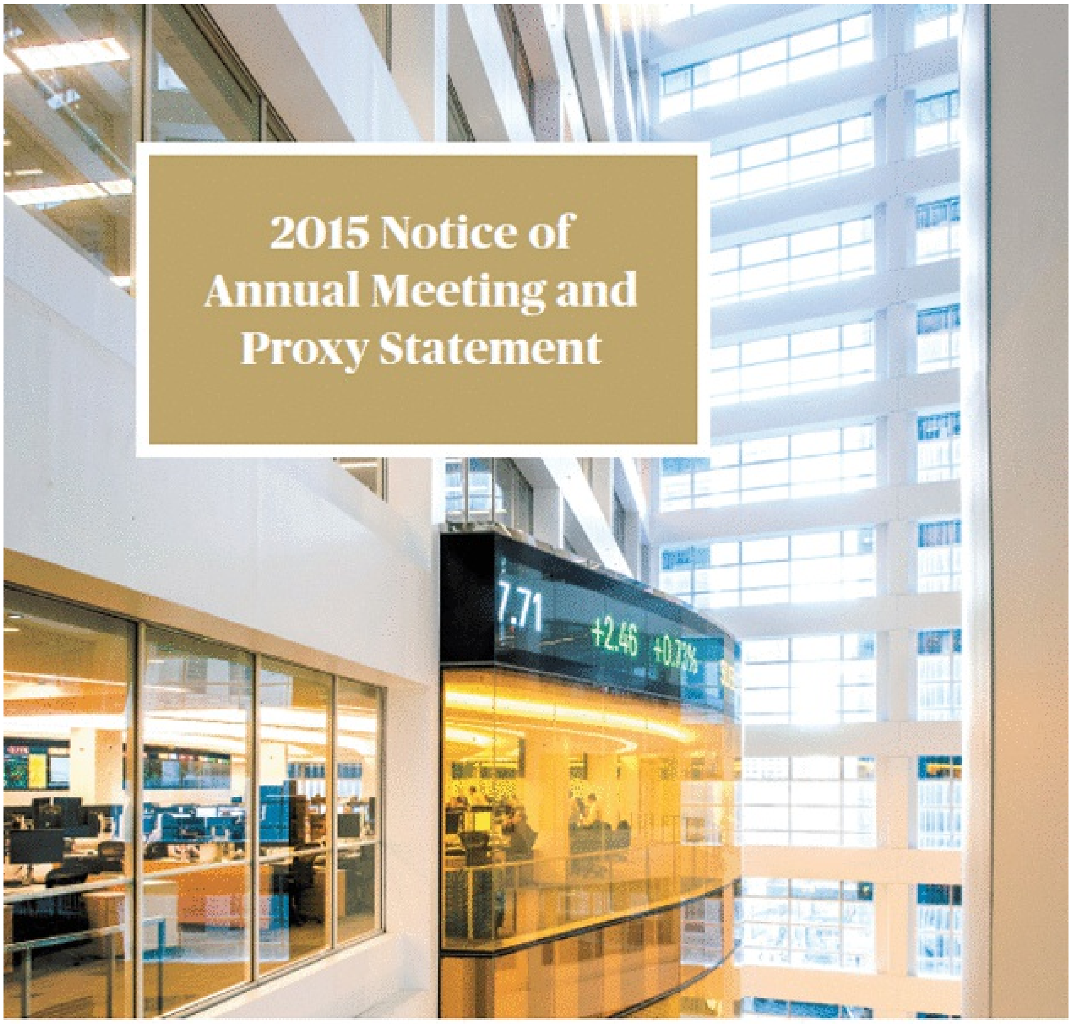

BNY MELLON | Invested

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LETTER TO STOCKHOLDERS

NOTICE OF ANNUAL MEETING

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- Resolution
- Nominees
- Corporate Governance and Board Information
- Director Compensation

ITEM 2 – ADVISORY VOTE ON COMPENSATION | Page 27

- Resolution
- Compensation Discussion and Analysis
- Executive Compensation Tables

ITEM 3 – RATIFICATION OF KPMG LLP | Page 62

- Resolution
- Report of the Audit Committee
- Services Provided by KPMG LLP

ADDITIONAL INFORMATION | Page 66

- Equity Compensation Plans
- Information on Stock Ownership
- Annual Meeting Q&A
- Other Information
- Helpful Resources

ANNEX A: NON-GAAP RECONCILIATION | Page 76

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Dear Fellow Stockholder:

On behalf of the Board of Directors, we are pleased to invite you to our 2015 Annual Meeting of Stockholders to be held on Tuesday, April 14, 2015 at 9 a.m., Eastern time, at 101 Barclay Street, New York, New York 10286.

At this year's Annual Meeting, you will be asked to vote on several items, including the election of directors and our 2014 executive compensation. Detailed information about the director nominees, including their specific experience and qualifications, begins on page 6. Our Compensation Discussion and Analysis, which explains our continued commitment to pay for performance, alignment with stockholders' interests and appropriate risk-taking in the context of our 2014 compensation decisions, begins on page 29. We appreciate the opportunity to provide you with these details of your Board's actions in 2014 and recommendations for 2015. As you will see, we have made substantial changes to the format of our proxy statement this year. We hope you will find the presentation helpful and encourage you to read the proxy statement carefully for more information.

Your vote is important to us, and we hope that you will participate in the Annual Meeting, either by attending and voting in person or by voting through any of the acceptable means described in this proxy statement, as promptly as possible. Instructions on how to vote begin on page 70. You may also access the meeting at https://www.bnymellon.com/us/en/investor-relations/index.jsp.

Thank you for your continued support of BNY Mellon, and we look forward to seeing you at the Annual Meeting.

March 13, 2015

Sincerely,

Gerald L. Hassell
Chairman and CEO

BNY MELLON

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Notice of Annual Meeting

TUESDAY, APRIL 14, 2015

9:00 a.m., Eastern time
101 Barclay Street, New York, New York 10286
Record Date: February 13, 2015

AGENDA		BOARD RECOMMENDATION
1.	To elect the 14 nominees named in this proxy statement to serve on our Board of Directors until the 2016 annual meeting	**FOR** each director nominee
2.	To provide an advisory vote for approval of the 2014 compensation of our named executive officers, as disclosed in this proxy statement	**FOR**
3.	To ratify the appointment of KPMG LLP as our independent auditor for 2015	**FOR**

We will also act on any other business that is properly raised.

March 13, 2015

By Order of the Board of Directors,

Craig T. Beazer
Corporate Secretary

IT IS IMPORTANT THAT YOU CAREFULLY READ YOUR PROXY STATEMENT AND VOTE.

VIA THE INTERNET
Visit the website listed on your proxy card

BY TELEPHONE
Call the telephone number listed on your proxy card

IN PERSON
Attend the annual meeting (see page 70 for more information)

BY MAIL
Mail in a completed proxy card

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on April 14, 2015: Our 2015 proxy statement and 2014 Annual Report to stockholders are available at www.envisionreports.com/bk.

BNY MELLON

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Introduction

This introduction highlights certain information included in the proxy statement. You should read the entire proxy statement carefully before voting.

BUSINESS HIGHLIGHTS

Awards and Recognition

Named Top U.S. Private Bank and Top Private Bank Servicing Family Offices
Family Wealth Report, 2014

Best FX Research
Best Technical Analysis
Best Forecasts
World's Best Foreign Exchange Providers
Global Finance, 2014

#1 Global Custodian vs. Peers Global Custody Survey
R&M Global Custody.net, 2014

Most Innovative Project of the Year
Wholesale Margin Segregation Americas Awards
Custody Risk, 2014

Financial Services Diversity Corporation of the Year
2014 Financial Services Diversity Corporation Awards
National Business Inclusion Consortium

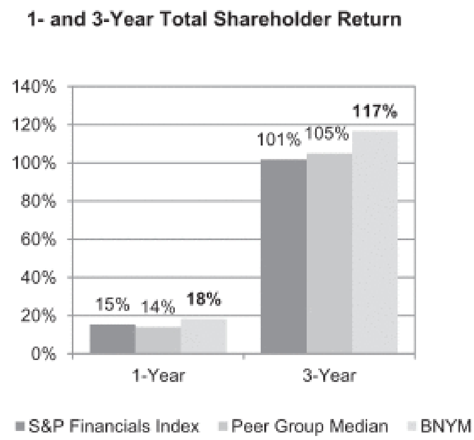
World and North American Indices
Dow Jones Sustainability Indices, 2014

Best in Asset Servicing
Best in Securities Lending
Best in Collateral Management
Best Custody Mandate
Best Corporate Trust Mandate
Triple A Asset Servicing Awards
The Asset, 2014

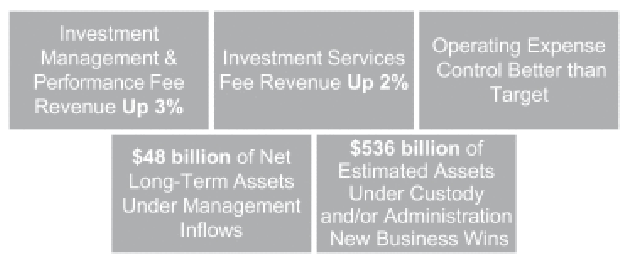
Best Trade Outsourcing Bank
Leaders in Trade 2014 Awards
Global Trade Review 2014

#1 Global Provider of Corporate Trust Services for Corporate and Insurance Debt Issuance and Financial Institution Stand-Alone Debt Issuance
Thomson Reuters, Dealogic, *Clearstream, 2014*

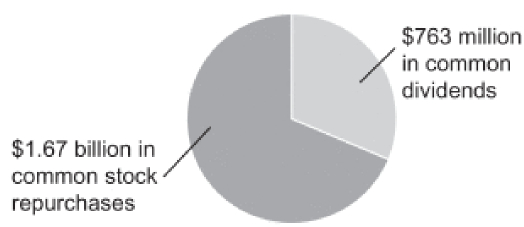
Delivering for Stockholders



Positive Growth Trends and Strong Expense Control



Returned $2.43 Billion to Stockholders



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DIRECTOR NOMINEES

Over the last 12 months, four directors have joined our Board, providing different perspectives, additional experience and diversity to the existing strengths and institutional knowledge of our Board.

Name	Occupation	Indep.	COMMITTEE MEMBERSHIPS						
			Audit	Corp. Gov. & Nom.	Corp. Social Resp.	Exec.	Finance	Human Res. & Comp.	Risk	Tech.
Nicholas M. Donofrio Age 69, Director since 2007	Retired EVP, Innovation & Technology of IBM Corporation	■			■	■			C	■
Joseph J. Echevarria Age 58, Director since 2015	Retired CEO of Deloitte LLP	■	■		■		■			
Edward P. Garden Age 53, Director since 2014	Chief Investment Officer and a founding partner of Trian Fund Management, L.P.	■					■	■	■	
Jeffrey A. Goldstein Age 59, Director since 2014	Managing Director, Hellman & Friedman LLC	■					C		■	
Gerald L. Hassell Age 63, Director since 2007	Chairman & CEO of The Bank of New York Mellon Corporation					■				
John M. Hinshaw Age 44, Director since 2014	EVP of Technology and Operations at Hewlett-Packard Company	■							■	■
Edmund F. “Ted” Kelly Age 69, Director since 2007	Retired Chairman of Liberty Mutual Group	■						■	■	C
Richard J. Kogan Age 73, Director since 2007	Retired Chairman, President & CEO of Schering-Plough Corporation	■	■	■				■		
John A. Luke, Jr. Age 66, Director since 2007	Chairman & CEO of MeadWestvaco Corporation	■		C		■			■	
Mark A. Nordenberg Age 66, Director since 2007	Chancellor Emeritus of the University of Pittsburgh	■			C				■	■
Catherine A. Rein Age 72, Director since 2007	Retired Senior EVP & Chief Administrative Officer of MetLife, Inc.	■	C	■		■				
William C. Richardson Age 74, Director since 2007	President & CEO Emeritus of The W.K. Kellogg Foundation	■	■	■						
Samuel C. Scott III Age 70, Director since 2007	Retired Chairman, President & CEO of Ingredion Incorporated	■	■		■	■		C		
Wesley W. von Schack Age 70, Director since 2007	Chairman of AEGIS Insurance Services, Inc.	■		■		C		■	■	

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GOVERNANCE BEST PRACTICES

Robust Stockholder Rights

- **No staggered board**
- **Special meeting rights** for holders in the aggregate of 20% of our outstanding common stock
- **No plurality voting** in uncontested director elections (each director must be elected by majority of votes cast)
- **No supermajority voting:** stockholder actions require only majority of votes cast (not majority of shares present and entitled to vote)
- **No "poison pill" (stockholders' rights plan)**

Active, Independent Board

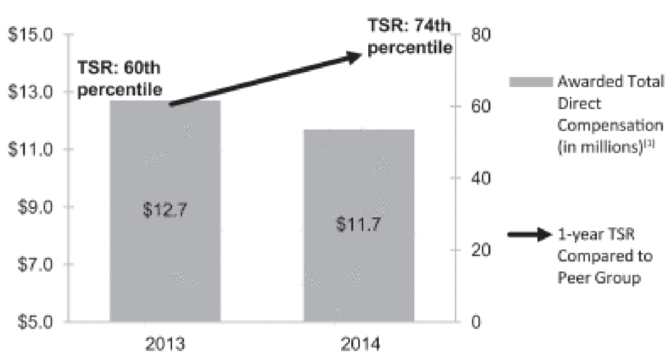
- **Continued, active engagement with our stakeholders**
- **Independent board:** our Board is comprised solely of independent directors other than our CEO and meets in regular executive sessions
- **Independent lead director:** selected by our independent directors and empowered with broad authority
- **High rate of attendance:** average 2014 attendance at board and committee meetings was over 93%

Our Culture

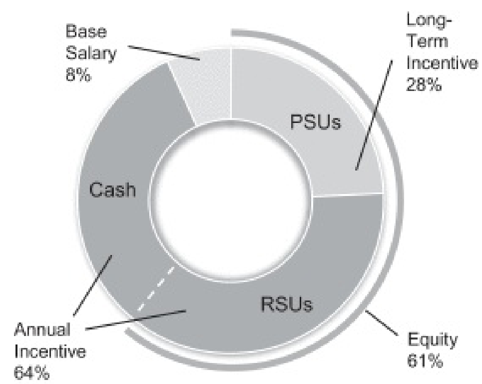
- **Risk-aware:** we protect against excessive risk-taking through multiple lines of defense, including board oversight
- **Honest and accountable:** our codes of conduct apply to all employees and directors to provide a framework for ethical conduct
- **Innovative and evolving:** we encourage directors to participate in continuing education programs, and designed an integrated learning and development platform for employees through BNY Mellon University ("BKU")

COMPENSATION

CEO Compensation Versus TSR



Average Target Compensation Elements For Named Executive Officers



Awarded Total Direct Compensation[(1)]

Named Executive Officers (NEOs)[(2)]	Salary	Annual Incentive			Long-Term Incentive		Total Incentive	Awarded Total Direct Compensation[(1)]
		Cash	RSUs	% of Target	PSUs	% of Target	% of Target	
Gerald L. Hassell Chairman & CEO	$1,000,000	$1,244,640	$4,978,560	74%	$4,500,000	125%	89%	$11,723,200
Thomas P. (Todd) Gibbons Vice Chairman & CFO	$ 650,000	$1,808,471	$1,358,729	85%	$2,006,250	125%	97%	$ 5,823,450
Curtis Y. Arledge Vice Chairman & CEO of Investment Management	$ 650,000	$3,647,534	$2,740,442	68%	$5,006,250	125%	85%	$12,044,226
Karen Peetz President	$ 650,000	$1,716,826	$1,289,874	80%	$2,006,250	125%	94%	$ 5,662,950

1 The amounts reported as Awarded Total Direct Compensation differ substantially from the amounts determined under SEC rules as reported for 2014 in the "Total" column of the Summary Compensation Table set forth on page 50. The above table is not a substitute for the Summary Compensation Table.
2 Our named executive officers for 2014 also include Timothy F. Keaney and Brian G. Rogan, each of whose employment with the company terminated in 2014.

Item 1 — Election of Directors

RESOLUTION | Page 5

NOMINEES | Page 6

- Director Qualifications
- Majority Voting Standard

CORPORATE GOVERNANCE AND BOARD INFORMATION | Page 15

- Our Corporate Governance Practices
- Board Leadership Structure
- Director Independence
- Oversight of Risk
- Board Meetings and Committee Information
- Compensation Consultants to the HRC Committee
- Succession Planning
- Contacting the Board

DIRECTOR COMPENSATION | Page 25

RESOLUTION

Proposal

We are asking stockholders to elect the 14 nominees named in this proxy statement to serve on the Board of Directors of The Bank of New York Mellon Corporation (the "company," "BNY Mellon," "we" or "us") until the 2016 Annual Meeting of stockholders or until their successors have been duly elected and qualified.

Background

The Board unanimously recommends you vote "FOR" each of the nominees described below.

- Each nominee currently serves on our Board of Directors (Mr. Hinshaw was appointed as a director effective September 8, 2014, Mr. Garden was appointed as a director effective December 2, 2014 and Mr. Echevarria was appointed as a director effective January 30, 2015).
- 13 nominees are currently independent directors and one nominee serves as the company's Chairman and Chief Executive Officer.
- Michael J. Kowalski, currently a director of our company, will not be standing for reelection at our Annual Meeting.
- The Board and the Corporate Governance and Nominating Committee ("CG&N Committee") have concluded that each of our nominees should be recommended for re-nomination as a director after considering the nominees' (1) professional background and experience, (2) senior level policy-making positions, (3) other public company board experience, (4) diversity, (5) intangible attributes, (6) prior BNY Mellon Board experience, and (7) board attendance and participation.
- The nominees have skills and expertise in a wide range of areas, including technology, private equity, financial regulation, financial services, insurance, risk management and legal matters.

Voting

We do not know of any reason why any nominee named in this proxy statement would be unable to serve as a director if elected. If any nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such other person as may be nominated in accordance with our by-laws, as described on page 14. Proxies cannot be voted for a greater number of persons than the number of nominees named in this proxy statement.

Each director will be elected if more votes are cast "for" the director's election than are cast "against" the director's election, with abstentions and broker non-votes not being counted as a vote cast either "for" or "against" the director's election. Pursuant to our Corporate Governance Guidelines, if any incumbent director fails to receive a majority of the votes cast, the director will be required to tender his or her resignation promptly after the certification of the stockholder vote. Our CG&N Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it, or whether other actions should be taken. More information on our voting standard and the CG&N Committee's consideration of tendered resignations is provided on page 14 below.

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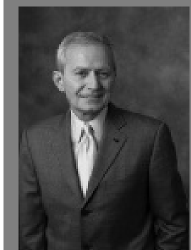
NOMINEES

Nicholas M. Donofrio



Retired Executive Vice President, Innovation and Technology of IBM Corporation

Independent Director since 2007

Age 69

Committees: Corporate Social Responsibility, Executive, Risk (Chair), Technology

Mr. Donofrio served as Executive Vice President, Innovation and Technology of International Business Machines ("IBM") Corporation, a developer, manufacturer and provider of advanced information technologies and services, from 2005 until his retirement in 2008. Mr. Donofrio previously served as Senior Vice President, Technology and Manufacturing of IBM Corporation from 1997 to 2005 and spent a total of 44 years as an employee of IBM Corporation. Mr. Donofrio currently serves as a director of Liberty Mutual Group, and previously served as a director of The Bank of New York Company, Inc. ("the Bank of New York") from 1999 to 2007.

Mr. Donofrio holds seven technology patents and is a member of numerous technical and science honor societies. Mr. Donofrio is Co-Chair Emeritus and a member of the Board of Trustees of the New York Hall of Science, is a director of Sproxil, Inc. and O'Brien & Gere, is on the board of advisors of StarVest Partners, L.P., and is a member of the Board of Trustees of Syracuse University. Mr. Donofrio earned a Bachelor of Science degree from Rensselaer Polytechnic Institute and a Master of Science degree from Syracuse University.

Skills and Expertise:

- Expertise in technology issues
- Senior level policy-making experience in the field of engineering
- Teaching and training in the area of innovation

Other Public Company Board Service: Advanced Micro Devices, Inc.; Delphi Automotive PLC

Joseph J. Echevarria

Retired CEO of Deloitte LLP

Independent Director since 2015

Age 58

Committees: Audit, Corporate Social Responsibility, Finance

Mr. Echevarria served as Chief Executive Officer of Deloitte LLP, a global provider of professional services, from 2011 until his retirement in 2014. Mr. Echevarria previously served in increasingly senior leadership positions during his 36-year career at the firm, including U.S. Managing Partner for Operations, prior to being named Chief Executive Officer. Mr. Echevarria currently serves on the University of Miami Board of Trustees and the Private Export Council, the principal national advisory committee on international trade. He was also selected by President Obama to be co-Chair of My Brother's Keeper, a federal interagency effort designed to find ways for business and civic leaders to empower boys and young men of color. Mr. Echevarria earned his bachelor's degree in business administration from the University of Miami.

Skills and Expertise:

- Leadership of a large, global company
- Expertise in accounting issues
- Senior level policy-making experience in the field of professional services

Other Public Company Board Service: None

Edward P. Garden

Chief Investment Officer and a founding partner of Trian Fund Management, L.P.

Independent Director since 2014

Age 53

Committees: Finance, Human Resources and Compensation, Risk

Mr. Garden has been Chief Investment Officer and a founding partner of Trian Fund Management, L.P. ("Trian"), a multi-billion dollar alternative investment management firm, since November 2005.

Mr. Garden has served as a member of the board of directors of Family Dollar Stores, Inc., a discount retailer, since September 2011, and as a member of the board of directors of The Wendy's Company (formerly known as Wendy's/Arby's Group, Inc. and prior to that Triarc Companies, Inc. ("Triarc")), a quick-service restaurant company, since December 2004. Mr. Garden also served as a director of Trian Acquisition I Corp. from October 2007 through January 2010. Previously he served as Vice Chairman and a director of Triarc from December 2004 through June 2007 and Executive Vice President from August 2003 until December 2004. From 1999 to 2003, Mr. Garden was a managing director of Credit Suisse First Boston, where he served as a senior investment banker in the Financial Sponsors Group. From 1994 to 1999, he was a managing director at BT Alex Brown where he was a senior member of the Financial Sponsors Group and, prior to that, co-head of Equity Capital Markets. Mr. Garden graduated from Harvard College with a B.A. in Economics.

Skills and Expertise:

- Experience in finance
- Expertise in financing, operating and investing in companies
- Extensive service on the boards of several large public companies

Other Public Company Board Service: Family Dollar Stores, Inc.; The Wendy's Company

Jeffrey A. Goldstein

Managing Director, Hellman & Friedman LLC and Former Under Secretary of the Treasury for Domestic Finance

Independent Director since 2014

Age 59

Committees: Finance (Chair), Risk

Mr. Goldstein has been a Managing Director at Hellman & Friedman LLC, a private equity firm, since 2011 and was previously at the firm from 2004 to 2009. He was Under Secretary of the Treasury for Domestic Finance and Counselor to the Secretary of the Treasury from 2009 to 2011.

Mr. Goldstein worked at James D. Wolfensohn Inc. and successor firms for 15 years. When Wolfensohn & Co. was purchased by Bankers Trust in 1996, he served as co-chairman of BT Wolfensohn and as a member of Bankers Trust's management committee. In 1999, Mr. Goldstein became a managing director of the World Bank. He also served as its chief financial officer beginning in 2003. In July of 2009, President Barack Obama nominated Mr. Goldstein to be Under Secretary of the Treasury for Domestic Finance. In July 2011, Secretary of the Treasury Timothy F. Geithner awarded Mr. Goldstein with the Alexander Hamilton award, the highest honor for a presidential appointee. Earlier in his career Mr. Goldstein taught economics at Princeton University and worked at the Brookings Institution. Mr. Goldstein earned a Bachelor of Arts degree from Vassar College and a Master of Arts, Master of Philosophy and a Ph.D. in economics from Yale University.

Skills and Expertise:

- Experience in private equity
- Expertise in the operations of large financial institutions
- Experience in financial regulation and banking

Other Public Company Board Service: None

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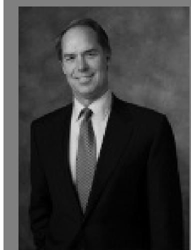
Gerald L. Hassell



Chairman and Chief Executive Officer of The Bank of New York Mellon Corporation

Management Director since 2007

Age 63

Committees: Executive

Mr. Hassell has served as our Chief Executive Officer since 2011 and served as our President since the merger of the Bank of New York and Mellon Financial Corporation ("Mellon") in 2007 (the "merger") through 2012. Prior to the merger, Mr. Hassell served as President and a director of the Bank of New York from 1998 to 2007 as well as other prior leadership positions at the Bank of New York.

Since joining the Bank of New York's Management Development Program more than three decades ago, Mr. Hassell has held a number of key leadership positions within the company in securities servicing, corporate banking, credit, strategic planning and administration services. Mr. Hassell is also a director of the National September 11 Memorial & Museum and the New York Philharmonic, and is Vice Chair of Big Brothers/Big Sisters of New York. Mr. Hassell holds a Bachelor of Arts degree from Duke University and a Master in Business Administration degree from the New York University Stern School of Business.

Skills and Expertise:

- Knowledge of the company's businesses and operations
- Participation in financial services industry associations
- Experience in the financial services industry

Other Public Company Board Service: Comcast Corporation

John M. Hinshaw

Executive Vice President of Technology and Operations at Hewlett-Packard Company

Independent Director since 2014

Age 44

Committees: Risk, Technology

Mr. Hinshaw has served as the Executive Vice President of Technology and Operations at Hewlett-Packard Company ("HP"), a multinational information technology corporation, since 2011. Mr. Hinshaw is responsible for the firm's global operations including information technology, business process management, sales operations, procurement, business shared services, and real estate functions. He is also a member of the Executive Council at HP.

Prior to joining HP, Mr. Hinshaw served as Vice President and General Manager for Boeing Information Solutions at The Boeing Company. Before that, he served as Boeing's Chief Information Officer and led their companywide corporate initiative on information management and information security. Mr. Hinshaw also spent 14 years at Verizon Communications where, among several senior roles, he was Senior Vice President and Chief Information Officer of Verizon Wireless, overseeing the IT function of the wireless carrier. Mr. Hinshaw is also a board member of DocuSign, Inc., a provider of electronic signature transaction management, and the National Academy Foundation, an educational non-profit organization. He received a B.B.A. in Computer Information Systems and Decision Support Sciences from James Madison University.

Skills and Expertise:

- Technology and management expertise
- Experience in the operations of large, complex companies
- Leadership roles in several different industries

Other Public Company Board Service: None

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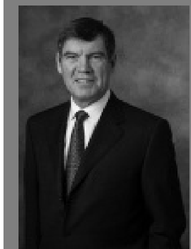
Edmund F. "Ted" Kelly



Retired Chairman of Liberty Mutual Group

Independent Director since 2007

Age 69

Committees: Human Resources and Compensation, Risk, Technology (Chair)

Mr. Kelly served as Chairman (from 2000 to 2013), President (from 1992 to 2010) and Chief Executive Officer (from 1998 to 2011) of Liberty Mutual Group, a multi-line insurance company. Mr. Kelly served as a director of Mellon from 2004 to 2007.

Mr. Kelly's experience also includes senior-level management positions at Aetna Life & Casualty Company. Mr. Kelly was a director of Citizens Financial Group Inc., where he served as Chair of the Audit Committee and Chair of the Joint Risk Assessment Committee. Mr. Kelly is also a member of the Board of Governors of the Property Casualty Insurers Association of America and a director of the Financial Services Roundtable; a member of the boards of the United Way of Massachusetts Bay, the American Red Cross of Massachusetts Bay, the American Ireland Fund and The Massachusetts Mentoring Partnership, among others; a past member of the Board of Trustees for Boston College and former President of the Boston Minuteman Council of the Boy Scouts of America. Mr. Kelly received a Bachelor of Arts degree from Queen's University in Belfast and a Ph.D. from the Massachusetts Institute of Technology.

Skills and Expertise:

- Leadership of a large public company in a highly regulated industry
- Experience in risk management
- Senior-level policy-making experience in the insurance industry

Other Public Company Board Service: EMC Corporation

Richard J. Kogan

Principal of The KOGAN Group LLC and RJKogan AP LLC

Retired Chairman, President and Chief Executive Officer of Schering-Plough Corporation

Independent Director since 2007

Age 73

Committees: Audit, Corporate Governance and Nominating, Human Resources and Compensation

Mr. Kogan is currently a principal of The KOGAN Group LLC, which provides advice and counsel to chief executive officers of for-profit and not-for-profit enterprises, and RJKogan AP LLC. Mr. Kogan previously served as Chief Executive Officer of Schering-Plough Corporation, a global healthcare company, from 1996 to 2003, as President from 1986 to 1998 and 2001 to 2003 and as Chairman from 1998 to 2002. Mr. Kogan served as a director of the Bank of New York from 1996 to 2007.

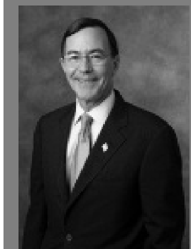
Mr. Kogan serves as Chairman of the Board of Trustees of Saint Barnabas Medical Center, and is a member of the Board of Trustees of New York University, overseer and member of the Executive Committee of New York University's Stern School of Business and a member of the Council on Foreign Relations. Mr. Kogan earned a Bachelor of Arts degree from The City College of The City University of New York and a Master in Business Administration degree from the New York University Stern School of Business.

Skills and Expertise:

- Leadership of a large public company in a highly regulated industry
- Senior level policy-making experience in the pharmaceutical industry
- Experience in counseling chief executive officers of for-profit and not-for-profit enterprises

Other Public Company Board Service: Colgate-Palmolive Company

John A. Luke, Jr.



Chairman and Chief Executive Officer of MeadWestvaco Corporation

Independent Director since 2007

Age 66

Committees: Corporate Governance and Nominating (Chair), Executive, Risk

Mr. Luke has served as Chairman and Chief Executive Officer of MeadWestvaco Corporation, a global packaging company, since 2002. Mr. Luke served as a director of the Bank of New York from 1996 to 2007.

Mr. Luke is also a director and former Chairman of the American Forest & Paper Association, and a director of FM Global. Mr. Luke is ex-officio director and former Chairman of the Sustainable Forestry Initiative, Inc., a former member of the President's Export Council, and a trustee of the American Enterprise Institute for Public Policy Research as well as the Virginia Museum of Fine Arts, among others. Mr. Luke served as an officer with the U.S. Air Force in Southeast Asia during the Vietnam conflict. Mr. Luke earned a Bachelor of Arts degree from Lawrence University and a Master in Business Administration degree from The Wharton School of Business at the University of Pennsylvania.

Skills and Expertise:

- Leadership of a large public company
- Senior level policy-making experience in the manufacturing industry
- Experience in international business

Other Public Company Board Service: MeadWestvaco Corporation; The Timken Company

Mark A. Nordenberg

Chancellor Emeritus, Chair of the Institute of Politics and Distinguished Service Professor of Law of the University of Pittsburgh

Independent Director since 2007

Age 66

Committees: Corporate Social Responsibility (Chair), Risk, Technology

Mr. Nordenberg served as Chancellor and Chief Executive Officer of the University of Pittsburgh, a major public research university, from 1996 to August 2014. He currently serves as Chancellor Emeritus, Chair of the Institute of Politics and Distinguished Service Professor of Law at the University. Mr. Nordenberg served as a director of Mellon from 1998 to 2007.

Mr. Nordenberg joined the University of Pittsburgh's law faculty in 1977 and served as Dean of the School of Law from 1985 until 1993. Mr. Nordenberg was the interim Provost and Senior Vice Chancellor for Academic Affairs from 1993 to 1994, and interim Chancellor from 1995 to 1996. A specialist in scholarly aspects of civil litigation, he has published books, articles and reports on this topic, and has served as a member of both the United States Supreme Court's Advisory Committee on Civil Rules and the Pennsylvania Supreme Court's Civil Procedural Rules Committee. He is a former director and executive committee member of the Association of American Universities and has served on the boards of national and regional organizations promoting innovation and economic progress. Mr. Nordenberg received his Bachelor of Arts degree from Thiel College and his Juris Doctorate degree from the University of Wisconsin School of Law.

Skills and Expertise:

- Legal expertise
- Leadership of a major research university
- Experience in the operations and management of a large institution

Other Public Company Board Service: None

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Catherine A. Rein

Retired Senior Executive Vice President and Chief Administrative Officer of MetLife, Inc.

Independent Director since 2007

Age 72

Committees: Audit (Chair), Corporate Governance and Nominating, Executive

Ms. Rein served as Senior Executive Vice President and Chief Administrative Officer of MetLife, Inc., an insurance and financial services company, from 2005 to 2008. Prior to that, Ms. Rein served as President and Chief Executive Officer of Metropolitan Property and Casualty Insurance Company from 1999 to 2005. Ms. Rein served in key leadership positions at MetLife, Inc. from 1985 to 1998. Ms. Rein served as a director of the Bank of New York from 1981 to 2007.

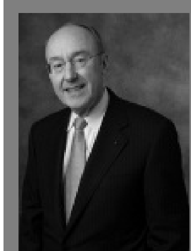
Before joining MetLife, Ms. Rein served as vice president and general counsel for The Continental Group, Inc., a property management company. Prior to that, she was associated with the New York City law firm of Dewey, Ballantine, Bushby, Palmer & Wood. Ms. Rein is an emeritus member of the Board of Visitors of the New York University Law School, previously chaired the MetLife Foundation and is a director emeritus of Corning Incorporated. Ms. Rein received a Bachelor of Arts degree from The Pennsylvania State University and a Juris Doctorate degree from New York University School of Law.

Skills and Expertise:

- Leadership of a large public company in a highly regulated industry
- Experience as general counsel
- Senior-level policy-making experience in the insurance industry

Other Public Company Board Service: FirstEnergy Corp.

William C. Richardson



President and Chief Executive Officer Emeritus of The W.K. Kellogg Foundation and Retired Chairman and Co-Trustee of The W.K. Kellogg Foundation Trust

Independent Director since 2007

Age 74

Committees: Audit, Corporate Governance and Nominating

Dr. Richardson previously served as President and Chief Executive Officer of The W.K. Kellogg Foundation, a private foundation, as well as Chair and Co-Trustee of The W.K. Kellogg Foundation Trust from 1995 to 2007. Dr. Richardson is also a trustee of the Exelon Foundation. Dr. Richardson previously served as a director of Kellogg Company from 1996 to 2007 and of CSX Corporation from 1992 to 2008. Dr. Richardson served as a director of the Bank of New York from 1998 to 2007.

Dr. Richardson has devoted his academic career to research related to the organization and financing of health services in the U.S. He served as President of The Johns Hopkins University. He was also Graduate Dean and Vice Provost for Research at the University of Washington in Seattle; Executive Vice President and Provost of The Pennsylvania State University; and held various positions at the University of Chicago. Dr. Richardson has chaired numerous boards and commissions at the federal and state levels and in the philanthropic sector. He has served as a director of Mercantile Bankshares Corporation, among others. He served as Professor of Health Policy and Management at The Johns Hopkins University. Dr. Richardson received a Bachelor of Arts degree from Trinity College and a Master in Business Administration degree and a Ph.D. from the University of Chicago.

Skills and Expertise:

- Senior level policy-making experience at a major research university
- Leadership of an institution and major foundation
- Expertise in the operations and management of large institutions and foundations

Other Public Company Board Service: Exelon Corporation

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Samuel C. Scott III

Retired Chairman, President and Chief Executive Officer of Ingredion Incorporated (formerly Corn Products International, Inc.)

Independent Director since 2007

Age 70

Committees: Audit, Corporate Social Responsibility, Executive, Human Resources and Compensation (Chair)

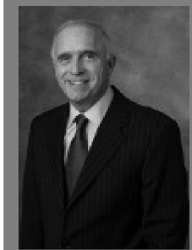
Prior to his retirement in 2009, Mr. Scott served as Chairman (since 2001), Chief Executive Officer (since 2001), President (since 1997) and management director of Corn Products International, Inc., a leading global ingredients solutions provider now known as Ingredion Incorporated. Mr. Scott previously served as President of Bestfoods Corn Refining from 1995 to 1997 and President of American Corn Refining from 1989 to 1997. Mr. Scott also serves on the boards of, among others, Chicago Sister Cities, Northwestern Memorial HealthCare, the Chicago Urban League and The Chicago Council on Global Affairs. Mr. Scott received both a Bachelor of Science degree and a Master in Business Administration degree from Fairleigh Dickinson University. Mr. Scott served as a director of the Bank of New York from 2003 to 2007.

Skills and Expertise:

- Senior level policy-making experience in the food industry
- Leadership of international company
- Experience in the operations and management of a large public company

Other Public Company Board Service: Motorola Solutions, Inc.; Abbott Laboratories

Wesley W. von Schack



Chairman, AEGIS Insurance Services, Inc.

Independent Director since 2007

Age 70

Committees: Corporate Governance and Nominating, Executive (Chair), Human Resources and Compensation, Risk

Mr. von Schack has served as Chairman of the board of AEGIS Insurance Services, Inc., a mutual liability and property insurance company, since 2006. He is a non-executive director of AEGIS Managing Agency Limited, which manages Syndicate 1225 at Lloyd's of London. Prior to his retirement in January, 2010, Mr. von Schack served as Chairman, President and Chief Executive Officer of Energy East Corporation, an energy services company, since 1996. Energy East Corporation is a wholly-owned subsidiary of Iberdrola, S.A. Mr. von Schack was a director of Energy East until his retirement in January 2010. Mr. von Schack served as a director of Mellon from 1989 to 2007.

From 1986 to 1996, Mr. von Schack was Chairman, President and Chief Executive Officer of DQE, a diversified energy services company. Mr. von Schack is Director Emeritus of the Gettysburg Foundation and a former member of the President's Council – Peconic Land Trust. Mr. von Schack received a Bachelor of Arts degree from Fordham University, a Master in Business Administration degree from St. John's University and a Ph.D. from Pace University.

Skills and Expertise:

- Senior level policy-making experience in the energy industry
- Experience in financial accounting and reporting in prior Chief Financial Officer role
- Leadership of a large public company in a highly regulated industry

Other Public Company Board Service: Teledyne Technologies Incorporated; Edwards Lifesciences Corporation

Director Qualifications

The CG&N Committee assists the Board in reviewing and identifying individuals qualified to become Board members. The CG&N Committee utilizes Board-approved criteria in recommending nominees for directors at Annual Meetings and to fill vacancies on the Board. Directors chosen to fill vacancies will hold office for a term expiring at the end of the next Annual Meeting.

In selecting nominees for election as directors, our CG&N Committee's charter provides, among other things, that the CG&N Committee must consider (but is not limited to consideration of) the candidate's experience, accomplishments, education, skills and personal and professional integrity; the diversity of the Board (in all aspects of that term); and the candidate's ability to devote the necessary time to serve as a director (including directorships held at other corporations and organizations). The CG&N Committee seeks persons with leadership experience in a variety of contexts and, among public company leaders, across a variety of industries. The CG&N Committee will evaluate a candidate recommended by a stockholder for nomination as a director in the same manner that it evaluates any other nominee. For information on recommending a candidate for nomination as a director see "Contacting the Board" on page 24 below.

The Board and the CG&N Committee have concluded that each of our current Board members standing for election should be recommended for re-nomination as a director. As part of this determination, the Board and the CG&N Committee considered:

- **Professional background and experience**. The individual's specific experience, background and education, including experience with, among other things, asset management and other financial services, international business, risk management, operational planning and business strategy, technology and innovation, financial reporting and accounting, legal matters, government and regulatory affairs, compensation and human resources, sales and marketing, and mergers and acquisitions.
- **Senior level policy-making positions**. The individual's effectiveness, business acumen and leadership skills as demonstrated by senior level policy-making experience in business, government, education, technology and/or not-for-profit enterprises.
- **Other public company board experience**. The individual's service as a director on other public company boards.
- **Diversity**. The individual's contribution to the diversity of our Board, including diversity of viewpoint, professional experience, education, skills and other individual qualities and attributes that contribute to Board heterogeneity, as well as race, gender, national origin and sexual preference.
- **Intangible attributes**. The individual's integrity; capacity to evaluate business issues and make practical and mature judgments; willingness to devote the necessary time and effort required to serve on our Board; skills and personality to work effectively and collegially with other directors on a board that is responsive to the company's needs; and the self-confidence and articulateness to participate effectively in Board discussions.
- **Prior BNY Mellon Board experience**. The individual's years of service on our Board and on the legacy boards of directors of the Bank of New York and Mellon as well as each individual's service on standing committees of our Board and the legacy boards of the Bank of New York and Mellon.
- **Board attendance and participation**. The individual's attendance record and participation at Board and committee meetings.

Each of the nominees for election as director, other than Messrs. Echevarria, Garden and Hinshaw, was elected as a director at our 2014 Annual Meeting. Mr. Hinshaw was appointed a director effective September 8, 2014 and was recommended to the CG&N Committee for consideration as a candidate by a third-party search firm, Egon Zehnder; Mr. Garden was appointed a director effective December 2, 2014 and was recommended to the CG&N Committee for consideration as a candidate by a security holder; and Mr. Echevarria was appointed a director effective January 30, 2015 and was recommended to the CG&N Committee for consideration as a candidate by our non-management directors and by our chief executive officer. Our Board believes the nominees meet the criteria described above with diversity and depth of experience that enable them to effectively oversee management of the company. No director has a family relationship to any other director, nominee for director or executive officer.

As previously disclosed, Mr. Kowalski, who was elected as a director at our 2014 Annual Meeting, will not be standing for reelection. The Board is grateful to Mr. Kowalski for his invaluable contributions as a director during his 12 years of service to the company and the Bank of New York.

We also note with sadness that Ruth E. Bruch, who was elected as a director at our 2014 Annual Meeting, resigned due to personal health reasons in August 2014 and subsequently passed away. The Board is grateful to Ms. Bruch for her invaluable contributions as a director during more than a decade of service to the Company and Mellon.

Majority Voting Standard

Under our by-laws, in any uncontested election of directors, each director will be elected if more votes are cast “for” the director’s election than are cast “against” the director’s election, with abstentions and broker non-votes not being counted as a vote cast either “for” or “against” the director’s election. A plurality standard will apply in any contested election of directors, which is an election in which the number of nominees for director exceeds the number of directors to be elected. Pursuant to our Corporate Governance Guidelines (see “Helpful Resources” on page 75), if any incumbent director fails to receive a majority of the votes cast in any uncontested election, the director will be required to tender his or her resignation to the Lead Director (or such other director designated by the Board if the director failing to receive the majority of votes cast is the Lead Director) promptly after the certification of the stockholder vote.

Our CG&N Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it, or whether other actions should be taken. In considering whether to accept or reject the tendered resignation, the CG&N Committee will consider whatever factors its members deem relevant, including any stated reasons for the “against” votes, the length of service and qualifications of the director whose resignation has been tendered, the director’s contributions to the company, and the mix of skills and backgrounds of the Board members. The Board will act on the CG&N Committee’s recommendation no later than 90 days following the certification of the election in question. In considering the recommendation of the CG&N Committee, the Board will consider the factors considered by the CG&N Committee and such additional information and factors as it deems relevant.

Following the Board’s decision, the company will publicly disclose the Board’s decision in a Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”). If the Board does not accept the director’s resignation, it may elect to address the underlying stockholder concerns or to take such other actions as it deems appropriate and in the best interests of the company and its stockholders. A director who tenders his or her resignation pursuant to this provision will not vote on the issue of whether his or her tendered resignation will be accepted or rejected. If the Board accepts an incumbent director’s resignation pursuant to this provision, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board may fill the resulting vacancy pursuant to our by-laws. If the Board does not accept an incumbent director’s resignation pursuant to this provision, he or she will continue to serve on the Board until the election of his or her successor.

Our Corporate Governance Practices

We believe that the strength of BNY Mellon's business is a direct reflection of the high standards set by our governance structure. It provides guidance in managing the company from the Board of Directors on down for the benefit of all our stakeholders including our investors, clients, employees and communities.

Independence	• Our board is comprised of all independent directors, other than our Chief Executive Officer, and our independent directors meet in **executive sessions** at each regularly scheduled board meeting. • Our **independent lead director**, Wesley W. von Schack, is selected by our independent directors and has broad powers, including approval of board meeting agendas, materials and schedules and leading executive sessions. • We have seven standing committees made up entirely of **independent directors**.
Active Engagement	• **High rate of director attendance** at board and committee meetings in 2014, averaging over 93%. • We have continued to **actively engage with our stakeholders** through multiple initiatives, resulting in conversations with investors representing about 40% of our outstanding shares, as well as with proxy advisory firms and other stakeholders. • Stockholders and other interested parties can **directly contact our Board** (see "Helpful Resources" on page 75).
Robust Programs	• A significant portion of director compensation is paid in **deferred stock units**, which must be held as long as the director serves on the Board. • We have adopted **codes of conduct** which apply to our directors, as well as all of our employees, to provide a framework for the highest standards of professional conduct and to foster a culture of honesty and accountability.
Ongoing Improvements	• We recently amended our Corporate Governance Guidelines to provide for the Corporate Governance and Nominating Committee to consider Committee Chairman rotation periodically at five-year intervals. • We recently amended our bylaws to permit holders in the aggregate of 20% of our outstanding common stock to call a special meeting. • Each year, our Board and each of our Audit, Corporate Governance and Nominating, Corporate Social Responsibility, Finance, Human Resources and Compensation, Risk and Technology Committees conduct **self-evaluations**. • Our Board participates in Board **information sessions** during regularly scheduled and special meetings, during which they receive business updates from senior management, risk executives and our General Counsel. • Directors are encouraged to participate in **continuing education** programs and our company reimburses directors for such expenses. In addition, new directors participate in our director orientation program in their first six months as a director.
What We Don't Do	• **No staggered board.** • **No "poison pill"** (stockholders' rights plan). • **No supermajority voting.** Action by stockholders requires only a majority of the votes cast (not a majority of the shares present and entitled to vote). • **No plurality voting** in uncontested director elections. Each director must be elected by a majority of the votes cast.

Board Leadership Structure

Our Board has reviewed its current leadership structure — which consists of a combined Chairman and Chief Executive Officer with an independent Lead Director (currently Mr. von Schack) — in light of the Board's composition, the company's size, the nature of the company's business, the regulatory framework under which the company operates, the company's stockholder base, the company's peer group and other relevant factors. Our Board has determined that a combined Chairman and Chief Executive Officer position, with an independent Lead Director, continues to be the most appropriate Board leadership structure for the company.

Efficient and Effective Action	A combined Chairman/Chief Executive Officer: • Is in the **best position to be aware of major issues** facing the company on a day-to-day and long-term basis, and to identify and bring key risks and developments facing the company to the Board's attention (in coordination with the Lead Director as part of the agenda-setting process), and • Eliminates the potential for uncertainty as to who leads the company, providing the company with **a single public "face"** in dealing with stockholders, employees, regulators, analysts and other constituencies. A substantial majority of our peers also utilize a similar board structure with a combined Chairman and Chief Executive Officer, as well as a lead or presiding independent director.
Strong Counterbalances	As set forth in our Corporate Governance Guidelines, our Lead Director: • In coordination with the Chairman/Chief Executive Officer, **reviews and approves agendas** for Board meetings, materials and information sent or presented to the Board and meeting schedules, and has the authority to add items to the agenda for any Board meeting, • **Presides at executive sessions** of independent directors, which are held at each regular Board meeting, • Serves as a non-exclusive **liaison between the other independent directors** and the Chairman/Chief Executive Officer, • Can **call meetings of the independent directors** in his discretion and chairs any meeting of the Board or stockholders at which the Chairman is absent, • Is available to **meet with major stockholders and regulators** under appropriate circumstances, and • In conjunction with the chairman of the Human Resources and Compensation Committee ("HRC Committee"), discusses with the Chairman/Chief Executive Officer the Board's **annual evaluation of his performance as Chief Executive Officer**. In addition, the powers of the Chairman under our by-laws are limited — other than chairing meetings of the Board and stockholders, the powers conferred on the Chairman (*e.g.*, ability to call special meetings of stockholders or the Board) can also be exercised by the Board or a specified number of directors or, in some cases, the Lead Director, or are administrative in nature (*e.g.*, authority to execute documents on behalf of the company).

Director Independence

Our Board has determined that 13 of our 14 director nominees are independent. Our independent director nominees are Nicholas M. Donofrio; Joseph J. Echevarria, Edward P. Garden; Jeffrey A. Goldstein; John M. Hinshaw; Edmund F. "Ted" Kelly; Richard J. Kogan; John A. Luke, Jr.; Mark A. Nordenberg; Catherine A. Rein; William C. Richardson; Samuel C. Scott III and Wesley W. von Schack. As our Chairman and Chief Executive Officer, Gerald L. Hassell is not independent. The Board has also determined that Mr. Kowalski, who is not standing for reelection, is independent and that Ms. Bruch was independent prior to her resignation in August 2014.

Our Standards of Independence

For a director to be considered independent, our Board must determine that the director does not have any direct or indirect material relationship with us. Our Board has established standards (which are also included in our Corporate Governance Guidelines) based on the specified categories and types of transactions, which conform to, or are more exacting than, the independence requirements of the New York Stock Exchange, or NYSE.

Our Board will also determine that a director is not independent if it finds that the director has material business arrangements with us that would jeopardize that director's judgment. In making this determination, our Board reviews business arrangements between the company and the director and between the company and any other company for which the director serves as an officer or general partner, or of which the director directly or indirectly owns 10% of the equity. Our Board has determined that these arrangements will not be considered material if:

- they are of a type that we usually and customarily offer to customers or vendors;
- they are on terms substantially similar to those for comparable transactions with other customers or vendors under similar circumstances;
- in the event that the arrangements had not been made or were terminated in the normal course of business, it is not reasonably likely that there would be a material adverse effect on the financial condition, results of operations or business of the recipient; or
- in the case of personal loans, the loans are subject to and in compliance with Regulation O of the Board of Governors of the Federal Reserve System.

Our Board may also consider other factors as it may deem necessary to arrive at sound determinations as to the independence of each director, and such factors may override the conclusion of independence or non-independence that would be reached simply by reference to the factors listed above.

In determining that each of the directors, other than Mr. Hassell, is independent, our Board reviewed these standards, the corporate governance rules of the NYSE and the SEC, and the individual circumstances of each director.

The following categories or types of transactions, relationships and arrangements were considered by the Board in determining that a director is independent. None of these transactions, relationships and arrangements rose to the level that would require disclosure under our related party transactions policy described on page 72, and none of the transactions described below were in an amount that exceeded the greater of $1 million or 2% of the other entity's consolidated gross revenues, which is one of our standards for director independence:

- ***Purchases of goods or services in the ordinary course of business***. The company and its subsidiaries purchased goods and services from the following entities during a period in 2014 when one of our independent directors served as an executive officer of such entity: Hewlett-Packard Company (Mr. Hinshaw), Tiffany & Co. (Mr. Kowalski) and the University of Pittsburgh (Mr. Nordenberg). All of these purchases were made in the ordinary course of business. These purchases, when aggregated by seller, did not exceed 0.02% of the selling entity's annual revenue for its last reported fiscal year or 0.14% of our annual revenue for 2014.
- ***Sales of goods or services in the ordinary course of business***. The company and its subsidiaries provided various financial services, including asset management services, asset servicing, broker dealer and advisor services, global markets services, issuer services, treasury services, liquidity investment services or credit services, to the following organizations for which one of our independent directors served as an executive officer during 2014: Trian Fund Management L.P. (Mr. Garden); Hellman & Friedman LLC (Mr. Goldstein); Hewlett-Packard Company (Mr. Hinshaw); Tiffany & Co. (Mr. Kowalski); MeadWestvaco Corporation (Mr. Luke); and the University of Pittsburgh (Mr. Nordenberg). All of the services were provided in the ordinary course of our business and at prevailing customer rates and terms. The amount of fees paid to us by each purchasing entity was less than 0.20% of that purchasing entity's annual revenue for its last fiscal year and less than 0.01% of our annual revenue for 2014.
- ***Customer relationships***. We and our subsidiaries provide ordinary course services, including asset management services, banking services, broker services, mortgage loans and home equity loans, to Messrs. Kowalski, Luke, Nordenberg, Richardson and von Schack and Ms. Rein, in each case on terms substantially similar to those offered to other customers in similar circumstances.
- ***Charitable contributions***. We made (directly, through our subsidiaries or by the BNY Mellon Foundation or the BNY Mellon Foundation of Southwestern Pennsylvania) charitable contributions to not-for-profit, charitable or tax-exempt organizations for which one of our independent directors served as a director, executive officer or trustee during 2014, namely Messrs. Donofrio,

Goldstein, Hinshaw, Kelly, Nordenberg, Scott and von Schack. In 2014, charitable contributions to these organizations totaled approximately $750,000 in the aggregate, and no organization received a contribution greater than $251,000. None of the organizations received contributions in excess of the greater of $1 million or 2% of the organization's consolidated gross revenues in a single fiscal year within the past three years, which is one of our standards for director independence.

- ***Beneficial ownership or voting power***. In the ordinary course of our investment management business, we beneficially own or have the power to vote (directly or through our subsidiaries or through funds advised by our subsidiaries) shares of companies for which one of our independent directors served as an executive officer in 2014, namely Hewlett-Packard Company (Mr. Hinshaw), Tiffany & Co. (Mr. Kowalski) and MeadWestvaco Corporation (Mr. Luke). As of December 31, 2014, none of us, our subsidiaries or funds advised by our subsidiaries, in the aggregate, owned or had the power to vote more than 2.50% of the outstanding shares of any of such companies.

Our Board determined that none of the transactions, relationships and arrangements described above constituted a material relationship between the respective director and our company or its subsidiaries for the purpose of the corporate governance rules of the NYSE and SEC and our Corporate Governance Guidelines. As such, our Board determined that these transactions, relationships and arrangements did not affect the independence of such director and did not impair such director's ability to act in the stockholders' best interests.

Oversight of Risk

Successful management of our company requires understanding, identification and management of risk. We oversee risk through multiple lines of defense:

Committee	Primary Responsibilities for Risk Management
Risk Committee, consisting entirely of independent directors	• Review and approval of the company's risk appetite statement on an annual basis, and approval of any material amendment to the statement. • Review of significant financial and other risk exposures and the steps management has taken to monitor, control and report such exposures. • Evaluation of risk exposure and tolerance, and approval of appropriate transactional or trading limits. • Review and evaluation of the company's policies and practices with respect to risk assessment and risk management. • Review, with respect to risk management and compliance, of (1) reports and significant findings of the company's Risk Management and Compliance department (the "Risk department") and the Internal Audit department ("Internal Audit"), (2) significant reports from regulatory agencies and management's responses, and (3) the Risk department's scope of work and its planned activities. • Review of the company's technology risk management programs. • Review of management reports concerning the company's technology operations and approval, or recommendation to the Board for approval, of related plans or policies, as appropriate.
Audit Committee, consisting entirely of independent directors	• Review and discuss policies with respect to risk assessment and risk management. • Oversight responsibility with respect to the integrity of our company's financial reporting and systems of internal controls regarding finance and accounting, as well as our financial statements. • Review of the Risk Committee's annual report summarizing its review of the company's methods for identifying and managing risks. • Review of the Risk Committee's semi-annual reports regarding corporate-wide compliance with laws and regulations. • Review of any items escalated by the Risk Committee that have significant financial statement impact or require significant financial statement/regulatory disclosures.
Management	• **Chief Risk Officer**: Implement an effective risk management structure through policy formulation and day-to-day oversight of risk. • **Internal Audit**: Provide reliable and timely information to our Board and management regarding our company's effectiveness in identifying and appropriately controlling risks. • **Senior Risk Management Committee:** Provide a senior focal point within the company to monitor, evaluate and recommend comprehensive policies and solutions to deal with all aspects of risk and to assess the adequacy of any risk remediation plans in our company's businesses.

We also encourage robust interactions among the different parties responsible for our risk management. Since the financial crisis emerged in September 2008, the Risk and Audit Committees of our Board have held joint sessions at the beginning of each of their regular meetings to hear reports and discuss key risks affecting our company and our management of these risks.

All independent directors are typically present during joint sessions, because all independent directors are currently members of either our Risk or Audit Committee. In addition, the Risk Committee reviews the appointment, performance and replacement of our Chief Risk Officer, and the Senior Risk Management Committee's activities, and any significant changes in its key responsibilities, must be reported to the Risk Committee. Our company has also formed several risk management sub-committees to identify, assess and manage risks. Each risk management sub-committee reports its activities to the Senior Risk Management Committee and any significant changes in the key responsibilities of any sub-committee, or a change in chairmanship of any sub-committee, must be approved by our Chief Risk Officer and subsequently reported to the Senior Risk Management Committee.

Our company also has a comprehensive internal risk framework, which facilitates risk oversight by our Risk Committee. Our risk management framework is designed to:

- provide that risks are identified, monitored, reported, and priced properly;
- define and communicate the type and amount of risk the company is willing to take;
- communicate the type and amount of risk taken to the appropriate management level;
- maintain a risk management organization that is independent of risk-taking activities; and
- promote a strong risk management culture that encourages a focus on risk-adjusted performance.

Our primary risk exposures as well as our risk management framework and methodologies are discussed in further detail on pages 71 through 76 in our 2014 Annual Report. See "How We Address Risk and Control" on page 48 below for a discussion of risk assessment as it relates to our compensation program.

Board Meetings and Committee Information

Board Meetings

Our Corporate Governance Guidelines provide that our directors are expected to attend our Annual Meeting of stockholders and all regular and special meetings of our Board and committees on which they sit. All of our directors then in office attended our 2014 Annual Meeting of stockholders.

Our Board held 21 meetings in 2014. Each incumbent director attended at least 75% of the aggregate number of meetings of our Board and of the committees on which he or she sat, and the average attendance rate was over 93%.

Committees and Committee Charters

Our Board has established several standing committees, and each committee makes recommendations to our Board as appropriate and reports periodically to the entire Board. Our committee charters are available on our website (see "Helpful Resources" on page 75).

Audit Committee	Catherine A. Rein (Chair), Joseph J. Echevarria, Richard J. Kogan, Michael J. Kowalski, William C. Richardson, Samuel C. Scott III
Independent 11 Meetings in 2014	**Independent Registered Public Accountant.** Our Audit Committee has direct responsibility for the appointment, compensation, annual evaluation, retention and oversight of the work of the independent registered public accountants engaged to prepare an audit report or to perform other audit, review or attest services for us. The Committee is responsible for the pre-approval of all audit and permitted non-audit services performed by our independent registered public accountants and each year, the Committee recommends that our Board request stockholder ratification of the appointment of the independent registered public accountants. **Overseeing Internal Audit Function.** The Committee acts on behalf of our Board in monitoring and overseeing the performance of our internal audit function. The Committee reviews the organizational structure, qualifications, independence and performance of Internal Audit and the scope of its planned activities, at least annually. The Committee also approves the appointment of our internal Chief Auditor, who functionally reports directly to the Committee and administratively reports to the CEO, and annually reviews his or her performance and, as appropriate, replaces the Chief Auditor. **Internal Controls over Financial Statements and Reports.** The Committee oversees the operation of a comprehensive system of internal controls covering the integrity of our financial statements and reports, compliance with laws, regulations and corporate policies. Quarterly, the Committee reviews a report from the company's Disclosure Committee and reports concerning the status of our annual review of internal control over financial reporting, including (i) information about (a) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect our ability to record, process, summarize and report financial information and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in our internal control over financial reporting, and (ii) management's responses to any such circumstance. The Committee also oversees our management's work in preparing our financial statements, which will be audited by our independent registered public accountants. **Members and Financial Expert.** The Committee consists entirely of directors who meet the independence requirements of listing standards of the NYSE, Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations of the Federal Deposit Insurance Corporation ("FDIC"). All members are financially literate and have accounting or related financial management expertise within the meaning of the NYSE listing standards as interpreted by our Board. Our Board has determined that each of Mr. Echevarria and Ms. Rein satisfies the definition of "audit committee financial expert" as set out in the rules and regulations under the Exchange Act, based upon their experience actively supervising a principal accounting or financial officer or public accountant. All members have "banking and financial management expertise" as set out in the FDIC's rules and regulations.

Corporate Governance and Nominating Committee	John A. Luke, Jr. (Chair), Richard J. Kogan, Catherine A. Rein, William C. Richardson, Wesley W. von Schack
Independent **10 Meetings in 2014**	**Corporate Governance Matters.** As further described on page 13, our CG&N Committee assists our Board of Directors in reviewing and identifying individuals qualified to become Board members. The Committee periodically considers the size of our Board and recommends changes to the size as warranted and is responsible for developing and recommending to our Board our Corporate Governance Guidelines and proposing changes to these guidelines from time to time as may be appropriate. In addition, the Committee oversees evaluations of our Board and its committees, reviews the structure and responsibilities of the Board's committees and annually considers committee assignments, recommending changes to those assignments as necessary. **Oversight of Director Compensation and Benefits.** The Committee reviews non-employee director compensation and benefits on an annual basis and makes recommendations to our Board on appropriate compensation, and is responsible for approving compensation arrangements for non-employee members of the Boards of our significant subsidiaries.

Corporate Social Responsibility Committee	Mark A. Nordenberg (Chair), Nicholas M. Donofrio, Joseph J. Echevarria, Samuel C. Scott III
Independent **3 Meetings in 2014**	Our Corporate Social Responsibility Committee's purpose is to promote a culture that emphasizes and sets high standards for corporate citizenship and to review corporate performance against those standards. The Committee is responsible for providing oversight of the company's programs regarding strategic philanthropy and employee community involvement, public policy and advocacy, including lobbying and political contributions, environmental management, corporate social responsibility of suppliers, corporate social responsibility governance and reporting and human rights. The Committee also provides oversight for the company's compliance with the Community Reinvestment Act and Fair Lending laws and considers the impact of the company's businesses, operations and programs from a social responsibility perspective, taking into account the interests of stockholders, clients, suppliers, employees, communities and regulators. For additional information regarding the company's commitment to corporate social responsibility and the Committee's recent initiatives, see "Helpful Resources" on page 75.

Executive Committee	Wesley W. von Schack (Chair), Nicholas M. Donofrio, Gerald L. Hassell, John A. Luke, Jr., Catherine A. Rein, Samuel C. Scott III
No Meetings in 2014	The Executive Committee, as with each of our other standing committees, is appointed annually by the Board. The Committee generally has, as permitted by law and except as limited by the Board, the powers and may exercise all the authority of the Board during intervals between Board meetings. Unlike our other committees, the Executive Committee is only required to meet as frequently as necessary to fulfill its duties and responsibilities.

Finance Committee	Jeffrey A. Goldstein (Chair), Joseph J. Echevarria, Edward P. Garden, Michael J. Kowalski
Independent **Established in February 2015**	The Finance Committee was established in February 2015 as a standing committee of the Board to assist the Board in fulfilling its responsibilities with respect to the monitoring and oversight of the company's financial resources and strategies. The Committee's responsibilities and duties will include review of (i) financial forecasts, operating budgets, capital expenditures and expense management programs and progress relative to targets and relative to competitors; (ii) plans with regard to net interest revenue, investment portfolio activities and progress relative to such plans and activities; (iii) the company's capital structure, capital raising and capital distributions; and (iv) any initiatives, including investments, mergers, acquisitions, and dispositions, that exceed the thresholds in our Corporate Governance Guidelines and, as necessary, make recommendations to the Board regarding those initiatives.

Human Resources and Compensation Committee	Samuel C. Scott III (Chair), Edward P. Garden, Edmund F. Kelly, Richard J. Kogan, Michael J. Kowalski, Wesley W. von Schack
Independent **8 Meetings in 2014**	**Compensation and Benefits.** The HRC Committee is generally responsible for overseeing our employee compensation and benefit policies and programs, our management development and succession programs, the development and oversight of a succession plan for the CEO position and our diversity and inclusion programs. The Committee also administers and makes equity and/or cash awards under plans adopted for the benefit of our employees to the extent required or permitted by the terms of these plans, establishes any related performance goals and determines whether and the extent to which these goals have been attained. The Committee also evaluates and approves the total compensation of all other executive officers and makes recommendations concerning equity-based plans, which recommendations are subject to the approval of our entire Board. The Committee also oversees certain retirement plans that we sponsor to ensure that (i) they provide an appropriate level of benefits in a cost-effective manner to meet our needs and objectives in sponsoring such plans; (ii) they are properly and efficiently administered in accordance with their terms to avoid unnecessary costs and minimize any potential liabilities to us; (iii) our responsibilities as plan sponsor are satisfied; and (iv) financial and other information with respect to such plans is properly recorded and reported in accordance with applicable legal requirements. **CEO Compensation.** The Committee reviews and approves corporate goals and objectives relevant to the compensation of our CEO, his performance in light of those goals and objectives, and determines and approves his compensation on the basis of its evaluation. With respect to the performance evaluation and compensation decisions regarding our CEO, the Committee reports its preliminary conclusions to the other independent directors of our full Board in executive session and solicits their input prior to finalizing the Committee's decisions. **Delegated Authority.** The Committee has delegated to our CEO the responsibility for determining equity awards to certain employees, other than himself, who are eligible to receive grants under our Long-Term Incentive Plan ("LTIP"). This delegated authority is subject to certain limitations, including: (i) total aggregate shares represented by plan awards in any calendar year (1,100,000), (ii) aggregate shares represented by plan awards that may be granted to any one individual in any calendar year (100,000), and (iii) a sub-limit of shares represented by full value awards that may be granted in any calendar year (550,000). In addition, the Committee may delegate limited authority to our CEO to grant awards under the LTIP beyond these limits in connection with specific acquisitions or similar transactions. **Management Involvement.** Our management provides information and recommendations for the Committee's decision-making process in connection with the amount and form of executive compensation, except that no member of management will participate in the decision-making process with respect to his or her own compensation. The "Compensation Discussion and Analysis" starting on page 29 discusses the role of our CEO in determining or recommending the amount and form of executive compensation. In addition, we address the role of our management and its independent compensation consultants and the role of the Committee's independent outside compensation advisor in determining and recommending executive compensation on page 23.

Risk Committee	Nicholas M. Donofrio (Chair), Edward P. Garden, Jeffrey A. Goldstein, John M. Hinshaw, Edmund F. Kelly, John A. Luke, Jr., Mark A. Nordenberg, Wesley W. von Schack
Independent **5 Meetings in 2014**	See "Oversight of Risk" on page 18 above for a discussion of the Risk Committee's duties and responsibilities, which include (i) review and approval of the company's risk appetite statement; (ii) review of significant financial and other risk exposures; (iii) evaluation of risk exposure and tolerance; (iv) review and evaluation of the company's policies and practices with respect to risk assessment and risk management; (v) review, with respect to risk management and compliance, of certain significant reports; and (vi) review of the company's technology risk management programs and management reports concerning the company's technology operations.

Technology Committee	Edmund F. Kelly (Chair), Nicholas M. Donofrio, John M. Hinshaw, Mark A. Nordenberg
Independent 3 Meetings in 2014	**Technology Planning and Strategy.** The Technology Committee is responsible for reviewing and approving the company's technology planning and strategy, reviewing significant technology investments and expenditures, and monitoring and evaluating existing and future trends in technology that may affect our strategic plans, including monitoring overall industry trends. The Committee receives reports from management concerning the company's technology and approves related policies or recommends such policies to the Board for approval, as appropriate. The Committee also oversees risks associated with technology.

Compensation Consultants to the HRC Committee

The HRC Committee has the sole authority to retain, terminate and approve the fees and other engagement terms of any compensation consultant directly assisting the Committee, and may select or receive advice from any compensation consultant only after taking into consideration all factors relevant to the consultant's independence from management, including the factors set forth in the NYSE's rules.

Compensation Advisory Partners LLC ("CAP") has served as the Committee's independent compensation consultant since March 2014. Prior to that time, Aon Hewitt Consulting served as the Committee's independent consultant, including with respect to 2013 compensation decisions. Due to the retirement of Aon Hewitt Consulting's lead consultant, the Committee interviewed a number of potential advisers and determined to engage CAP beginning with respect to 2014 compensation decisions.

As discussed in greater detail in the "Compensation Discussion and Analysis" beginning on page 29 below, beginning in March 2014, CAP assisted the Committee in its analysis and evaluation of 2014 compensation matters relating to our executive officers. CAP reported directly to the Committee, attended the in-person and telephonic meetings of the Committee, and met with the Committee in executive session without management present. CAP also reviewed and provided input on Committee meeting materials and advised on other matters considered by the Committee.

The Committee annually reviews the independence of its compensation consultant and also considered CAP's independence prior to its determination to engage CAP. The Committee assessed the independence of CAP pursuant to SEC and NYSE rules, including considering its prior role as management's advisor, and concluded that there are no conflicts of interest that would prevent CAP from independently representing the Committee. CAP works with management in executing its services to the Committee, but does not provide services to management without pre-approval by the Committee Chair. In addition, CAP maintains, and has provided to the Committee, a written policy designed to avoid, and address potential, conflicts of interest.

In 2014, the company paid approximately $248,000 in fees to CAP for serving as the independent compensation consultant to the Committee. Between January and March 2014, the company paid $156,000 in fees to CAP for its service as management's advisor. Neither CAP nor its affiliates currently provide any services to the company other than serving as the HRC Committee's independent compensation consultant. The Committee has considered the company's relationship with CAP and determined that a conflict of interest does not exist.

The company has historically used affiliates of Aon Hewitt Consulting for additional services, including insurance brokerage services, equity valuation services and compensation market survey data. The decisions to engage affiliates of Aon Hewitt Consulting for the additional services were made by management and were not approved by the Committee or the Board of Directors; however, the Committee and the Board of Directors were aware of other services being provided by affiliates of Aon Hewitt Consulting.

In 2014, the company paid approximately $19,000 in fees to Aon Hewitt Consulting for serving as the independent compensation consultant to the Committee prior to March 2014, and an aggregate of $5 million in fees to affiliates of Aon Corporation for additional services. In addition, in 2014, Aon Risk received $2.3 million in commissions from insurance providers in connection with Aon Risk's services as an insurance broker for the company. The Committee has considered the company's relationship with Aon Hewitt, including the provision of other services to the company by Aon Hewitt, and determined that a conflict of interest does not exist.

Succession Planning

We have succession plans and succession processes in place for our Chairman and Chief Executive Officer, each of our Vice Chairmen, President, and for the team of approximately 180 senior leaders that make up our management Executive and Operating Committees. Our senior management succession planning process is an organization-wide practice designed to proactively identify, develop and retain the leadership talent that is critical for future business success.

The succession plan for our Chairman and Chief Executive Officer is reviewed regularly by the HRC Committee and the other independent directors. The plan identifies a “readiness” level and ranking for each internal candidate and also incorporates the flexibility to define an external hire as a succession option. Formal succession planning for the rest of our senior leaders is also a regular process, which also includes identifying a rank and readiness level for each potential internal candidate and also strategically planning for external hires for positions where, for example, gaps are identified. The HRC Committee and the Board review the succession plans for all management Executive Committee positions.

Contacting the Board

Interested parties may send communications to our Board or our independent directors or any Board Committee through our Lead Director in accordance with the procedures set forth on our website (see “Helpful Resources” on page 75).

Our Corporate Secretary is authorized to open and review any mail or other correspondence received that is addressed to the Board or any individual director unless the item is marked “Confidential” or “Personal.” If so marked and addressed to the Board, it will be delivered unopened to the Lead Director. If so marked and addressed to an individual director, it will be delivered to the addressee unopened. If, upon opening an envelope or package not so marked, the Corporate Secretary determines that it contains a magazine, solicitation or advertisement, the contents may be discarded. Any written communication regarding accounting matters to our Board of Directors are processed in accordance with procedures adopted by the Audit Committee with respect to the receipt, review and processing of, and any response to, such matters.

In addition, all directors are expected to attend each Annual Meeting of stockholders. While our by-laws, consistent with Delaware law, permit stockholder meetings to occur by remote communication, we intend this to be used only in exigent circumstances. Our Board believes that an in-person Annual Meeting provides an important opportunity for stockholders to ask questions.

DIRECTOR COMPENSATION

Our Corporate Governance Guidelines provide that compensation for our independent directors’ services may include annual cash retainers; shares of our common stock; deferred stock units or options on such shares; meeting fees; fees for serving as a committee chair; and fees for serving as a director of one of our subsidiaries. We also reimburse directors for their reasonable out-of-pocket expenses in connection with attendance at Board meetings. In the case of airfare, directors are reimbursed for their travel expenses not exceeding the first-class commercial rate. In addition, corporate aircraft and charter aircraft may be used for directors in accordance with the company’s aircraft usage policy. Directors will also be reimbursed for reasonable out-of-pocket expenses (including tuition and registration fees) relating to attendance at seminars and training sessions relevant to their service on the Board and in connection with meetings or conferences which they attend at the company’s request.

Each year, the CG&N Committee is responsible for reviewing and making recommendations to the Board regarding independent director compensation. The CG&N Committee annually reviews independent director compensation to ensure that it is consistent with market practice and aligns our directors’ interests with those of long-term stockholders while not calling into question the directors’ objectivity. In undertaking its review, the CG&N Committee utilizes benchmarking data regarding independent director compensation of the company’s peer group based on public filings with the SEC, as well as survey information analyzing independent director compensation at U.S. public companies.

Based on its review and as previously disclosed in the 2014 Proxy Statement, the CG&N Committee recommended, and the Board approved, for 2014 an annual equity award with a value of $130,000 for each independent director. The annual equity award is in the form of deferred stock units that vest on the earlier of one year after the date of the award or on the date of the next Annual Meeting of stockholders, and must be held for as long as the director serves on the Board. The units accrue dividends, which are reinvested in additional deferred stock units. For 2014, this award of deferred stock units was granted shortly after the 2014 Annual Meeting for directors elected or re-elected at such meeting and, similarly, for 2015, this award will be granted shortly after the 2015 Annual Meeting for directors elected or re-elected at such meeting. In the case of Mr. Garden, the CG&N Committee determined that holdings of our securities by Trian (other than hedged or pledged securities) shall be deemed to be beneficially owned by Mr. Garden, given his relationship with Trian and that he transfers his security holdings to Trian.

For 2014, as previously disclosed in the 2014 Proxy Statement, our independent directors received an annual cash retainer of $110,000, payable in quarterly installments in advance. In addition, the chair of the HRC Committee received an annual cash retainer of $25,000, the chairs of the Audit Committee and the Risk Committee each received an annual cash retainer of $30,000, the chairs of all other committees each received an annual cash retainer of $20,000, each member of the Audit Committee and the Risk Committee received an annual membership fee of $10,000, and our Lead Director received an annual cash retainer of $50,000.

In addition, under our Corporate Governance Guidelines, by the fifth anniversary of their service on the Board, directors are required to own a number of shares of our common stock with a market value of at least five times the annual cash retainer of $110,000. We believe that our independent director compensation is consistent with current market practice, recognizes the critical role that our directors play in effectively managing the company and responding to stockholders, regulators and other key stakeholders, and will assist us in attracting and retaining highly qualified candidates.

In the merger we assumed the Deferred Compensation Plan for Non-Employee Directors of the Bank of New York Company, Inc. (the “Bank of New York Directors Plan”) and the Mellon Elective Deferred Compensation Plan for Directors (the “Mellon Directors Plan”). Under the Bank of New York Directors Plan, participating legacy the Bank of New York directors continued to defer receipt of all or part of their annual retainer and committee fees earned through 2007. Under the Mellon Directors Plan, participating legacy Mellon directors continued to defer receipt of all or part of their annual retainer and fees earned through 2007. Both plans are nonqualified plans, and neither plan is funded.

Although the Bank of New York Directors Plan and the Mellon Directors Plan continue to exist, all new deferrals of director compensation by any of the independent directors have been made under the Director Deferred Compensation Plan, which was adopted effective as of January 1, 2008. Under this plan, an independent director can direct all or a portion of his or her annual retainer or other fees into either (i) variable funds, credited with gains or losses that mirror market performance of market style funds or (ii) the company’s phantom stock.

Director Compensation Table

The following table provides information concerning the compensation of each independent director who served in 2014. Mr. Hassell did not receive any compensation for his service as a director. Mr. Garden has advised us that, pursuant to his arrangement with Trian, he transfers to Trian, or holds for the benefit of Trian, all director compensation paid to him.

Name	Fees Earned or Paid in Cash($)	Stock Awards($)[6]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[7]	All Other Compensation($)[8]	Total($)
Ruth E. Bruch[1]	$ 107,500	$ 129,975	$ —	$ —	$237,475
Nicholas M. Donofrio[2]	$ 151,800	$ 129,975	$ —	$ 896	$282,671
Edward P. Garden[3]	$ 849	$ —	$ —	$ —	$ 849
Jeffrey A. Goldstein[2]	$ 90,000	$ 129,975	$ —	$ —	$219,975
John M. Hinshaw[4]	$ 37,667	$ —	$ —	$ —	$ 37,667
Edmund F. Kelly	$ 141,800	$ 129,975	$ —	$ —	$271,775
Richard J. Kogan	$ 120,000	$ 129,975	$ —	$ —	$249,975
Michael J. Kowalski[2][5]	$ 131,308	$ 129,975	$ —	$ 491	$261,774
John A. Luke, Jr.	$ 140,000	$ 129,975	$ —	$ —	$269,975
Mark A. Nordenberg	$ 131,178	$ 129,975	$ 5,724	$ 3,119	$269,975
Catherine A. Rein	$ 150,000	$ 129,975	$ 8,991	$ 1,930	$290,896
William C. Richardson	$ 150,400	$ 129,975	$ —	$ 897	$281,272
Samuel C. Scott III	$ 146,800	$ 129,975	$ —	$ 490	$277,265
Wesley W. von Schack[2]	$ 195,200	$ 129,975	$ 70,554	$ 4,659	$400,388

(1) Ms. Bruch resigned as a director effective August 25, 2014.

(2) Elected to defer all or part of cash compensation in the Director Deferred Compensation Plan.

(3) Mr. Garden was appointed as a director effective December 2, 2014.

(4) Mr. Hinshaw was appointed as a director effective September 8, 2014.

(5) Mr. Kowalski is retiring and is not standing for reelection at our Annual Meeting.

(6) Amount shown represents the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board's Accounting Standards Codification (or "FASB ASC") 718 Compensation-Stock Compensation for 3,866 deferred stock units granted to each independent director in April 2014, using the valuation methodology for equity awards set forth in note 17 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014. As of December 31, 2014, each of Messrs. Donofrio, Goldstein, Kelly, Kogan, Kowalski, Luke, Nordenberg, Richardson, von Schack, and Scott and Ms. Rein owned 3,920 unvested deferred stock units.

(7) The amounts disclosed in this column for Messrs. Nordenberg and von Schack represent the sum of the portion of interest accrued (but not currently paid or payable) on deferred compensation above 120% of the applicable federal long-term rate at the maximum rate payable under the Mellon Directors Plan. Under the Mellon Directors Plan, deferred amounts receive earnings based on (i) the declared rate, reflecting the return on the 120-month rolling average of the 10-year T-Note rate enhanced based on years of service and compounded annually, (ii) variable funds, which are credited with gains or losses that "mirror" the market performance of market-style funds or (iii) the company's phantom stock. The fully enhanced declared rate for 2014 was 4.79%. The amount disclosed in the column for Ms. Rein represents the amount of increase in the present value of Ms. Rein's accumulated pension benefit under the Bank of New York Company, Inc. Retirement Plan for Non-Employee Directors. Ms. Rein is the only current director who participates in this plan. Participation in this plan was frozen as to participants and benefit accruals as of May 11, 1999.

(8) The amounts disclosed for Messrs. Donofrio, Kowalski, Richardson and Scott and Ms. Rein reflect the amount of a 5% discount on purchases of phantom stock when dividend equivalents are reinvested under the Bank of New York Directors Plan. The amounts disclosed for Messrs. Nordenberg and von Schack reflect the estimated cost of the legacy Mellon Directors' Charitable Giving Program, which remains in effect for them and certain other legacy Mellon directors. Upon such legacy Mellon director's death, the company will make an aggregate donation of $250,000 to one or more charitable or educational organizations of the director's choice. The donations are paid in 10 annual installments to each organization.

Item 2—
Advisory Vote on Compensation

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RESOLUTION

Proposal

We highly value dialogue and engagement with our stakeholders, including with respect to our executive compensation program. Consistent with that, and in accordance with SEC rules, we are asking stockholders to approve the following resolution:

> RESOLVED, that the stockholders approve the 2014 compensation of the named executive officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K of the Securities and Exchange Commission (including the Compensation Discussion and Analysis, the compensation tables and other narrative executive compensation disclosures).

Background

- Since our 2009 Annual Meeting, we have provided stockholders with an advisory vote on our executive compensation program each year. At last year's Annual Meeting, 93% of the votes cast approved our 2013 executive compensation.
- We have continued our annual outreach process in 2014, resulting in us having conversations with investors representing about 40% of our outstanding shares as well as with proxy advisory firms and other stakeholders.
- Our approach to compensation is designed to directly link pay to performance, be a balanced analysis of corporate and individual performance, promote long-term stock ownership and balance risk and reward, taking into consideration market trends and practices and stakeholder feedback to refine our program.

The Board of Directors unanimously recommends that you vote **"FOR"** the approval of the 2014 compensation of our named executive officers

Voting

Your vote on this resolution is an advisory vote. While the Board is not required to take any action in response to the stockholder vote, the Board values our stockholders' opinions. As in prior years, the Board intends to evaluate the results of the 2015 vote carefully when making future decisions regarding the compensation of our named executive officers. At our 2011 Annual Meeting, we provided stockholders with an advisory vote with respect to how often the company should hold a say-on-pay vote, and 86% of the votes cast voted in favor of holding such vote annually. Consistent with the voting results, we intend to hold an advisory vote each year on our executive compensation program until the next stockholder advisory vote on its frequency, which we expect will occur at our 2017 Annual Meeting.

COMPENSATION DISCUSSION AND ANALYSIS

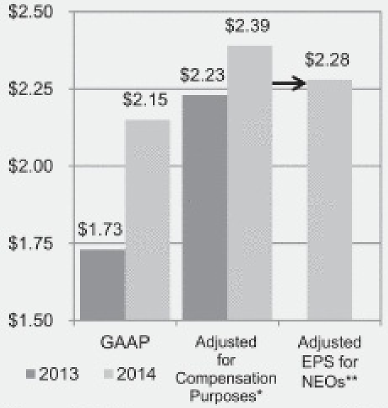
Introduction

Organization and Key Considerations

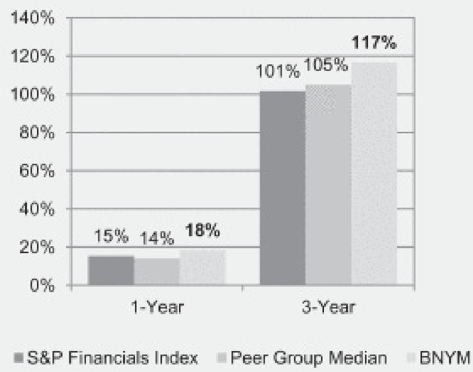
Our Performance (see page 32)	• **As adjusted for compensation purposes, EPS was $2.39,** representing 7% year-over-year growth but below operating budget of $2.43 • **Challenging revenue environment,** resulting in 2014 revenue, as adjusted for compensation purposes, below our operating plan • **Disciplined expense management** contributed to overall performance, with noninterest expense, as adjusted for compensation purposes, $504 million better than operating plan and lower than 2013 • Although our performance in a continuing difficult environment reflects growth over our 2013 performance, **our three-year goals** laid out on our Investor Day reflect our desired performance levels • **Returned $2.43 billion to shareholders,** with $1.67 billion in stock repurchases and $762 million in dividends • Relative stock returns were strong, with **2014 TSR of 18%,** outperforming the median of our peer group and the S&P 500 Financials Index
Compensation of Our Named Executives (see pages 33 to 43)	• In calculating the annual incentive for our CEO and other named executives, the HRC Committee exercised its discretion and further **adjusted EPS from $2.39 to $2.28** to reflect the impact of certain 2014 litigation charges • Further, to emphasize our commitment to future long-term growth the HRC Committee **shifted more of 2014 incentive pay from annual awards to at-risk long-term incentive awards** in the form of performance share units (PSUs) • For long-term awards in the form of PSUs, the HRC Committee also established **metrics to focus on three-year operating earnings per share (OEPS) growth (2015 to 2017),** consistent with the goals presented at our 2014 Investor Day, with an emphasis on long-term EPS and appropriate growth in risk-weighted assets • **CEO target pay remains unchanged** • 2013 and 2014 CEO pay is **below 2013 peer group median**
Our Pay Practices (see pages 43 to 48)	• Obtain regular feedback from shareholders through annual outreach process • Directly link pay to performance • Use a balanced approach for annual incentives and promote long-term stock ownership • Reflect good corporate governance practices (*e.g.,* no employment agreements, no tax gross-ups on severance and no hedging)
How We Address Risk and Control (see page 48)	• **Review of our employee compensation plans and practices** (i) for alignment with sound risk management by our Chief Risk Officer and the HRC Committee and (ii) to directly link pay to appropriate risk-taking • **Comprehensive recoupment policy** that subjects all equity incentives to 100% forfeiture during the vesting period • **Achievement of Basel III common equity Tier 1 ratio** on a fully phased-in basis of at least 8.5% as a condition for funding annual incentives

Our Performance

EPS Increased Year-Over-Year (EPS, as Adjusted for Compensation Purposes, Further Adjusted for NEOs)



TSR Has Exceeded Peers (On Both 1- and 3-Year Basis)



* 2014 EPS, as adjusted for compensation purposes, excludes the gain on the sale of our investment in Wing Hang Bank Ltd., the gain in excess of plan on the sale of our One Wall Street office building in lower Manhattan, litigation charges in excess of plan, certain restructuring charges, a charge related to an administrative error in connection with certain investment management funds, and the benefit of a tax carryback claim. 2013 EPS, as adjusted for compensation purposes, excludes the impact of the U.S. Tax Court's rulings in 2013 disallowing some foreign tax credits from before the Bank of New York and Mellon merger.

** 2014 EPS, as adjusted for compensation purposes, was adjusted downward for the CEO and other named executives to reflect the impact of certain 2014 litigation charges.

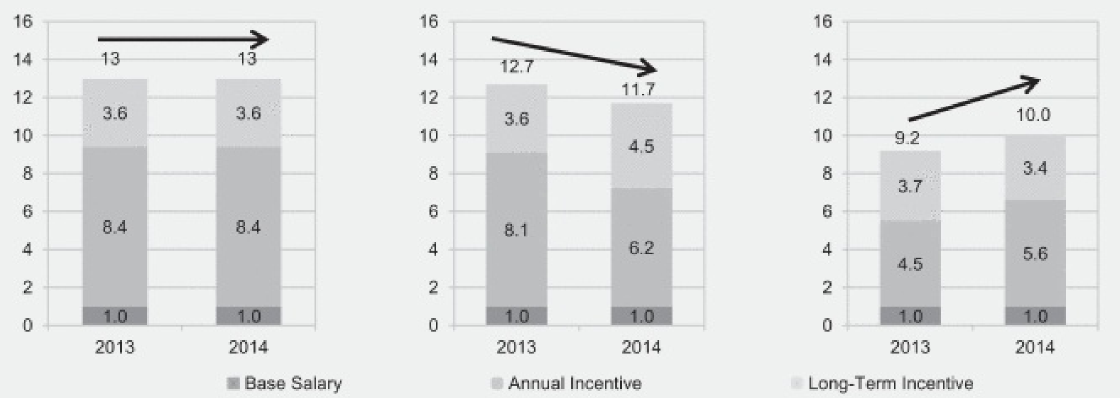
CEO Total Direct Compensation[1]

(in $ millions)

Target[2] Has Remained Flat

Compensation Awarded[2] Declined Year-over-Year

SEC Reported[3] Varies and Does Not Align with Our Program



1 Total Direct Compensation reflects salary, annual incentive and long-term incentive for the applicable year.

2 Target and award determinations reflect (1) salary rate for the year, (2) annual incentive, which is based on performance during the year and ultimately awarded after year-end, and (3) long-term incentive, which is granted after year-end and after adjusting for performance during the year.

3 SEC Reported reflects salary, stock awards and non-equity incentive plan compensation reported in the Summary Compensation Table set forth on page 50. SEC Reported does not reflect how our HRC Committee sets targets and determines awards, largely due to timing requirements for reporting equity-based pay and our previously disclosed 2013 pay-for-performance enhancements.

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Our Pay Practices

What we do:	What we don't do:
✓ Directly link pay to performance	Đ No excessive change-in-control or other severance benefits
✓ Balance risk and reward in compensation	Đ No single-trigger change-in-control benefits
✓ Require sustained financial performance to earn full amount of long-term awards	Đ No change-in-control tax gross-ups
✓ Use a balanced approach for annual incentives with both corporate and individual goals	Đ No tax gross-ups on perquisites
✓ Promote long-term stock ownership through deferred equity compensation	Đ No employment agreements
✓ Require compliance with stock ownership guidelines and post-vest holding requirements	Đ No excessive perquisites or benefits
✓ Subject cash incentive and equity awards to recoupment and forfeiture policies	Đ No hedging or short sales of our stock
✓ Engage an independent compensation consultant	Đ No stock options with exercise price below market
✓ Conduct robust stockholder outreach program	Đ No stock options with reload provisions
	Đ No repricing of underwater stock options without stockholder approval

Program Enhancements Implemented in 2015

Objective	Enhancement
Strengthen tie between pay and performance	⇨ For 2015 annual incentive, focusing management on OEPS and operating leverage, weighted 75% and 25% respectively, for the corporate component ⇨ For 2015 annual incentive, separating individual component into (1) business unit goals, which use quantitative measures to establish a payout range and (2) an individual modifier, which allows the HRC Committee to modify an award ±25%
Emphasize long-term, sustainable growth	⇨ Shifted more of 2014 pay mix to long-term incentives to emphasize commitment to future, long-term growth ⇨ Revised long-term incentive metrics to focus on OEPS growth from 2015 to 2017, consistent with the goals presented at our 2014 Investor Day, with the potential of a risk modifier based on appropriate growth in risk-weighted assets
Promote long-term alignment with stockholders	⇨ Increased the portion of 2015 annual incentive that is deferred in the form of RSUs from 57% to 80% for our CEO and from about 43% to 55% for our other named executives (also applied retroactively to CEO 2014 compensation)
Limit pension benefit accruals	⇨ Froze Legacy BNY SERP effective December 31, 2014 and all other defined benefit pension plans effective June 30, 2015

How We Address Risk and Control

Regular Review of Compensation Plans and Practices		Direct Link Between Pay and Risk-Taking		Comprehensive Recoupment Policy		Annual Incentive Funding Condition
Our Chief Risk Officer and the HRC Committee review our employee compensation plans and practices for alignment with sound risk management.	+	We directly link pay to appropriate risk-taking through the use of a risk scorecard in determining our named executives' earned annual incentive and in considering potential downward adjustments to target long-term incentives.	+	We have a comprehensive recoupment policy that subjects all equity incentives to 100% forfeiture during the vesting period based on risk assessments.	+	As a condition for funding our annual incentives, we must achieve a Basel III common equity Tier 1 ratio of at least 8.5% (0.5% above the regulatory minimum).

Our Performance

GAAP EPS (earnings per diluted common share) increased by 24% from $1.73 to $2.15. As contemplated by our annual incentive program, the HRC Committee adjusted EPS* for certain significant unusual items, such as litigation charges in excess of plan, sale of businesses or assets or other items. As adjusted for compensation purposes, EPS was $2.39, which is consistent with our operating income per share of $2.39.**

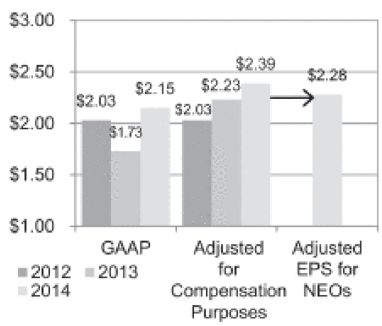
The low global interest rate environment and increased regulatory compliance requirements combined with non-U.S. economic and geopolitical uncertainties contributed to a challenging revenue environment for us, resulting in 2014 revenue, as adjusted for compensation purposes, below our operating plan. Our revenue performance was largely offset by strong operating expense control. Assets under custody and/or administration grew 3% (to $28.5 trillion) and assets under management increased 8% (to $1.71 trillion).

In 2014 and over the past three years, BNY Mellon achieved a TSR of 18% and 117%, respectively, outperforming the median of our peer group and the S&P Financials Index as a whole. Our 2014 TSR was at the 74th percentile compared to our peer group and the 61st percentile compared to the S&P Financials Index.

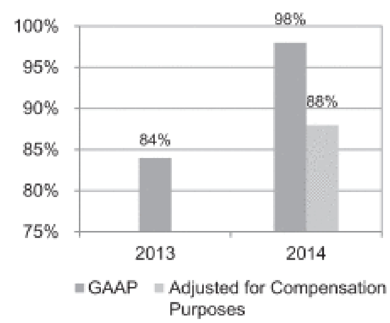
In 2014, we also repurchased 46.2 million common shares for approximately $1.7 billion and increased our quarterly dividend by 13% to $0.17 per share, returning significant value to our stockholders.

We also continued to maintain our strong capital position and further strengthened our balance sheet, remaining a safe and trusted business partner to our clients. Our estimated Basel III common equity Tier 1 ratio** calculated under the Advanced Approach on a fully phased-in basis was 9.8% at December 31, 2014, exceeding our minimum expected threshold ratio of 8%, including a G-SIB buffer of at least 1%.

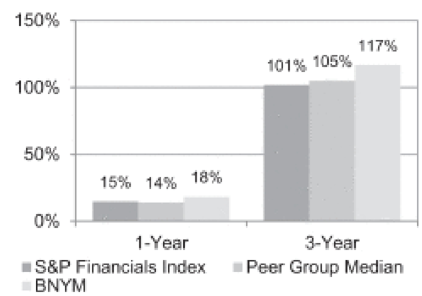
Earnings Per Share Has Increased Over 2012-2014



Returned Significant Value to Shareholders (Measured by Total Payout Ratio*)**



Total Shareholder Return Has Exceeded Peers



* 2014 EPS, as adjusted for compensation purposes, excludes the gain on the sale of our investment in Wing Hang Bank Ltd., the gain in excess of plan on the sale of our One Wall Street office building in lower Manhattan, litigation charges in excess of plan, certain restructuring charges, a charge related to an administrative error in connection with certain investment management funds, and the benefit of a tax carryback claim. 2013 EPS, as adjusted for compensation purposes, excludes the impact of the U.S. Tax Court's rulings in 2013 disallowing some foreign tax credits from before the Bank of New York and Mellon merger. 2014 EPS, as adjusted for compensation purposes, was adjusted downward for purposes of determining the annual incentive awarded to our CEO and other named executives to reflect the impact of certain 2014 litigation charges.

**For a reconciliation and explanation of these non-GAAP measures, see Annex A.

***Total Payout Ratio is equal to (a) the sum of dividends and stock repurchases, divided by (b) reported or adjusted net income available to common shareholders. For 2014, adjusted net income excludes the gain on the sale of our investment in Wing Hang Bank Ltd., the gain in excess of plan on the sale of our One Wall Street office building in lower Manhattan, litigation charges in excess of plan, certain restructuring charges, a charge related to an administrative error in connection with certain investment management funds, and the benefit of a tax carryback claim.

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Compensation of Our Named Executives

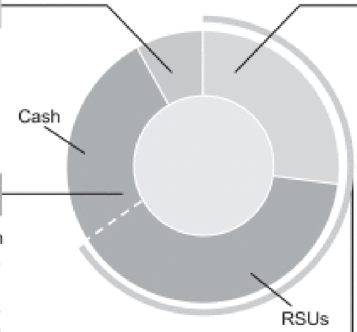
2014 Target Total Direct Compensation Structure

Base Salary

- About 8% of target total direct compensation
- Sole fixed source of cash compensation

Annual Incentive

- 70% of target total incentive compensation
- 80% of the annual incentive for our CEO (and about 43% for our other named executives) is deferred in the form of RSUs that vest in equal installments over three years
- Earned between 0-150% of target using a "balanced scorecard"
- Subject to threshold Basel III common equity Tier 1 ratio of at least 8.5% on a fully phased-in basis as a condition to funding
- Cash dividend equivalents accrued and paid at vesting



Long-Term Incentive

- 30% of target total incentive compensation
- Three-year performance share units
- Granted annually based on prior-year performance results, strategic objectives and prior-year risk scorecard results
- Earned between 0-125% based on OEPS growth over the 2015-2017 performance period and modified based on appropriate growth in risk-weighted assets
- Dividend equivalents are reinvested and paid only at vesting based on performance

Deferred Equity

Through our long-term incentive award and the RSU component of our annual incentive, 86% of target total incentive compensation for our CEO (and 60% for our other named executives) is in deferred equity and is subject to forfeiture based on annual risk assessments

2014 Incentive Compensation Awarded[1, 2]

After determining the calculated annual and long-term incentives, the HRC Committee shifted more of 2014 incentive pay from annual awards to at-risk long-term incentive awards in the form of PSUs, as described below on page 41, resulting in the following awards.

	Annual Incentive			Long-Term Incentive		Total Incentive	Deferred Equity
	Cash	RSUs	Awards as % of Target	PSUs	Award as % of Target	Award as % of Target	as % of Total Incentive
Gerald L. Hassell (Chairman & CEO)	$1,244,640	$4,978,560	74%	$ 4,500,000	125%	89%	88%
Thomas P. (Todd) Gibbons (Vice Chairman & CFO)	$1,808,471	$1,358,729	85%	$ 2,006,250	125%	97%	65%
Curtis Y. Arledge (Vice Chairman & CEO of Investment Management)	$3,647,534	$2,740,442	68%	$ 5,006,250	125%	85%	68%
Karen Peetz (President)	$1,716,826	$1,289,874	80%	$ 2,006,250	125%	94%	66%

1 The amounts reported differ substantially from the amounts determined under SEC rules as reported for 2014 in the Summary Compensation Table set forth on page 50. The above table is not a substitute for the Summary Compensation Table set forth on page 50.

2 Our 2014 named executives also include Timothy F. Keaney, former Vice Chairman and CEO of Investment Services and Brian G. Rogan, former Vice Chairman and Chief Risk Officer. Messrs. Keaney and Rogan's employment with the company terminated effective September 30, 2014 and December 31, 2014, respectively. Because their compensation was determined in connection with their departure, they are not included in this table; their compensation is described below in "Separation Benefits for Messrs. Keaney and Rogan" on page 47.

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Target Compensation

For 2014, the HRC Committee did not change the target total direct compensation for any of our named executives.

In the first quarter of each year, the HRC Committee considers competitive data, executive position and level of responsibility and, for executives other than our CEO, our CEO's recommendation, and establishes target total direct compensation for each executive. Targets are reviewed annually but only adjusted if determined appropriate by the HRC Committee.

Name[1]	Salary	Annual Incentive	Long-Term Incentive	Total Target Direct Compensation	% Change from 2013
Hassell	$1,000,000	$ 8,400,000	$3,600,000	$ 13,000,000	**0%**
Gibbons	$ 650,000	$ 3,745,000	$1,605,000	$ 6,000,000	**0%**
Arledge	$ 650,000	$ 9,345,000	$4,005,000	$ 14,000,000	**0%**
Peetz	$ 650,000	$ 3,745,000	$1,605,000	$ 6,000,000	**0%**

1 Our 2014 named executives also include Messrs. Keaney and Rogan, whose employment with the company terminated in September and December 2014, respectively. Each of Messrs. Keaney and Rogan's targeted 2014 total compensation opportunity was $6,000,000; however, they are not included in the table above because their compensation was determined in connection with their departure and is described further below in "Separation Benefits for Messrs. Keaney and Rogan" on page 47. We have included information concerning Messrs. Keaney and Rogan in the Summary Compensation Table and other related tables in accordance with SEC rules and regulations, and we discuss matters relating to their compensation in this CD&A where relevant.

2014 Incentive Compensation

Emphasis on Long-Term Sustainable Performance

As contemplated by our annual incentive program and discussed under "Annual Incentive Calculation – Corporate Component," the HRC Committee adjusted our GAAP EPS of $2.15 to $2.39 for compensation purposes, reflecting certain significant unusual items, such as litigation charges in excess of plan, sale of businesses or assets or other items. In determining the annual incentives for named executives, the HRC Committee further adjusted EPS downward by $0.11 to reflect the impact of certain 2014 litigation charges. This resulted in an adjusted EPS measure of $2.28.

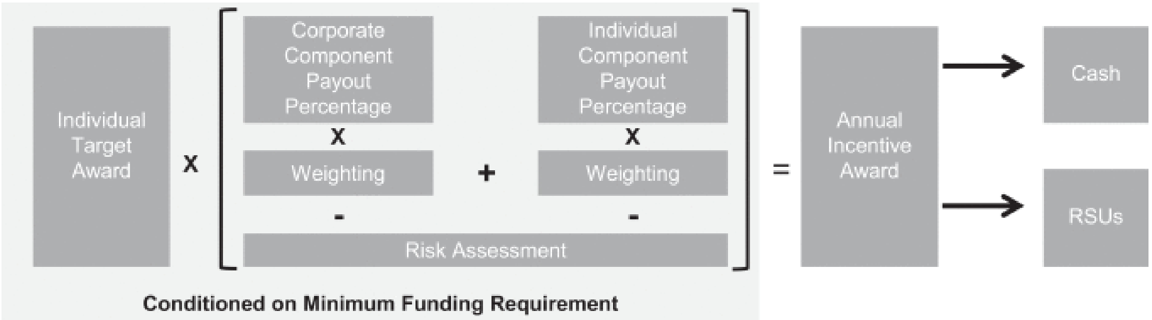
Further, to emphasize our commitment to future long-term growth the HRC Committee shifted more of 2014 incentive pay from annual awards to at-risk long-term incentive awards in the form of PSUs. After calculating the annual incentive and long-term incentive as described below, the HRC Committee exercised its discretion to reduce the calculated annual incentive. The reduction was then offset by a corresponding increase in the long-term incentive in the form of PSUs. As a result, a greater portion of total incentive for 2014 (*i.e.*, annual incentive awarded plus long-term incentive awarded) was deferred and weighted towards multi-year awards and goals. These long-term awards will be earned only based on the achievement of future three-year performance goals.

The HRC Committee determined to apply the heightened emphasis on long-term growth to our continuing named executive officers and other members of senior management, not including our Chief Risk and Legal Officers. The shift did not apply to Messrs. Keaney and Rogan, whose employment with us terminated in 2014.

The remainder of this 2014 Incentive Compensation discussion describes (1) the annual incentive calculation before the shift, (2) the long-term incentive calculation before the shift, (3) the effect of the shift and (4) the enhanced long-term performance metrics the HRC Committee has implemented beginning with the award for 2014.

Annual Incentive Calculation

We have used a "balanced scorecard" approach for our annual incentive since 2009. Our approach is designed to be a comprehensive analysis of corporate and individual performance determined in the discretion of the HRC Committee and measures both (1) corporate financial performance and capital management, as well as risk assessment results, which we refer to as the "corporate component," and (2) each executive's business/functional, strategic and operational results, including expense management and risk assessment results, which we refer to as the "individual component." Earned awards are paid out in a combination of cash, and RSUs deferred over three years.



Weighting

The weightings of the corporate and individual components are reviewed annually. For 2014, the corporate component was raised to 50% for any named executive whose corporate component was previously below that level. The corporate component weight for Mr. Hassell continued to be 65% due to his role.

Corporate Component

The same corporate component goals apply to each named executive officer. For 2014, the HRC Committee retained EPS (earnings per share) as the guideline measure for the corporate component and identified expense control and operating leverage, total shareholder return (TSR) relative to peers, return on equity, EPS growth relative to peers, and impact of market conditions as other financial factors to evaluate. The HRC Committee established the target corporate components of the balanced scorecard in February 2014. The HRC Committee and management view EPS as an indicator of operational success and an important factor that drives stock price performance and stockholder value creation. The other identified factors can impact the EPS guideline payout result, based on a retrospective assessment of the strength of that result. The assessment also considers market reaction to company performance, relative performance, risk-based results and other important factors that could not have been known when the EPS goals were established.

- **Earnings per share.** Our 2014 EPS operating budget was set at $2.43, well above our 2013 budget of $2.10.

  The guidelines below provide a range of incentive payouts that correspond to each of five different levels of EPS and were enhanced for our 2014 program so that results below what we earned in 2013, as adjusted for compensation purposes, would produce a maximum guideline of 75% and results below a threshold of 83% of budget would result in a zero component payout:

Earnings Per Share	Percent of Budget ($2.43)	Payout Range
<$2.01	<83%	0%
$2.01-$2.23	83%-92%	50%-75%
$2.24-$2.43-$2.67	92%-100%-110%	75%-120%
$2.68-$2.92	110%-120%	120%-135%
>$2.92	>120%	135%-150%

  The EPS guidelines provide the HRC Committee with discretion within the corporate component payout range. They also provide for adjustments for certain significant unusual items, such as litigation charges in excess of plan, sale of businesses or assets or other items, as determined in the exercise of the HRC Committee's discretion.

  Our GAAP 2014 EPS was $2.15. The HRC Committee adjusted GAAP EPS for compensation purposes to exclude the following items: the gain on the sale of our investment in Wing Hang Bank Ltd., the gain in excess of plan on the sale of our One Wall Street office building in lower Manhattan, litigation charges in excess of plan, certain restructuring charges, a charge related to an administrative error in connection with certain investment management funds net of incentives, and the benefit of a tax carryback claim. These adjustments, which we refer to as the "2014 Adjustments," resulted in an adjusted EPS of $2.39.

  The company incurred significant litigation charges during 2014. For the named executives, the HRC Committee determined in its discretion to further adjust the impact of the litigation charges in its calculation of EPS, as adjusted for compensation purposes, to reflect their leadership positions. This resulted in a further adjusted EPS of $2.28 as shown on the next page.

EPS as Adjusted for Compensation Purposes	**$ 2.39**
• Further adjust EPS, as adjusted for compensation purposes, to include certain litigation charges incurred in the fourth quarter of 2014	(0.11)
Further Adjusted EPS for Named Executive Officers	**$ 2.28**

- **Other considerations.** The HRC Committee then evaluated the five other financial metrics, which the HRC Committee may factor into its consideration to either increase the corporate component up to 150% or to reduce/eliminate it:
  - **Expense control and operating leverage**. For our 2014 compensation program, expense control and operating leverage was added as a consideration to the corporate component. After reflecting the 2014 Adjustments, noninterest expense, as adjusted for compensation purposes and excluding amortization of intangible assets, was $10.9 billion, $504 million better than budget. We also achieved positive operating leverage of 283 basis points on a plan basis, which exceeded the target by 83 basis points.
  - **Relative TSR**. Our 2014 TSR of 18% was in the 61st and 74th percentile relative to the S&P 500 Financials Index and our peer group, respectively. Our three-year TSR of 117% also outperformed the S&P 500 Financials Index and our peer median.
  - **Return on equity**. For 2014, our return on common equity, as adjusted for compensation purposes, was 8.1% versus our goal of 8.8%, and our return on tangible common equity, as adjusted for compensation purposes, was 17.6% versus our goal of 19.0% (reflecting, in each case, the 2014 Adjustments).
  - **Relative EPS growth**. Our 2014 GAAP EPS of $2.15 represented growth at the 83rd and 80th percentile of the companies in the S&P 500 Financials Index and our peer group, respectively. However, our EPS, as adjusted for compensation purposes, of $2.39 was below our budget of $2.43.
  - **Impact of market conditions**. The HRC Committee evaluated the market conditions that affected the company in 2014 by comparing actual index results against budgets. In 2014, the HRC Committee noted that challenging market factors resulted in revenue, as adjusted for compensation purposes, below our operating plan, partially affected by lower or worse than anticipated international equity indices, volatility, interest rates and lower depositary receipts.
- **Risk assessment results**. As described below on page 39, the HRC Committee determined whether it would make any downward adjustments to the corporate component payout based on its review of the risk scorecard results. In addition, if the result is lower than acceptable risk tolerance, the “other considerations” above may not be used to increase the corporate component. No downward adjustments were made for 2014.

The further adjusted EPS of $2.28 was 94% of our budgeted 2014 EPS and resulted in a guideline corporate component payout range of 75% to 120%. Taking in account an evaluation of the factors outlined above, none of which had any specific weighting, and its discussions with other independent directors, the HRC Committee established 82% as the payout percentage, at the lower end of the guideline 75% to 120% payout range. In reaching its decision, the HRC Committee viewed our performance results from the perspective of limited EPS growth and revenue, as adjusted for compensation purposes, below our operating plan, while recognizing the company’s strong TSR and improved expense control.

Individual Component

In February 2014, the HRC Committee approved the individual objectives for our CEO, after discussion with the other independent directors, and for our other named executive officers, which were set by our CEO after discussion with the HRC Committee. In May 2014, the HRC Committee approved changes to these objectives to reflect the inclusion of additional operating leverage or expense reduction targets, where applicable. None of the objectives had any specific weighting and are intended to be used, together with other information the HRC Committee determines relevant, to develop a holistic evaluation of individual performance.

In the first quarter of 2015, the HRC Committee evaluated 2014 performance for each named executive against, among other factors, the approved individual objectives. For Mr. Hassell, the HRC Committee reviewed his performance self-assessment, obtained feedback from each independent director, and finalized its decision after reporting its preliminary evaluation to the other independent directors and soliciting their input. For each of the other named executive officers (other than Messrs. Keaney and Rogan), the HRC Committee reviewed his or her performance self-assessment, considered Mr. Hassell’s recommendation and summary of performance, and finalized its decision after soliciting input from the other independent directors. See “Separation Benefits for Messrs. Keaney and Rogan” on page 47 for information on the determination of their 2014 annual incentive.

Gerald L. Hassell
Awarded 90% for his individual component following a number of considerations, including:

- **Financial:**
  - As adjusted for compensation purposes, EPS of $2.39, compared to a target of $2.43; return on common equity, as adjusted for compensation purposes, of 8.1% compared to budget of 8.8%; and return on tangible common equity, as adjusted for compensation purposes, of 17.6% compared to budget of 19.0%;
  - Delivered positive operating leverage, as adjusted for compensation purposes, in excess of target by 83 basis points;
  - Instituted a more disciplined and measured capital allocation/expenditure process for better oversight of our portfolios and major expenditures; and
  - Delivered one-year TSR of 18%, positioning the company at the 61st percentile of the S&P 500 Financials Index and three-year TSR of 117%, positioning the company at the 76th percentile.
- **Strategic:**
  - Executed strategic priorities and adjusted business model to develop alternatives for capital reinvestment by, among other things, taking action on a number of underperforming or non-strategic businesses, implementing new cost reduction initiatives and approving new organic growth initiatives with key clients;
  - Developed a three-year plan for the Company as presented at our 2014 Investor Day; and
  - Established specific, measurable programs to improve the risk culture of the company, including launching a new program to produce company-wide intraday credit exposure reports with increased visibility, developing daily early warning indicators of key intraday liquidity metrics, and delivering a risk and compliance curriculum at BKU, our learning and development platform for employees.
- **Leadership:**
  - Streamlined the Executive Committee structure while strengthening the senior management team with the addition of several key hires and internal promotions;
  - Continued progress in driving our performance culture through cross-business collaboration and company-wide innovation, while enhancing risk management by promoting a strong, sound and forward-looking risk culture;
  - Led development of improved talent, succession and development planning for key senior leadership positions across the company; and
  - Advanced diversity and inclusion by setting the “tone at the top,” including sponsoring or representing BNY Mellon at key diversity and leadership events and overseeing the hiring and progression of diverse talent through the company.

Thomas P. "Todd" Gibbons
Awarded 100% for his individual component following a number of considerations, including:

- **Financial:**
  - Achieved net interest revenue of $2.9 billion (excluding provision) consistent with plan and effective tax rate of 26.2% consistent with plan;
  - As adjusted for compensation purposes, EPS of $2.39, compared to a target of $2.43, and above median TSR over both a one-year and three-year period; and
  - Delivered significant benefits related to a tax carryback claim.
- **Strategic:**
  - Established new capital allocation / expenditure process that ensures capital allocation is appropriately prioritized by establishing return on equity as a key financial goal, organizing projects into portfolios for improved oversight, and forming a new committee to approve and monitor major expenditures;
  - Developed a three-year plan for the Company as presented at our 2014 Investor Day;
  - Substantially achieved finance reengineering program cost reduction target of $16.5 million; and
  - Enhanced internal controls to improve regulatory reporting and reporting of key financial metrics included in external filings.
- **Leadership:**
  - Increased organizational effectiveness and advanced our diversity and inclusion agenda by, among other things, evolving our management structure; and
  - Developed tools and improved processes for measuring, monitoring and managing liquidity, including intraday liquidity, from a fundamental risk management and regulatory compliance standpoint.

Curtis Y. Arledge
Awarded 89% for his individual component following a number of considerations, including:

- **Financial:**
  - Investment management business operating performance below plan with respect to revenue, pretax income and return on equity targets, although operating expense control was better than plan;
  - Revenue and earnings growth below that of a diversified group of peers;
  - Supported the corporate operating leverage goal by delivering operating leverage better than plan for investment management; and
  - Mixed financial performance of targeted investment boutiques.
- **Strategic:**
  - Continued to refine the investment management business model and distribution strategy by restructuring the U.S. retail team, expanding wealth management in sales and private banking for key markets, and increasing our presence in the Asia-Pacific region;
  - Created new businesses and investment solutions where appropriate given financial expectations and market conditions, including launching a joint venture with Iron Hound Management in the conduit lending business and hedge fund strategies to diversify our business mix; and
  - Enhanced the connection between our investment and wealth management businesses on the marketing, sponsorship and investments fronts.
- **Leadership:**
  - Demonstrated commitment to strong internal governance controls to ensure effective management, communication and understanding of our risk appetite and risk culture, including participating in the creation of a global risk statement; and
  - Increased organizational effectiveness and advanced our diversity and inclusion agenda by, among other things, recruiting key hires and identifying areas of improvement for simplifying the managerial structure in targeted functions.

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Karen Peetz
Awarded 100% for her individual component following a number of considerations, including:

- **Financial:**
  - Achieved operating performance in line with our 2014 plan for our global client management, credit services and treasury services businesses, including exceeding the pretax income plan for treasury services;
  - Reduced front office expenses by 25% year-over-year, more than 3X goal, and delivered expense control better than plan for global client management; and
  - Supported the corporate operating leverage goal by delivering operating leverage better than plan for treasury services.
- **Strategic:**
  - Developed and implemented specific market segment strategies for global client management;
  - Led company-wide innovation program to create new revenue growth opportunities;
  - Developed with Human Resources a core curriculum for BKU and rolled out mandatory, job-specific risk management training for all employees;
  - Led policies and procedures initiative and tri-party reform initiatives, including 90% overall tri-party intraday credit risk reduction; and
  - Supported reporting mechanisms for credit and liquidity risk, and implemented specific risk reduction measures for central counterparty clients.
- **Leadership:**
  - Successfully led enterprise-wide coordination of regulatory projects; and
  - Increased organizational effectiveness and advanced our diversity and inclusion agenda by, among other things, recruiting key hires for the global client management business and streamlining the treasury services business.

Risk Assessment

We adopted the use of a risk scorecard in 2011 to formally connect compensation and risk-taking. The risk scorecard takes into account liquidity, operational, reputational, market, credit and technology risk categories by measuring:

- maintenance of an adequate compliance program, including adhering to our compliance rules and programs;
- protection of the company's reputation, including reviewing our business practices to ensure that they comply with laws, regulations and policies, and that business decisions are free from actual or perceived conflicts;
- management of operational risk, including managing operational losses and maintaining proper controls;
- compliance with all applicable credit, market and liquidity risk limits, including understanding and monitoring risks associated with relevant businesses and new client acceptance, as well as appropriately resolving or escalating risk issues to minimize losses; and
- meeting Internal Audit expectations, including establishing an appropriate governance culture, achieving acceptable audit results and remediating control issues in a timely manner.

The HRC Committee's review of the risk scorecard results for each named executive was taken into account by the Committee in determining each of the corporate and individual components of the balanced scorecard as described above. No downward adjustments were made for 2014.

Minimum Funding Requirement

A Basel III common equity Tier 1 ratio of at least 8.5% on a fully phased-in basis was established as a minimum funding requirement for our annual incentive, with such percentage being above the minimum regulatory threshold ratio to which we expect to be held. This threshold funding goal was met, with an estimated Basel III common equity Tier 1 ratio of 9.8% at December 31, 2014, calculated under the advanced approach on a fully phased-in basis.

Long-Term Incentive Calculation

In February 2015, in calculating the 2014 long-term incentive, our HRC Committee applied the following adjustment process to the target amounts previously set and communicated to our named executives in February 2014. The adjustment process can result in a PSU grant between 0% and 125% of the target amount.

- **Performance Results.** Target long-term incentive award amounts were first subject to adjustment based on the HRC Committee's review of 2014 annual performance against the corporate and individual goals of each executive's 2014 annual incentive balanced scorecard.

Performance Results	Adjustment
Less than 90% of target	0% to –25%
Between 90% and 110% of target	0%
More than 110% of target	0% to +25%

- **Strategic Objectives**. Resulting adjustments may be modified, upward or downward, by an additional 25% in the HRC Committee's discretion after considering strategic assessments of each named executive and priorities for the company. The total reduction or increase cannot be greater than 25%.
- **Risk Scorecard Results**. Target long-term incentive award amounts are also subject to downward adjustment of up to 100% based on the risk scorecard results, which measure compliance with risk metrics. No positive adjustment may be applied if the risk scorecard result is lower than acceptable risk tolerance. The initial target awards were not adjusted on this basis.

The initial target award for Mr. Gibbons was adjusted upward by 10% in recognition of his 2014 contributions in developing a three-year plan for the company as presented at our 2014 Investor Day and in delivering significant benefits related to a tax carryback claim. The initial target award for Mr. Arledge was adjusted downward by 15% in light of 2014 operating performance below plan and peers. As a result of these adjustments, the calculated long-term incentive awards were as follows: $3,600,000 for Mr. Hassell, $1,765,500 for Mr. Gibbons, $3,404,250 for Mr. Arledge and $1,605,000 for Ms. Peetz. Messrs. Keaney and Rogan did not receive a PSU grant in February 2015 since their employment with us terminated in 2014.

Strategic Shift to Long-Term Incentive

After determining the calculated annual and long-term incentives as described above, the HRC Committee shifted the 2014 pay mix for Executive Committee members to long-term incentives that are at-risk based on 2015-2017 performance by:

- Increasing the long-term incentive to 125% of target (the maximum amount contemplated by our program), primarily tied to achievement of three-year OEPS goals, and
- Correspondingly reducing the annual incentive, such that the total incentive (annual plus long-term) was equal to the aggregate calculated amounts.

As a result, 2014 incentives were significantly weighted more towards long term awards that will only be earned based on future performance and 88% of the total incentive was delivered in the form of deferred equity (*i.e.*, RSUs and PSUs) for Mr. Hassell (between 65% and 68% for the other applicable named executives).

Name[1]	Calculated Annual Incentive	Calculated Long-Term Incentive	Total Incentive	Annual Incentive Awarded[2]	Long-Term Incentive (PSUs) Granted[2]
Hassell	$ 7,123,200 (85% of target)	$ 3,600,000 (100% of target)	$ 10,723,200 (89% of target)	$ 6,223,200 (74% of target)	$ 4,500,000 (125% of target)
Gibbons	$ 3,407,950 (91% of target)	$ 1,765,500 (110% of target)	$ 5,173,450 (97% of target)	$ 3,167,200 (85% of target)	$ 2,006,250 (125% of target)
Arledge	$ 7,989,976 (86% of target)	$ 3,404,250 (85% of target)	$ 11,394,226 (85% of target)	$ 6,387,976 (68% of target)	$ 5,006,250 (125% of target)
Peetz	$ 3,407,950 (91% of target)	$ 1,605,000 (100% of target)	$ 5,012,950 (94% of target)	$ 3,006,700 (80% of target)	$ 2,006,250 (125% of target)

1 For more information about Messrs. Keaney and Rogan's annual incentive, see "Separation Benefits for Messrs. Keaney and Rogan" on page 47. Because Messrs. Keaney and Rogan's employment with us terminated in 2014, they did not receive a grant of PSUs with respect to 2014.

2 In calculating the number of PSUs to grant, the HRC Committee divided these dollar amounts by $37.80, the average closing price of our common stock on the NYSE for the 25 trading days from January 2, 2015 through February 6, 2015, to mitigate the impact of short-term volatility in our stock price.

Enhanced Long-Term Incentive Performance Metrics

To further emphasize future growth, the HRC Committee also revised the performance metrics for the long-term incentive (PSUs) to focus on three-year OEPS growth during 2015-2017, with targets consistent with the goals we presented to shareholders on our 2014 Investor Day. The PSUs will include a risk modifier based on appropriate growth in risk-weighted assets (RWA), which can result in downward adjustment only. Previously, PSUs were earned in separate tranches over each year of the performance period and earned based on RRWA.

Operating earnings per share (OEPS) is defined as reported earnings per share excluding merger and integration, restructuring, litigation expense and other significant, unusual items added or subtracted at the HRC Committee's discretion. RWA is defined as, for each fiscal year, the simple average of the preceding four quarter-end risk-weighted assets (estimated on a fully phased-in basis in Basel III using the advanced approach) based on existing assumptions at the commencement of the performance period and as reported in the company's SEC filings.

HRC Committee Award Determinations vs. Summary Compensation Table

The Summary Compensation Table on page 50 does not reflect the manner in which our HRC Committee thinks about and determines compensation. In particular, the SEC rules require that we report equity-based awards for the year that they are granted, even though they were awarded for services performed the prior year (such as through our annual incentive) or are awarded after adjustment for performance during the prior year (such as through our long-term incentive).

We have made a number of enhancements to our compensation program over the last few years, including (1) substantially increasing the deferred equity portion of our annual incentive to promote long-term equity ownership and (2) increasing the portion of pay that varies directly with yearly performance. These enhancements have had a particular effect on the ability to compare year-over-year reported pay.

The manner in which our HRC Committee approaches compensation and a comparison to SEC reporting requirements is set forth in the following table and is illustrated on this page 41.

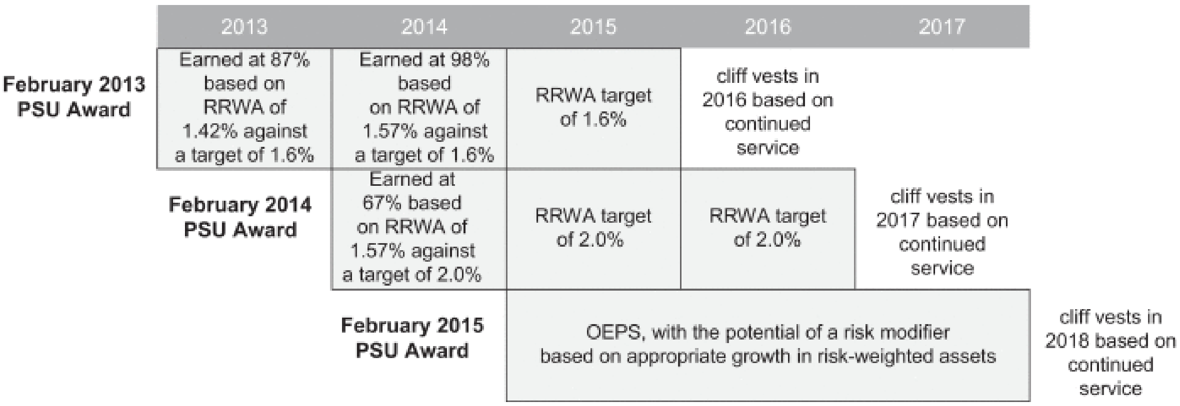
	Annual Incentive		Long-Term Incentive
	Cash	**RSUs**	**PSUs**
How Our HRC Committee Approaches Compensation	Awarded in February 2015 based on 2014 performance (February 2015 award is viewed as **2014** compensation)	Awarded in February 2015 based on 2014 performance (February 2015 award is viewed as **2014** compensation)	Granted in February 2015 after adjusting targets based on 2014 performance (February 2015 award is viewed as **2014** compensation)
How the Summary Compensation Table Reports Compensation	In the year they are earned (February 2015 award is **2014** compensation)	In the year they are granted (February 2015 award is **2015** compensation)	In the year they are granted (February 2015 award is **2015** compensation)

The difference between our HRC Committee's approach and the Summary Compensation Table becomes more pronounced when change in pension value is included. Since 2011, we have not changed the formula for calculating benefits under our pension plans. However, SEC rules require that we report the change in actuarial present value of each named executive's accumulated pension benefit from year to year. Because the assumptions used for calculating actuarial present value (such as the relevant discount rate) may change from year to year, the figure reported as change in pension value in the Summary Compensation Table does not reflect any changes made to our retirement plans but instead reflects changes in the underlying assumptions used for calculating the actuarial present value.

Outstanding Long-Term Equity Incentives

In 2013, we reintroduced PSUs as our long-term performance vehicle. The PSUs are granted each year and any earned PSUs cliff vest after the end of three-year performance periods based on continued service (with certain exceptions for retirement-eligible executives). The PSUs are earned between 0-125% based on the achievement of performance metrics. Granting awards annually with overlapping, multi-year performance periods allows the HRC Committee to annually review and update, as appropriate, the structure and performance metrics that we use in our PSUs program.

Our outstanding long-term incentive PSU awards are illustrated below.



February 2014 PSU Award

As discussed in last year's proxy statement, in February 2014, the HRC Committee granted PSUs to each of our named executives based on target values, as adjusted based on prior-year 2013 performance. The PSUs are earned based on RRWA over each year of the 2013-2015 performance period.

Consistent with our focus on pay for performance, the HRC Committee pre-established an RRWA target of 2.0% for the February 2014 PSU awards (25% higher than the target for the PSUs granted in the prior year). Our RRWA in 2014 was 1.57%, resulting in an earnout percentage of 67% for the first tranche of the February 2014 PSU awards (and 98% for the second tranche of the February 2013 PSU awards).

Return on risk-weighted assets (RRWA) is defined as net income available to common stockholders, adjusted for capital charges on acquisitions as incurred, divided by the simple average of quarter-end risk-weighted assets (estimated per a fully phased-in Basel III, based on existing assumptions and approaches at the end of the commencement of the performance period, and as reported in our reports on Forms 10-Q and 10-K).

Reduction or Forfeiture in Certain Circumstances

The company may cancel all or any portion of the PSUs (as well as the RSUs that constitute a portion of our named executives' annual incentive award), if, directly or indirectly, the named executive (1) engages, or is discovered to have engaged, in conduct that is materially adverse to the company's interests during his or her employment, (2) violates certain non-solicitation or non-competition restrictions during his or her employment and for a certain period thereafter, (3) violates any post-termination obligation or duties owed to the company or (4) has received, or may receive, compensation that is required to be forfeited and/or repaid to the company pursuant to applicable regulatory requirements. In addition, in the event that the named executive's risk scorecard rating is lower than acceptable risk tolerance, any unvested PSUs (as well as unvested RSUs) will be subject to review and potential forfeiture, as determined by our HRC Committee.

Other Compensation and Benefits Elements

Retirement and Deferred Compensation Plans

After the Bank of New York and Mellon merger in 2007, we assumed certain existing arrangements affecting the provision of retirement benefits to our named executives, maintaining qualified and non-qualified defined benefit and defined contribution plans in which eligible employees, including our named executives, may participate. Our named executives are eligible to participate in deferred compensation plans, which enable eligible employees to defer the payment of taxes on a portion of their compensation until a later date. In December 2014, the HRC Committee authorized an amendment to our Legacy BNY SERP to freeze all accruals as of December 31, 2014 and in January 2015, the HRC Committee authorized an amendment to our other defined benefit pension plans (including the BNY Mellon Tax-Qualified Retirement Plan and the Legacy BNY Excess Plan) to freeze all accruals as of June 30, 2015. For a description of these plans and our named executive officers' participation therein, see "Pension Benefits" and "Nonqualified Deferred Compensation" below.

Perquisites

Our named executives are eligible to participate in company-wide benefit plans. In addition, we provide certain benefits, consistent with market practices, that are reportable under SEC rules as perquisites. The following perquisites were provided in 2014 and are substantially unchanged from 2013:

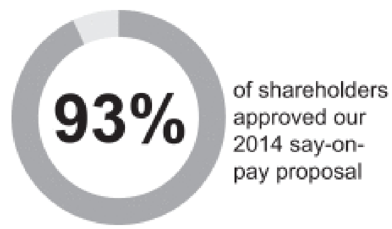
Perquisites	Description
Car and Driver	Each named executive has access to a pool of company cars and drivers for security purposes and to allow for more effective use of travel time. The pool is also available for use by our other executives.
Executive Life Insurance	The named executives are covered by certain life insurance plans. (See footnotes to the Summary Compensation Table below.)
Personal Use of Corporate Aircraft	Company aircraft are intended to be used by employees, directors and authorized guests primarily for business purposes. Our policy provides that the CEO should make prudent use of the company aircraft for security purposes and to make the most efficient use of his time. The HRC Committee receives an aircraft usage report on a semi-annual basis.
Charitable Gifts Match	We maintain a matching gift program for gifts to eligible charities. All of our employees are eligible to participate in the matching gift program, and our named executives are eligible for an additional match of up to $30,000.

Our Pay Practices

Stakeholder Engagement

In determining our pay practices, we believe it is important to consider feedback and input from our stakeholders, including shareholders, employees, clients and the communities we serve.

We received strong support for our executive compensation program with 93% shareholder approval of the say-on-pay proposal at our 2014 annual meeting and continued to actively engage with our stakeholders throughout the remainder of the year. We also webcast our 2014 annual meeting to allow broader shareholder participation.



In total, in advance of our 2015 annual meeting, we continued our annual outreach process which resulted in conversations with investors representing about 40% of our outstanding shares, as well as from proxy advisory firms and other shareholders. We further engaged shareholders and analysts at our Investor Day conference held on October 28, 2014.

We also regularly engage in direct meetings with local leaders and advocacy groups in our communities, and utilize town halls and employee resource groups to better understand and communicate with our employees.

As a result of the feedback we received, our HRC Committee determined to make the following enhancements to our go-forward compensation program:

- To emphasize long-term, sustainable growth, as described above, we shifted 2014 pay mix to long-term incentives that will only be earned based on OEPS growth from 2015 to 2017, consistent with the goals presented at our 2014 Investor Day, with the potential of a risk modifier based on appropriate growth in risk-weighted assets.
- To promote long-term ownership, the portion of our CEO's 2014 annual incentive that is deferred in the form of RSUs was increased to 80% (from 57%); this increase was originally intended to apply going forward to 2015 compensation. For our other named executives, the deferred portion of the 2015 annual incentive will be increased to 55% (from 43%).
- To limit pension accruals, we froze the Legacy BNY SERP effective December 31, 2014 and all other defined benefit pension plans effective June 30, 2015.

- To strengthen the tie between pay and performance, for 2015, the balanced scorecard for our annual incentive will be revised to (1) focus management on OEPS and operating leverage, weighted 75% and 25% respectively, for the corporate component, while maintaining HRC Committee discretion within the corporate component payout range and (2) separating the individual component into business unit goals, which use quantitative financial measures to establish a payout range, and an individual modifier, which allows the HRC Committee to modify an award by ±25% to recognize and differentiate individual actions and contributions in final pay decisions. Consistent with 2014, the balanced scorecard will continue to use a minimum funding requirement and risk assessment.

Key Compensation Practices

To further our commitment to good corporate governance practices and mitigation of inappropriate risk-taking, our 2014 compensation program for the named executives has the following features:

Directly link pay to performance	⇨	• Performance-based incentive compensation: 89-95% of total target direct compensation • RSUs earned based on annual performance: 56% of target incentive compensation for our CEO and 30% for our other NEOs • PSUs earned based on future performance: 30% of target incentive compensation
Balanced approach for annual incentives	⇨	• Annual incentive awards are earned based on (1) corporate financial and capital results, and (2) each named executive's business/functional, strategic and operational results
Promote long-term stock ownership	⇨	• Deferred equity (RSUs and PSUs) as a percentage of target incentives: 86% for our CEO and 60% for our other named executives (increasing to 69% for 2015 compensation) • Deferred equity as a percentage of earned incentives (after strategic shift to emphasize long-term growth): 88% for our CEO and 65% to 68% for our other named executives • RSUs vest in equal installments over three years and earned PSUs cliff vest after the end of three-year performance periods • Our CEO must acquire and retain company stock equal to six times base salary and other named executives must acquire and retain stock equal to four times base salary
What we don't do	⇨	• No employment agreements • No excessive or single-trigger change-in-control or other severance benefits • No tax gross-ups on change-in-control payments • No tax gross-ups on perquisites • No hedging or short sales of our stock • No stock options grants

HRC Committee Role and Process

In the first quarter of 2014, for each named executive, the HRC Committee approved base salary levels; established target amounts for the 2014 annual incentive and long-term incentive awards to be earned or granted, as applicable, in the first quarter of 2015 based on 2014 performance; and granted a long-term incentive award in the form of PSUs based on targets established in 2013, following consideration and adjustment based on achievement of performance, strategic milestones and prior-year risk scorecard results. In setting 2014 compensation targets, the HRC Committee, assisted by its independent compensation consultant, considered a variety of factors over multiple meetings, including our financial performance and data concerning peer companies' executive compensation programs. Factors were considered holistically, and no one factor had an assigned or specific quantifiable impact on the target compensation levels established by the HRC Committee.

During the year, the HRC Committee received regular updates on performance forecasts versus performance goals, regulatory and legislative developments and other relevant matters. In the first quarter of 2015, the HRC Committee evaluated 2014 corporate performance, using a combination of financial and qualitative measures as well as each named executive's individual performance. This was used in calculating the initial amounts for the 2014 annual incentive awards and upfront adjustments to the 2014 long-term incentive awards granted in the form of PSUs (see pages 34 and 40, respectively). The HRC Committee then determined to shift 2014 incentive compensation towards long-term awards by reducing the calculated annual incentive and increasing the long-term incentive as described above on page 41. The HRC Committee also provided each named executive (other than Messrs. Keaney and Rogan whose employment with us terminated in 2014) with incentive compensation targets for both their 2015 annual incentive and long-term incentive awards, with the actual award amounts to be determined in the first quarter of 2016 based on prior-year performance.

With respect to our CEO, the HRC Committee reports its preliminary conclusions and compensation decisions, and information on the process used by the HRC Committee, to the other independent members of our Board in executive session and solicits their input prior to finalizing determinations. With respect to our other named executive officers, the HRC Committee also advises and discusses with the other independent directors compensation decisions and the process used by the HRC Committee.

Role of Compensation Consultants

The HRC Committee retained Aon Hewitt Consulting, an affiliate of Aon Corporation, to serve as the HRC Committee's independent compensation consultant from August 2009 to February 2014, when Aon Hewitt Consulting's lead consultant retired. Through February 2014, Aon Hewitt Consulting regularly attended HRC Committee meetings and, with respect to compensation decisions for 2013, provided advice on matters including market practices and trends, peer group composition, incentive programs and CEO target compensation and performance.

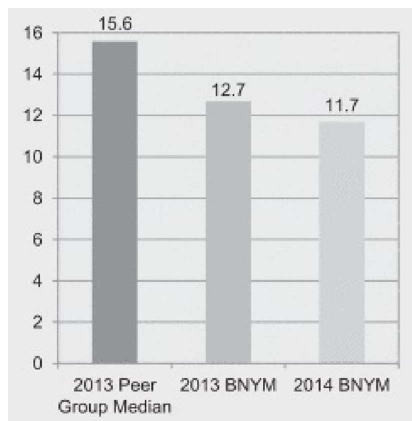
The HRC Committee interviewed a number of potential advisors to replace Aon Hewitt Consulting and engaged Compensation Advisory Partners LLC, which we refer to as "CAP," as its independent compensation consultant beginning with the determination of 2014 plan year compensation. CAP has served as the HRC Committee's independent compensation consultant since immediately after the HRC Committee made its final 2013 pay decisions for executive officers in February 2014. CAP regularly attends HRC Committee meetings and assists the Committee in its analysis and evaluation of compensation matters related to our executive officers. Prior to its engagement by the HRC Committee, CAP was engaged by the company to assist management with various executive compensation matters. For more information on Aon Hewitt Consulting and CAP, see page 23.

Peer Group

The HRC Committee and our management use compensation data from our peer group to provide a basis for assessing relative company performance, to provide data for the HRC Committee to assess competitiveness in determining targeted and actual compensation and to analyze market trends and practices. In evaluating and selecting companies for inclusion in the peer group, the HRC Committee targets complex financial companies with which we typically compete for executive talent and business. In particular, the HRC Committee selected these companies based on:

- mix of businesses (*e.g.*, asset management, asset servicing and clearing services) and other financial services companies with similar business models that operate in a similar regulatory environment;
- relative size in terms of revenue, market capitalization and assets under management (AUM), as well as total assets and net income;
- position as competitors for customers and clients, executive talent and investment capital; and
- global presence.

CEO Total Direct Compensation[1]
Below Peer Group Median
(in $ millions)



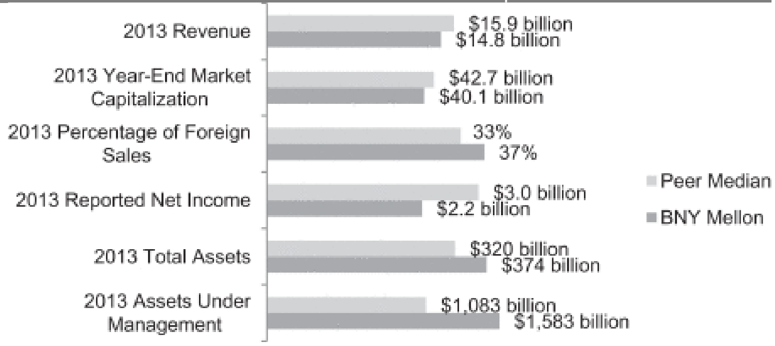
1 Salary, annual incentive and long-term incentive for the applicable year.

The HRC Committee determined to update the peer group used for 2014 compensation decisions after considering input from Aon Hewitt Consulting, management and CAP. The 2014 peer group selected by the HRC Committee replaced American Express Company, Bank of America Corporation and Citigroup Inc. with Franklin Resources, Inc. and Morgan Stanley to further align the group with our strategic direction and relative size.

2014 Compensation Peer Group

- BlackRock, Inc.
- The PNC Financial Services Group, Inc.
- The Charles Schwab Corporation
- Prudential Financial, Inc.
- Wells Fargo & Company
- Northern Trust Corporation
- Franklin Resources, Inc.
- State Street Corporation
- JPMorgan Chase & Co.
- U.S. Bancorp
- Morgan Stanley

BNYM Versus Peer Group[1]



[1] In determining the peer group for 2014 compensation decisions, the HRC Committee utilized 2013 year-end financial data since 2014 year-end financial data was not available at the time.

For certain named executive officers, data relating to the peer group is supplemented with industry data from surveys conducted by national compensation consulting firms and other data to assess the compensation levels and practices in the businesses and markets in which we compete for executive talent. All peer group data and other information provided to the HRC Committee by CAP was used by the HRC Committee in setting target levels of 2014 and 2015 compensation for our named executives.

Stock Ownership Guidelines

Under our stock ownership guidelines, each named executive is required to own a number of shares of our common stock with a value equal to a multiple of base salary within five years of becoming a member of our Executive Committee. The officer cannot sell or transfer to a third party any shares until he or she achieves the ownership guideline.

Our CEO is subject to a 6-times base salary and our other named executives are subject to a 4-times base salary ownership guideline. All of our named executives, other than Messrs. Keaney and Rogan, meet the stock ownership guidelines; Messrs. Keaney and Rogan met the guidelines prior to their respective departures in September and December 2014. To determine their ownership stake we include shares owned directly, shares held in our employee stock purchase and retirement plans and shares held in certain trusts. We include 50% of unvested restricted stock and RSUs that do not have performance conditions or for which the applicable performance conditions have been met. Unearned performance shares, awards that remain subject to performance conditions and stock options are not counted toward compliance with the stock ownership guidelines.

In addition, named executives are subject to a retention requirement relating to shares received from the vesting of RSUs, PSUs, restricted stock and other long-term equity awards that were granted after their respective appointment to the Executive Committee and that were unvested as of August 2012. For the CEO, 50% of the net after-tax shares from these awards must be held until age 60 to allow for orderly diversification; for other named executive officers, 50% of the net after-tax shares must be held for one year from the vesting date.

Anti-Hedging Policies

Our named executive officers are prohibited from entering into hedging transactions with their company stock, including engaging in short sales of our stock, purchasing our stock on margin, and buying or selling any puts, calls or other options involving our securities.

Clawback and Recoupment Policy

In addition to forfeiture provisions based on risk outcomes during the vesting period, we have a comprehensive recoupment policy administered by the HRC Committee that applies to equity awards granted to our executives, including the named executive officers. Under the policy, the company may cancel all or any portion of unvested equity awards made after the policy was adopted and require repayment of any shares of common stock (or values thereof) or amounts that were acquired from the award if:

- the executive directly or indirectly engages in conduct, or it is discovered that the executive engaged in conduct, that is materially adverse to the interests of the company, including failure to comply with the company's rules or regulations, fraud or conduct contributing to any financial restatements or irregularities;
- during the course of employment, the executive engages in solicitation and/or diversion of customers or employees and/or competition with the company;
- following termination of employment with the company for any reason, the executive violates any post-termination obligations or duties owed to the company or any agreement with the company; or
- any compensation otherwise payable or paid to the executive is required to be forfeited and/or repaid to the company pursuant to applicable regulatory requirements.

In addition, we have a cash recoupment policy, which provides that the company may claw back some or all of a cash incentive award within three years of the award date if, during the award performance period, the employee (including each of the named executives) is found to have engaged in fraud or directly or indirectly to have contributed to a financial restatement or other irregularity. The company continues to monitor regulatory requirements as may be applicable to its recoupment policies.

Severance Benefits

Stockholder Approval of Future Senior Officer Severance Arrangements. In July 2010, the Board adopted a policy regarding stockholder approval of future senior officer severance arrangements. The policy provides that the company will not enter into a future severance arrangement with a senior executive that provides for severance benefits (as defined in the policy) in an amount exceeding 2.99 times the sum of annual base salary and target bonus for the year of termination (or, if greater, for the year before the year of termination), unless such arrangement receives stockholder approval.

Executive Severance Plan. In July 2010, we adopted The Bank of New York Mellon Corporation Executive Severance Plan, which provides severance benefits as described in the following table:

Reason for termination	Severance payment	Bonus	Benefit continuation	Outplacement services	Tax gross-up
By the company without "cause"	2 times base salary	Pro-rata annual bonus for the year of termination	Two years	One year	None
By the company without "cause" or by the executive for "good reason" within two years following a "change in control"	2 times base salary and 2 times target annual bonus	Pro-rata target annual bonus for the year of termination	Two years	One year	None

Plan participants are selected by the HRC Committee and include each of our named executives. To receive benefits under the plan, the participant must sign a release and waiver of claims in favor of the company and agree not to solicit our customers and employees for one year. If any payment under the plan would cause a participant to become subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986 ("IRC"), then payments and benefits will be reduced to the amount that would not cause the participant to be subject to the excise tax if such a reduction would put the participant in a better after-tax position than if the participant were to pay the tax. In addition, the amount of payments and benefits payable under the plan will be reduced to the extent necessary to comply with our policy regarding stockholder approval of future senior officer severance arrangements as described above.

Separation Benefits for Messrs. Keaney and Rogan

Messrs. Keaney and Rogan's employment with the company terminated effective September 30, 2014 and December 31, 2014, respectively. In connection with their terminations, the company determined that they were eligible to receive payments under the Bank of New York Mellon Corporation Executive Severance Plan for a termination by the company without "cause." In accordance with the Plan, each of Messrs. Keaney and Rogan received a severance payment of $1,300,000 equal to two times their base salary; a 2014 annual incentive; benefits continuation for two years; and outplacement services for one year.

In determining the 2014 annual incentive for Messrs. Keaney and Rogan, the HRC Committee awarded each of them 100% of the individual component. Combined with the corporate component of 82%, the total annual incentive awarded to each of Messrs. Keaney and Rogan was 91%, of target (each of Messrs. Keaney and Rogan had a target of $3,745,000, weighted 50% individual component and 50% corporate component). Mr. Keaney's award was pro-rated for the portion of the year during which he was employed by us, resulting in a pro-rated annual incentive of $2,548,961. Because Mr. Rogan was employed by us through the end of 2014, his annual incentive was not pro-rated, resulting in an annual incentive of $3,407,950. 43% of Messrs. Keaney and Rogan's annual incentive was deferred in the form of RSUs.

In connection with their terminations, Messrs. Keaney and Rogan were also eligible to receive payments under the BNY Mellon Tax-Qualified Retirement Plan and the Legacy BNY Excess Plan. In addition, in June 2014, the HRC Committee determined to vest Mr. Rogan's benefits under the Legacy BNY SERP. These payments are described further in "Pension Benefits" on page 56.

Tax Considerations

The HRC Committee considers certain tax implications when designing our executive compensation programs and certain specific awards. The HRC Committee considered that Section 162(m) of the IRC generally imposes a $1 million limit on the amount that a public company may deduct for compensation paid to its CEO and the three other most highly compensated officers each year. This limitation does not apply to "qualifying performance-based" compensation as defined in the IRC. We generally design our compensation programs so that compensation paid to the named executives can qualify for available income tax deductions. Our annual incentive awards are granted under our shareholder-approved Executive Incentive Compensation Plan and intended to be "qualifying performance-based" compensation. In that regard, annual incentives paid to any individual for the calendar year cannot exceed the sum of $3 million plus 0.5% of our positive pre-tax income from continuing operations, before the impact of the cumulative effect of accounting changes and extraordinary items, as disclosed on our consolidated statement of income for such year included in our Annual Report on Form 10-K.

However, the HRC Committee believes that stockholders' interests may best be served by offering compensation that is not fully deductible, where appropriate, to attract, retain and motivate talented executives. Accordingly, the HRC Committee has discretion to authorize compensation that does not qualify for income tax deductibility.

How We Address Risk and Control

On a regular basis, our Chief Risk Officer and our HRC Committee review the company's employee compensation plans and practices for alignment with sound risk management. With respect to 2014 compensation, our Chief Risk Officer met with the HRC Committee to discuss and review our compensation plans, including the plans in which members of the Executive Committee participate. With respect to employees broadly, we also monitor the company's compensation plans through a management-level compensation oversight committee that includes our Chief Risk Officer, Chief Human Resources Officer, Chief Financial Officer and the Risk Management and Compliance Chief Administrative Officer. The committee receives regular reports, meets at least on a quarterly basis and reports to the HRC Committee on risk-related compensation issues.

We identify employees who, individually or as a group, are responsible for activities that may expose us to material amounts of risk, using a risk-related performance evaluation program with adjustments determined by a senior management committee responsible for control functions, with such adjustments later reviewed by the HRC Committee. The incentive compensation of identified employees is directly linked to risk-taking either through a "risk scorecard" or through the inclusion of a standard risk goal as part of our performance management process.

With respect to our named executive officers, a Basel III common equity Tier 1 ratio of at least 8.5% on a fully phased-in basis was established as a minimum funding requirement for our annual incentive, with such percentage being above the minimum regulatory threshold ratio to which we expect to be held. Our annual incentives also take into account a risk assessment for both the company as a whole and for each individual. In addition, our named executives' target long-term incentives are set after considering potential downward adjustments for prior-year risk scorecard results and all of their equity awards are subject to 100% forfeiture during the vesting period based on ongoing risk assessments under our comprehensive recoupment policy.

We are also subject to regulation by various U.S. and international governmental and regulatory agencies with respect to executive compensation matters and the consideration of risk in the context of compensation. Our programs have been designed to comply with these regulations, and the HRC Committee regularly monitors new and proposed regulations as they develop to determine if additional action is required.

Based on the above, we believe that our compensation plans and practices are well-balanced and do not encourage imprudent risk-taking that threatens our company's value or create risks that are reasonably likely to have a material adverse effect on the company.

Report of the HRC Committee

The HRC Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. On the basis of such review and discussions, the HRC Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the company's Annual Report on Form 10-K and this proxy statement.

By: The Human Resources and Compensation Committee

Samuel C. Scott III, Chairman
Edward P. Garden
Edmund F. "Ted" Kelly
Richard J. Kogan
Michael J. Kowalski
Wesley W. von Schack

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Summary Compensation Table

As discussed on page 41, the Summary Compensation Table and Grants of Plan-Based Awards Table, on this page 50 and on page 52, are in accordance with SEC rules and do not reflect the manner in which our HRC Committee thinks about and determines compensation. In particular, the SEC rules require that we report equity-based awards for the year that they are granted, even though the equity-based portion of our annual incentives is awarded for services performed the prior year and our long-term equity incentives are awarded after adjustment for performance during the prior year.

Name and Principal Position	Year	Salary	Bonus	Stock Awards[1][2]	Option Awards[2]	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3]	All Other Compensation[4]	Total Compensation
Gerald L. Hassell	2014	$1,000,000	$ 0	$7,750,031	$ 0	$ 1,244,640	$ 1,509,388	$ 155,469	$ 11,659,528
Chairman and Chief	2013	$1,000,000	$ 0	$4,682,101	$ 0	$ 3,486,483	$ 0	$ 282,191	$ 9,450,775
Executive Officer	2012	$1,000,000	$ 0	$6,250,748	$2,389,266	$ 3,045,938	$ 978,595	$ 140,611	$ 13,805,158
Thomas P. “Todd” Gibbons	2014	$ 650,000	$ 0	$2,982,659	$ 0	$ 1,808,471	$ 978,123	$ 78,460	$ 6,497,713
Vice Chairman and Chief	2013	$ 650,000	$ 0	$2,293,760	$ 0	$ 2,084,936	$ 0	$ 113,010	$ 5,141,706
Financial Officer	2012	$ 650,000	$ 0	$1,848,009	$ 706,376	$ 1,968,169	$ 826,027	$ 112,579	$ 6,111,160
Curtis Y. Arledge	2014	$ 650,000	$ 0	$7,544,542	$ 0	$ 3,647,534	$ 0	$ 95,396	$ 11,937,472
Vice Chairman and CEO of	2013	$ 625,000	$ 0	$6,160,496	$ 0	$ 5,346,668	$ 0	$ 129,321	$ 12,261,485
Investment Management	2012	$ 600,000	$ 0	$3,695,290	$1,412,477	$ 6,202,735	$ 0	$ 163,111	$ 12,073,613
Karen B. Peetz	2014	$ 650,000	$ 0	$2,907,106	$ 0	$ 1,716,826	$ 233,014	$ 26,012	$ 5,532,958
President	2013	$ 625,000	$ 0	$2,150,002	$ 0	$ 1,978,016	$ 38,682	$ 43,886	$ 4,835,586
	2012	$ 550,000	$ 0	$1,875,216	$ 716,777	$ 1,543,069	$ 149,654	$ 18,729	$ 4,853,445
Brian G. Rogan	2014	$ 650,000	$ 0	$2,756,157	$ 0	$ 1,945,939	$ 1,216,212	$ 1,417,054	$ 7,985,362
Former Vice Chairman and	2013	$ 650,000	$ 0	$2,390,145	$ 0	$ 1,978,016	$ 0	$ 110,920	$ 5,129,081
Chief Risk Officer	2012	$ 650,000	$ 0	$1,848,009	$ 706,376	$ 1,968,169	$ 857,863	$ 147,604	$ 6,178,021
Timothy F. Keaney	2014	$ 487,500	$ 0	$2,993,243	$ 0	$ 1,455,456	$ 107,937	$ 1,353,825	$ 6,397,961
Former Vice Chairman and CEO of Investment Services	2013	$ 625,000	$ 0	$2,109,486	$ 0	$ 2,099,904	$ 2,224	$ 32,099	$ 4,868,713

(1) The amounts disclosed in this column include the grant date fair value of RSUs granted in 2014, 2013 and 2012 and the grant date fair value of PSUs granted in 2014 and 2013. For 2014, the grant date fair values of PSUs were: $3,385,730 for Mr. Hassell; $1,509,463 for Mr. Gibbons; $3,766,605 for Mr. Arledge; $1,509,463 for Ms. Peetz; $1,358,513 for Mr. Rogan; and $1,509,463 for Mr. Keaney. At the maximum level of performance, the PSU values would be: $4,232,155 for Mr. Hassell; $1,886,820 for Mr. Gibbons; $4,708,257 for Mr. Arledge; $1,886,820 for Ms. Peetz; $1,698,142 for Mr. Rogan; and $1,886,820 for Mr. Keaney. For 2013, the grant date fair values of PSUs were: $3,652,110 for Mr. Hassell; $1,628,217 for Mr. Gibbons; $4,062,976 for Mr. Arledge; $1,628,217 for Ms. Peetz; $1,724,602 for Mr. Rogan; and $1,628,217 for Mr. Keaney. At maximum, for 2013, the PSU values would be: $4,565,138 for Mr. Hassell; $2,035,271 for Mr. Gibbons; $5,078,720 for Mr. Arledge; $2,035,271 for Ms. Peetz; $2,155,753 for Mr. Rogan; and $2,035,271 for Mr. Keaney.

(2) The amounts disclosed in these columns are computed in accordance with FASB ASC Topic 718 (“ASC 718”) using the valuation methodology for equity awards set forth in note 17 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014.

(3) The amount disclosed in this column represents the increase in the present value of the executive’s accumulated pension benefit. The total amount disclosed for 2014 for Messrs. Hassell, Gibbons, Rogan and Keaney and Ms. Peetz consists solely of the increase in the present value of the accumulated benefit, as there are no above-market nonqualified deferred compensation earnings. Present values are determined in accordance with the assumptions used for purposes of measuring our pension obligations under FASB ASC 715 (formerly SFAS No. 87) as of December 31, 2014, including a discount rate of 4.13%, with the exception that benefit payments are assumed to commence at the earliest age at which unreduced benefits are payable.

(4) The items comprising "All Other Compensation" for 2014 are:

Name	Perquisites and Other Personal Benefits(a)	Contributions to Defined Contribution Plans(b)	Insurance Premiums(c)	Severance Payments(d)	Total
Gerald L. Hassell	$ 127,819	$ 13,000	$ 14,650	$ —	$ 155,469
Thomas P. "Todd" Gibbons	$ 55,360	$ 13,000	$ 10,100	$ —	$ 78,460
Curtis Y. Arledge	$ 69,396	$ 26,000	$ —	$ —	$ 95,396
Karen B. Peetz	$ 13,012	$ 13,000	$ —	$ —	$ 26,012
Brian G. Rogan	$ 62,896	$ 13,000	$ 7,425	$ 1,333,733	$ 1,417,054
Timothy F. Keaney	$ 5,850	$ 13,000	$ —	$ 1,334,975	$ 1,353,825

(a) "Perquisites and Other Personal Benefits" are for Mr. Hassell, use of company car and driver ($34,414), use of company aircraft ($63,405) and enhanced charitable gift match ($30,000); for Mr. Gibbons, use of company car and driver ($40,360) and enhanced charitable gift match ($15,000); for Mr. Arledge, use of company car and driver ($54,396) and enhanced charitable gift match ($15,000); for Ms. Peetz, enhanced charitable gift match ($13,012); for Mr. Rogan, use of company car and driver ($47,896) and enhanced charitable gift match ($15,000); and for Mr. Keaney, enhanced charitable gift match ($5,850).

The amounts disclosed represent aggregate incremental costs as follows: use of the company car and driver, the company's cost associated with the individual's personal use of the pool of vehicles and drivers; personal use of corporate aircraft, the direct hourly operating cost for use of the aircraft multiplied by the number of hours of personal use; and the enhanced charitable gift match, matching contributions to eligible charities made by the company in excess of those provided for other employees under the company's gift matching programs. We calculated the direct hourly operating cost for use of the aircraft by adding the total amount spent by us for fuel, maintenance, landing fees, travel and catering associated with the use of corporate aircraft in 2014 and divided this number by the total number of flight hours logged in 2014.

(b) "Contributions to Defined Contribution Plans" consist of matching contributions under our 401(k) plans. In addition, for Mr. Arledge, the amount includes non-discretionary company contributions totaling 2% of base salary under our 401(k) plan and The Bank of New York Mellon Corporation Defined Contribution IRC Section 401(a)(17) Plan (the "BNY Mellon 401(k) Benefits Restoration Plan"). See "Nonqualified Deferred Compensation" below on page 58 for more details regarding the BNY Mellon 401(k) Benefits Restoration Plan.

(c) Represent taxable payments made by us for universal life insurance policies.

(d) Represent the following severance payments made by us pursuant to The Bank of New York Mellon Corporation Executive Severance Plan: two times base salary of $1,300,000, two years of benefits continuation, valued at $33,733 for Mr. Rogan and $34,975 for Mr. Keaney, and the right to outplacement services for one year. Messrs. Rogan and Keaney's employment with the company terminated effective December 31, 2014 and September 30, 2014, respectively. Severance payments made to Messrs. Rogan and Keaney also included a pro-rata annual bonus for the year of termination (the cash portion of which is reported in the Non-Equity Incentive Plan Compensation column in accordance with SEC rules).

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Grants of Plan-Based Awards

Name	Award Type	Grant Date	Date HRC Committee took Action to Grant Award	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Possible Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	Grant Date Fair Value of Stock Awards ($)(3)
Gerald L. Hassell	EICP	—	—	—	$8,400,000	$12,600,000	—	—	—	—
	PSUs	2/19/2014	2/19/2014	—	—	—	54,381	108,761	135,951	$3,385,730
Thomas P. “Todd” Gibbons	EICP	—	—	—	$3,745,000	$ 5,618,000	—	—	—	—
	PSUs	2/19/2014	2/19/2014	—	—	—	24,245	48,489	60,611	$1,509,463
Curtis Y. Arledge	EICP	—	—	—	$9,345,000	$14,018,000	—	—	—	—
	PSUs	2/19/2014	2/19/2014	—	—	—	60,498	120,996	151,245	$3,766,605
Karen B. Peetz	EICP	—	—	—	$3,745,000	$ 5,618,000	—	—	—	—
	PSUs	2/19/2014	2/19/2014	—	—	—	24,245	48,489	60,611	$1,509,463
Brian G. Rogan	EICP	—	—	—	$3,745,000	$ 5,618,000	—	—	—	—
	PSUs	2/19/2014	2/19/2014	—	—	—	21,820	43,640	54,550	$1,358,513
Timothy F. Keaney	EICP	—	—	—	$3,745,000	$ 5,618,000	—	—	—	—
	PSUs	2/19/2014	2/19/2014	—	—	—	24,245	48,489	60,611	$1,509,463

(1) Represents annual incentive amounts to be paid for performance during 2014 under The Bank of New York Mellon Corporation Executive Incentive Compensation Plan. Amounts earned under the Plan in 2015 (for 2014 performance) were made 20% in the form of cash and 80% in the form of RSUs for Mr. Hassell and 57% in the form of cash and 43% in the form of RSUs for our other named executive officers. There was no threshold payout under this plan for 2014.

The table above does not reflect the RSUs that were granted on February 19, 2014 with respect to each named executive officer’s 2013 annual incentive award, which was made 43% in the form of cash and 57% in the form of RSUs for Mr. Hassell and 57% in the form of cash and 43% in the form of RSUs for our other named executive officers. The RSUs vest in equal installments over three years. In the event that the named executive officer’s risk scorecard rating is lower than acceptable risk tolerance, any unvested RSUs will be subject to review and potential forfeiture, as determined by our HRC Committee. The 2013 annual incentive award was previously reported in the 2013 Grants of Plan-Based Awards Table.

(2) Represents the named executive officer’s long-term incentive award granted in the form of PSUs under The Bank of New York Mellon Corporation Long-Term Incentive Plan. The amounts shown under the Threshold column represent the threshold payout level of 50% of target, and amounts shown under the Maximum column represent the maximum payout level of 125% of target. Upon vesting, the PSUs will be paid out in shares of BNY Mellon common stock. PSUs cannot be sold during the period of restriction. During this period, dividend equivalents on the PSUs will be reinvested and paid to the executives at the same time as the underlying shares. One-third of these units will be earned between 0-125% based on our return on risk-weighted assets over each year of a three-year performance period (2014 to 2016), and the earned units generally will cliff vest after the end of the performance period if the executive remains employed by us. In the event that the named executive officer’s risk scorecard rating is lower than acceptable risk tolerance, any unvested PSUs will be subject to review and potential forfeiture, as determined by our HRC Committee.

(3) The aggregate grant date fair value of awards presented in this column is calculated in accordance with ASC 718.

Outstanding Equity Awards at Fiscal Year-End

The market value of unvested or unearned awards is calculated based on $40.57 per share, the closing price of our common stock on the NYSE on December 31, 2014.

		Option Awards(2)				Stock Awards(3)			
		Number of Securities Underlying Unexercised Options (#)							
Name	Year of Grant/ Performance Period(1)	Exercisable	Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Gerald L. Hassell	2006	155,661	—	$37.0900	3/14/2016				
	2007	191,042	—	$40.4000	3/13/2017				
	2007	86,180	—	$42.8300	4/2/2017				
	2007	471,700	—	$43.9300	6/29/2017				
	2007	35,896	—	$44.5900	7/23/2017				
	2008	380,916	—	$42.3100	3/10/2018				
	2009	329,593	—	$18.0200	3/9/2019				
	2010	319,803	—	$30.2500	3/15/2020				
	2011	221,340	73,779	$30.1300	2/23/2021				
	2012	217,206	217,206	$22.0300	2/22/2022	94,578	$3,837,029		
	2013					25,134	$1,019,686		
	2014					140,196	$5,687,752		
	2013-2015					85,585(4)	$3,472,194	46,261(5)	$ 1,876,820
	2014-2016					24,734(4)	$1,003,445	73,831(5)	$ 2,995,339
Thomas P. “Todd” Gibbons	2006	127,359	—	$37.0900	3/14/2016				
	2007	79,022	—	$40.4000	3/13/2017				
	2007	43,161	—	$42.8300	4/2/2017				
	2007	16,320	—	$44.5900	7/23/2017				
	2008	184,380	—	$42.3100	3/10/2018				
	2008	38,152	—	$34.6300	7/21/2018				
	2009	182,328	—	$18.0200	3/9/2019				
	2010	193,726	—	$30.2500	3/15/2020				
	2011	142,593	47,531	$30.1300	2/23/2021				
	2012	64,216	64,216	$22.0300	2/22/2022	27,962	$1,134,418		
	2013					16,240	$ 658,857		
	2014					47,324	$1,919,935		
	2013-2015					38,156(4)	$1,547,990	20,625(5)	$ 836,754
	2014-2016					11,027(4)	$ 447,357	32,916(5)	$ 1,335,420

Name	Year of Grant/ Performance Period[1]	Option Awards[2] Number of Securities Underlying Unexercised Options (#) Exercisable	Unexercisable	Option Exercise Price ($)	Option Expiration Date	Stock Awards[3] Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Curtis Y. Arledge	2011	455,451	151,812	$30.1300	2/23/2021				
	2012	128,408	128,406	$22.0300	2/22/2022	55,913	$2,268,390		
	2013					51,184	$2,076,535		
	2014					121,360	$4,923,575		
	2013-2015					95,215[4]	$3,862,855	51,466[5]	$ 2,087,967
	2014-2016					27,516[4]	$1,116,307	82,137[5]	$ 3,332,313
Karen B. Peetz	2006	9,434	—	$37.0900	3/14/2016				
	2007	52,102	—	$40.4000	3/13/2017				
	2007	24,198	—	$42.8300	4/2/2017				
	2007	8,964	—	$44.5900	7/23/2017				
	2008	109,412	—	$42.3100	3/10/2018				
	2008	17,609	—	$34.6300	7/21/2018				
	2010	73,001	—	$30.2500	3/15/2020				
	2011	67,054	39,018	$30.1300	2/23/2021				
	2012	—	65,161	$22.0300	2/22/2022	28,373	$1,151,093		
	2013					12,732	$ 516,537		
	2014					44,897	$1,821,471		
	2013-2015					38,156[4]	$1,547,990	20,625[5]	$ 836,754
	2014-2016					11,027[4]	$ 447,357	32,916[5]	$ 1,335,420
Brian G. Rogan	2006	127,359	—	$37.0900	3/14/2016				
	2007	79,890	—	$40.4000	3/13/2017				
	2007	40,472	—	$42.8300	4/2/2017				
	2007	15,096	—	$44.5900	7/23/2017				
	2008	162,092	—	$42.3100	3/10/2018				
	2008	14,674	—	$34.6300	7/21/2018				
	2010	175,276	—	$30.2500	3/15/2020				
	2011	142,593	47,531	$30.1300	2/23/2021				
	2012	64,216	64,216	$22.0300	2/22/2022	27,962	$1,134,418		
	2013					16,240	$ 658,857		
	2014					44,897	$1,821,471		
	2013-2015					40,415[4]	$1,639,643	21,752[5]	$ 882,475
	2014-2016					9,924[4]	$ 402,618	29,624[5]	$ 1,201,862

Name	Year of Grant/ Performance Period(1)	Option Awards(2) Number of Securities Underlying Unexercised Options (#) Exercisable	Unexercisable	Option Exercise Price ($)	Option Expiration Date	Stock Awards(3) Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Timothy F. Keaney	2005	37,736	—	$32.2100	3/9/2015				
	2006	37,736	—	$37.0900	3/14/2016				
	2007	48,628	—	$40.4000	3/13/2017				
	2007	27,594	—	$42.8300	4/2/2017				
	2007	8,964	—	$44.5900	7/23/2017				
	2008	121,569	—	$42.3100	3/10/2018				
	2009	105,189	—	$18.0200	3/9/2019				
	2009	43,936	—	$28.5400	6/8/2019				
	2010	123,001	—	$30.2500	3/15/2020				
	2011	117,054	39,018	$30.1300	2/23/2021				
	2012	65,162	65,161	$22.0300	2/22/2022	28,373	$1,151,093		
	2013					11,744	$ 476,454		
	2014					47,664	$1,933,728		
	2013-2015					33,061	$1,341,266	0(6)	$ 0(6)
	2014-2016					8,248	$ 334,619	0(6)	$ 0(6)

(1) Refers to the year of grant for stock options and RSUs, and to the performance period for PSUs.

(2) Stock options vest and become exercisable in accordance with the following schedule:

Year of Grant	
2011	1/4 vest per year over a four-year period; the remaining unexercisable options vested on 2/24/2015
2012	1/4 vest per year over a four-year period; the remaining unexercisable options vested 1/2 on 2/23/2015 and vest 1/2 on 2/23/2016

(3) RSUs vest in accordance with the following schedule:

Year of Grant	
2012	1/3 vest per year over a three-year period; the remaining unvested RSUs vested on 2/23/2015
2013	1/3 vest per year over a three-year period; the remaining unvested RSUs vested 1/2 on 2/21/2015 and vest 1/2 on 2/21/2016
2014	1/3 vest per year over a three-year period; the remaining unvested RSUs vested 1/3 on 2/19/2015 and vest 1/3 on 2/19/2016 and 1/3 on 2/19/2017

PSUs are earned and vest in accordance with the following schedule:

Year of Grant	
2013	1/3 earned per year over the three-year performance period, between 0-125% of target based on our return on risk-weighted assets during each year; earned PSUs cliff vest at the end of the performance period (on 2/21/2016)
2014	1/3 earned per year over the three-year performance period, between 0-125% of target based on our return on risk-weighted assets during each year; earned PSUs cliff vest at the end of the performance period (on 2/19/2017)

(4) Includes accrued dividends on the first tranche of earned PSUs for the 2014-2016 performance period, and the first and second tranches for the 2013-2015 performance period.

(5) Includes accrued dividends on unearned tranches of the PSUs, assuming target performance.

(6) Mr. Keaney forfeited a portion of certain unearned tranches of his PSUs and the accrued dividends on those tranches due to his termination on 9/30/2014.

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Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Gerald L. Hassell	—	$ —	189,791	$ 5,987,138
Thomas P. "Todd" Gibbons	127,359	$ 817,849	89,325	$ 2,824,298
Curtis Y. Arledge	—	$ —	306,681	$ 10,317,168
Karen B. Peetz	215,351	$ 2,472,988	78,447	$ 2,478,981
Brian G. Rogan	260,339	$ 3,719,253	89,325	$ 2,824,298
Timothy F. Keaney	—	$ —	77,952	$ 2,463,463

Pension Benefits

Name	Plan Name(1)	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(2)	Payments During Last Fiscal Year ($)
Gerald L. Hassell	BNY Mellon Tax-Qualified Retirement Plan	38.25	$ 1,674,518	$ —
	Legacy BNY Excess Plan	38.25	$ 4,530,124	$ —
	Legacy BNY SERP	38.25	$ 12,204,129	$ —
Thomas P. "Todd" Gibbons	BNY Mellon Tax-Qualified Retirement Plan	27.58	$ 1,311,908	$ —
	Legacy BNY Excess Plan	27.58	$ 2,144,698	$ —
	Legacy BNY SERP	27.58	$ 3,276,453	$ —
Karen B. Peetz	BNY Mellon Tax-Qualified Retirement Plan	15.75	$ 648,817	$ —
	Legacy BNY Excess Plan	15.75	$ 456,359	$ —
				$ —
Brian G. Rogan	BNY Mellon Tax-Qualified Retirement Plan	32.17	$ 1,584,887	$ —
	Legacy BNY Excess Plan	32.17	$ 2,038,899	$ —
	Legacy BNY SERP	32.17	$ 3,455,363	
Timothy F. Keaney	BNY Mellon Tax-Qualified Retirement Plan	13.08	$ 344,541	$ —
	Legacy BNY Excess Plan	13.08	$ 218,711	$ —

(1) Benefit accruals under the Legacy BNY SERP were frozen as of December 31, 2014, and benefit accruals under the Legacy BNY Excess Plan and the BNY Mellon Tax-Qualified Retirement Plan will be frozen as of June 30, 2015.

(2) The present values shown above are based on benefits earned as of December 31, 2014 under the terms of the various plans as summarized below. Present values are determined in accordance with the assumptions used for purposes of measuring our pension obligations under FASB ASC 715 (formerly SFAS No. 87) as of December 31, 2014, including a discount rate of 4.13%, with the exception that benefit payments are assumed to commence at the earliest age at which unreduced benefits are payable.

BNY Mellon Retirement Plans

The BNY Mellon Tax-Qualified Retirement Plan was previously amended effective January 1, 2009, to change the benefit formula for participants under age 50 as of December 31, 2008 and for new participants to a cash balance formula for service earned on and after January 1, 2009. Plan participants who were age 50 or older as of December 31, 2008 will continue to earn benefits through June 30, 2015 under the provisions of the legacy plan in which they participated as of that date. The plan was amended further effective January 1, 2011, to reduce future benefit accruals and limit participation to those persons participating in the plan as of December 31, 2010.

Because each of Messrs. Hassell, Gibbons and Rogan and Ms. Peetz were all over age 50 as of December 31, 2008, they continue to earn benefits under the provisions of the legacy plans in which they participate. Because Mr. Keaney attained age 50 after that date, his benefit earned for service after 2008 was comprised of pay credits added to a cash balance account equal to 4.5% (5% to 6% before 2011) of eligible base pay based on a combination of age and service. The cash balance portion of Mr. Keaney's benefit under the BNY Mellon Tax-Qualified Retirement Plan (based on eligible pay up to IRS limits, maximum of $260,000 in 2014) is payable on or after age 55 in either a lump sum or as an annuity. Mr. Keaney's Legacy BNY Excess Plan benefit is payable in a lump sum upon attainment of age 55. Mr. Keaney's benefit also included the accrued benefit earned as of December 31, 2008 under the Legacy BNY Provisions described below.

Because Messrs. Hassell, Gibbons and Rogan and Ms. Peetz have attained at least age 55, they are each eligible for immediate retirement under the BNY Mellon Tax-Qualified Retirement Plan and the Legacy BNY Excess Plan. Unreduced benefits are payable under these plans at age 60, or at age 57 with 20 years of service. Messrs. Hassell, Gibbons and Rogan are currently entitled to unreduced benefits from these plans. Ms. Peetz is entitled to unreduced benefits from these plans at age 60 and Mr. Keaney would have been eligible at age 60. Since Mr. Hassell is over age 60, he is also entitled to an unreduced benefit from the Legacy BNY SERP. Mr. Arledge does not participate in any plan that provides for specified payments and benefits (other than defined contribution plans) and accordingly, is not included in the Pension Benefits table above.

BNY Mellon Tax-Qualified Retirement Plan — Legacy BNY Provisions. The Legacy BNY Tax-Qualified Retirement Plan (the "Legacy BNY Plan") formula is a career average pay formula subject to IRC limits on eligible pay for determining benefits. Benefits are based on eligible base pay (maximum of $260,000 in 2014). Employees who participated in the Legacy BNY Plan prior to January 1, 2006 may choose between a monthly benefit and a lump sum at retirement, while other participants will receive monthly benefits at retirement.

Legacy BNY Excess Plan. This plan is an unfunded nonqualified plan designed to provide the same benefit to Legacy BNY employees as under the BNY Mellon Tax-Qualified Retirement Plan to the extent their benefits are limited under such plan as a result of IRC limits on accrued benefits and eligible base pay. Benefits are paid in a lump sum.

Legacy BNY SERP. The Legacy BNY SERP is an unfunded nonqualified plan that provides benefits according to a benefit formula similar to that of the BNY Mellon Tax-Qualified Retirement Plan benefit formula but includes an annual bonus (capped at 100% of base salary after 2005) for senior executives who were selected to participate in this plan by the Bank of New York's board of directors prior to July 8, 2003. Benefits are paid in a lump sum. Participants are entitled to benefits in this plan only if they terminate service on or after age 60. Although Mr. Rogan is not entitled to his benefit until age 60, the Company vested his benefit under this plan on June 24, 2014. The Legacy BNY SERP is closed to new participants.

Beginning with 2006, each of the plans generally provides benefits under a career average pay formula, rather than the final average pay formula under which benefits were based prior to 2006. Beginning January 1, 2006, benefits accrued for all three plans are equal to 1% (increased to 1.1% effective January 1, 2009 and with respect to the BNY Mellon Tax-Qualified Retirement Plan and the Legacy BNY Excess Plan, decreased to 0.9%, effective January 1, 2011) of eligible pay earned after 2005. Benefits accrued before 2006 are based on a final average pay formula and service as of December 31, 2005. The prior accrued benefit is indexed at a rate of 1% per year. For the prior accrued benefit, the BNY Mellon Tax-Qualified Retirement Plan and the Legacy BNY Excess Plan use a five-year average period, whereas the Legacy BNY SERP was based on a three-year average period. Accrued benefits under each of the plans are provided solely for service at the Bank of New York or with us, and were frozen as of December 31, 2014 for the Legacy BNY SERP and will be frozen as of June 30, 2015 for the BNY Mellon Tax-Qualified Retirement Plan and the Legacy BNY Excess Plan.

Nonqualified Deferred Compensation

The following table provides information with respect to each defined contribution or other plan that provides for nonqualified deferred compensation in which the named executive officers participate.

Name[(1)]	Executive Contributions in Fiscal Year 2014	Registrant Contributions in Fiscal Year 2014	Aggregate Earnings in Fiscal Year 2014	Aggregate Withdrawals/ Distributions	Aggregate Balance at End of Fiscal Year 2014
Curtis Y. Arledge	$ —	$ 7,800[(2)(3)]	$ 1,278	$ —	$ 32,493[(4)]
Thomas P. “Todd” Gibbons	$ —	$ —	$ 50,010	$ —	$1,272,950[(5)]

(1) Messrs. Hassell, Rogan and Keaney and Ms. Peetz are not included in the table, because, as of December 31, 2014, none of them had a balance in or made any contributions to or withdrawals from any nonqualified deferred compensation plan of the company.

(2) Represents company contributions to Mr. Arledge pursuant to the BNY Mellon 401(k) Benefits Restoration Plan for the 2014 fiscal year.

(3) This amount is included in the All Other Compensation column of the Summary Compensation Table on page 50.

(4) In 2013, Mr. Arledge’s account was credited with company contributions of $14,375 for the 2011 and 2012 fiscal years and, in 2014, Mr. Arledge’s account was credited with a company contribution of $7,400 for the 2013 fiscal year. These amounts were previously reported in the All Other Compensation column of the Summary Compensation Table.

(5) Mr. Gibbons contributed $1,025,000 to The Bank of New York Mellon Corporation Deferred Compensation Plan for Employees (the “BNY Mellon Deferred Compensation Plan”) in 2011. This amount was previously reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

BNY Mellon Nonqualified Deferred Compensation Plans

BNY Mellon 401(k) Benefits Restoration Plan. On December 20, 2012, the company adopted the BNY Mellon 401(k) Benefits Restoration Plan, which is a nonqualified plan designed for the purpose of providing deferred compensation on an unfunded basis for eligible employees. The deferred compensation provided under the BNY Mellon 401(k) Benefits Restoration Plan is intended to supplement the benefit provided under the BNY Mellon 401(k) Savings Plan, our 401(k) Plan, for employees first participating in our 401(k) Plan after 2010 where the employee’s retirement contributions under the 401(k) Plan are limited due to the maximums imposed on “qualified” plans by section 401(a)(17) of the Internal Revenue Code. Pursuant to the BNY Mellon 401(k) Benefits Restoration Plan, we set up a notional account that is credited with an amount, if any, of non-discretionary company contributions that would have been credited to each eligible employee’s 401(k) Plan account absent those tax limitations, including for prior years in which the BNY Mellon 401(k) Benefits Restoration Plan was not yet in effect. The amounts credited to the notional accounts generally vest after three years of service, as defined and calculated under the 401(k) Plan. As of December 31, 2014, Mr. Arledge was the only named executive officer who participated in the BNY Mellon 401(k) Benefits Restoration Plan.

BNY Mellon Deferred Compensation Plan. The company adopted the BNY Mellon Deferred Compensation Plan effective as of April 1, 2008 for deferrals of cash compensation earned by eligible employees of the company after March 31, 2008. The BNY Mellon Deferred Compensation Plan permits executives to defer receipt of cash bonus/incentive amounts above the Social Security wage base (which was $117,000 in 2014) until a later date while employed, upon retirement or after retirement not to exceed age 70. Changes are permitted to the payment election once annually; however, they must comply with the regulations contained in The American Jobs Creation Act of 2004. Deferred compensation may be paid in a lump sum or annual payments over two to 15 years. If an executive terminates employment prior to age 55, his benefit is paid in a lump sum shortly after termination. Investment alternatives, based on a selection of variable rate options, must be selected when the executive makes a deferral election and may be changed each quarter for future deferrals. Previously deferred amounts may generally be reallocated among the investment options at the beginning of each quarter. The plan is a nonqualified unfunded plan.

Potential Payments upon Termination or Change in Control

The following discussion summarizes any arrangements, agreements and policies of the company relating to potential payments upon termination or change in control.

Retirement Benefits

As shown in the 2014 Pension Benefits and the 2014 Nonqualified Deferred Compensation Tables above, we provide qualified and non-qualified pension retirement benefits and qualified and non-qualified defined contribution retirement benefits (with the specific plans varying depending on when participation began).

In addition, we provide accelerated or continued vesting of equity awards for participants who are eligible for retirement, with the eligibility dependent on the individual's age and length of service and the terms of the applicable plan. At December 31, 2014 and using the same assumptions as used for the Table of Other Potential Payments below, Mr. Hassell was eligible to receive accelerated or continued vesting of $4,797,253 in options and $18,082,712 in stock awards, Mr. Gibbons was eligible for $5,742,137 in stock awards and Ms. Peetz was eligible for $5,512,898 in stock awards. Mr. Arledge is not retirement-eligible. Accelerated or continued vesting is not provided on termination by the company for cause.

Other Potential Payments upon Termination or Change in Control

Change in Control and Severance Arrangements. Since 2010, our Board has implemented a "Policy Regarding Stockholder Approval of Future Senior Officer Severance Arrangements." The policy provides that the company will not enter into a future severance arrangement with a senior executive that provides for severance benefits (as defined in the policy) in an amount exceeding 2.99 times the sum of the senior executive's annual base salary and target bonus for the year of termination (or, if greater, for the year before the year of termination), unless such arrangement receives approval of the stockholders of the company.

Under the Bank of New York Mellon Corporation Executive Severance Plan, if an eligible participant is terminated by the company without "cause" (as defined in the plan), the participant is eligible to receive a severance payment equal to two times the participant's base salary for the year of termination (or, if greater, for the year before the year of termination), a pro-rata annual bonus for the year of termination, benefit continuation for two years and outplacement services for one year. If a participant's employment is terminated by the company without cause or if the participant terminates his or her employment for "good reason" (as defined in the plan) within two years following a "change in control" (as defined in the plan), then instead of receiving the benefits described above, the participant is eligible to receive a severance payment equal to two times the sum of the participant's base salary and target annual bonus for the year of termination (or, if greater, for the year before the year of termination), a pro-rata target annual bonus for the year of termination, benefit continuation for two years and outplacement services for one year. The payments and benefits under the plan are subject to the participant signing a release and waiver of claims in favor of the company and agreeing not to solicit our customers and employees for one year. If any payment under the plan would cause a participant to become subject to the excise tax imposed under section 4999 of the Internal Revenue Code, then payments and benefits will be reduced to the amount that would not cause the participant to be subject to the excise tax if such a reduction would put the participant in a better after tax position than if the participant were to pay the tax.

Payments and benefits that are payable under the plan will be reduced to the extent that the amount of such payments or benefits would exceed the amount permitted to be paid under the company's "Policy Regarding Stockholder Approval of Future Senior Officer Severance Arrangements" and such amounts are not approved by the company's stockholders in accordance with the policy.

Unvested Equity Awards. Equity awards granted to our named executive officers through December 31, 2014 were granted under (i) the 2003 Long-Term Incentive Plan of the Bank of New York and (ii) The Bank of New York Mellon Corporation Long-Term Incentive Plan, as applicable. Each award is evidenced by an award agreement that sets forth the terms and conditions of the award and the effect of any termination event or a change in control on unvested equity awards. Accordingly, the effect of a termination event or change in control on outstanding equity awards varies by executive officer and type of award.

Table of Other Potential Payments. The following table is based on the following:

- The termination event listed in the table is assumed to be effective as of December 31, 2014.
- The value of our common stock of $40.57 per share is based on the closing price of our common stock on the NYSE on December 31, 2014, the last trading day in 2014.
- The amounts shown in the table include the estimated potential payments and benefits that are payable as a result of the triggering event and do not include any pension, deferred compensation, or option/stock award vesting that would be earned on retirement as described above. We have only included amounts by which a named executive officer's retirement benefit is enhanced by the triggering event, or additional option/stock awards that vest on the triggering event that would not vest on retirement alone. See "Retirement Benefits" on page 58 above for information on the acceleration or continued vesting of equity awards upon retirement.
- The designation of an event as a termination in connection with a change of control is dependent upon the termination being either an involuntary termination by the company without cause or a termination by the named executive officer for good reason.
- "Cash Compensation" includes payments of salary, bonus, severance or death benefit amounts payable in the applicable scenario.

The actual amounts that would be payable in these circumstances can only be determined at the time of the executive's separation, would include payments or benefits already earned or vested and may differ from the amounts set forth in the tables below. In some cases a release may be required before amounts would be payable. Although we may not have any contractual obligation to make a cash payment or provide other benefits to any named executive officer in the event of his or her death or upon the occurrence of any other event, a cash payment may be made or other benefit may be provided in our discretion. The incremental benefits that would be payable upon certain types of termination of employment as they pertain to the named executive officers are described below.

Messrs. Keaney and Rogan are not included in the table below because their employment with us terminated in 2014; see "Separation Benefits for Messrs. Keaney and Rogan" on page 47 for information on payments they received in connection with their respective terminations. Messrs. Keaney and Rogan also will continue vesting in the options and stock awards disclosed in "Outstanding Equity Awards at Fiscal Year-End" on page 53 in accordance with the applicable award agreements.

Named Executive Officer	By Company without Cause	Termination in Connection with Change of Control	Death
Gerald L. Hassell			
Cash Severance(1)	$ 2,000,000	$ 18,800,000	$ —
Pro-rated Bonus(1)	$ 7,123,200	$ 7,123,200	$ —
Health and Welfare Benefits	$ 14,514	$ 14,514	$ —
Additional Retirement Benefits(2)	$ —	$ —	$ —
Additional Option Vesting(3)	$ —	$ —	$ —
Additional Stock Award Vesting(4)	$ —	$ —	$ —
Tax Gross-Up	$ —	$ —	$ —
TOTAL	$ 9,137,714	$ 25,937,714	$ —
Thomas P. "Todd" Gibbons			
Cash Severance(1)	$ 1,300,000	$ 8,790,000	$ —
Pro-rated Bonus(1)	$ 3,407,950	$ 3,407,950	$ —
Health and Welfare Benefits	$ 2,884	$ 2,884	$ —
Additional Retirement Benefits(2)	$ —	$ —	$ 3,544,855
Additional Option Vesting(3)	$ 1,686,788	$ 1,686,788	$ 1,686,788
Additional Stock Award Vesting(4)	$ 1,329,678	$ 1,329,678	$ 1,329,678
Tax Gross-Up	$ —	$ —	$ —
TOTAL	$ 7,727,300	$ 15,217,300	$ 6,561,321
Curtis Y. Arledge			
Cash Severance(1)	$ 1,300,000	$ 19,990,000	$ —
Pro-rated Bonus(1)	$ 7,989,976	$ 7,989,976	$ —
Health and Welfare Benefits	$ 19,444	$ 19,444	$ —
Additional Retirement Benefits(2)	$ —	$ —	$ —
Additional Option Vesting(3)	$ 3,965,564	$ 3,965,564	$ 3,965,564
Additional Stock Award Vesting(4)	$ 14,322,793	$ 16,983,784	$16,983,784
Tax Gross-Up	$ —	$ —	$ —
TOTAL	$ 27,597,777	$ 48,948,768	$20,949,348

Named Executive Officer	By Company without Cause	Termination in Connection with Change of Control	Death
Karen B. Peetz			
Cash Severance(1)	$ 1,300,000	$ 8,790,000	$ —
Pro-rated Bonus(1)	$ 3,407,950	$ 3,407,950	$ —
Health and Welfare Benefits	$ 17,986	$ 17,986	$ —
Additional Retirement Benefits(2)	$ —	$ —	$ —
Additional Option Vesting(3)	$ 1,615,433	$ 1,615,433	$1,615,433
Additional Stock Award Vesting(4)	$ 1,329,678	$ 1,329,678	$1,329,678
Tax Gross-Up	$ —	$ —	$ —
TOTAL	$ 7,671,047	$ 15,161,047	$2,945,111

(1) Amounts shown assume that no named executive officer received payment from any displacement program, supplemental unemployment plan or other separation benefit other than the executive severance plan. Amounts have been calculated in accordance with the terms of the applicable agreements. For terminations by the company without cause, amounts will be paid in installments over a two-year period following termination. For terminations in connection with a change of control, amounts will be paid in a lump sum.

(2) Amounts shown include amounts that would be payable automatically in a lump sum distribution upon death. For benefits that would not be payable automatically in a lump sum, the amount included is the present value based on the assumptions used for purposes of measuring pension obligations under FASB ASC 715 (formerly SFAS No. 87) as of December 31, 2014, including a discount rate of 4.13%. Amounts shown include only the amount by which a named executive officer's retirement benefit is enhanced as a result of termination, pursuant to, where applicable, required notices given after the existence of a right to payment. Information relating to the present value, whether the amounts are paid in a lump sum or on an annual basis and the duration of each named executive officer's accumulated retirement benefit can be found in "Pension Benefits" on page 56 above.

(3) The value of Additional Option Vesting represents the difference between the closing price of our common stock on December 31, 2014 ($40.57) and the exercise price of all unvested options that would vest on or after a separation from employment that would not vest on retirement alone. Information relating to the vesting of options on retirement can be found in "Retirement Benefits" on page 58 above.

(4) The value of Additional Stock Award Vesting represents the value at December 31, 2014 of all shares of restricted stock, restricted stock units (along with cash dividends accrued on the restricted stock units), and earned PSUs (along with dividend equivalents on the PSUs) that on that date were subject to service-based restrictions, which restrictions lapse on or after certain terminations of employment, including following a change of control, to the extent such restrictions would not lapse on retirement alone. Information relating to the vesting of stock awards on retirement can be found in "Retirement Benefits" on page 58 above.

Item 3 –
Ratification of KPMG LLP

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- Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees
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RESOLUTION

Proposal

We are asking stockholders to ratify the Audit Committee's appointment of KPMG LLP as our independent registered public accountants for the year ending December 31, 2015.

Background

KPMG LLP or its predecessors have served as our independent registered public accounting firm since the merger in 2007 and previously served as the independent registered public accountant of Mellon since 1972. The Audit Committee and the Board believe that the continued retention of KPMG LLP to serve as independent registered public accounting firm for the 2015 fiscal year is in the best interests of the company and its stockholders.

The Board of Directors unanimously recommends that you vote **"FOR"** ratification of the appointment of KPMG LLP as our independent registered public accountants for the year ending December 31, 2015.

Our Audit Committee has direct responsibility:

- For the appointment, compensation, retention and oversight of the work of our independent registered public accountants engaged to prepare an audit report or to perform other audit, review or attest services for us.
- To negotiate and approve the audit engagement fees and terms associated with the retention of KPMG LLP.
- To annually evaluate and, as appropriate, replace KPMG LLP as our independent registered public accountant and discuss with management the timing and process for implementing the mandatory rotation of the lead engagement partner.

We expect that representatives of KPMG LLP will be present at the Annual Meeting to respond to appropriate questions, and they will have the opportunity to make a statement if they desire.

Voting

Adoption of this proposal requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting by the holders of our common stock voting in person or by proxy. Unless contrary instructions are given, shares represented by proxies solicited by the Board will be voted "for" the ratification of the selection of KPMG LLP as our independent registered public accountants for the year ending December 31, 2015.

If the selection of KPMG LLP is not ratified by our stockholders, the Audit Committee will reconsider the matter. If selection of KPMG LLP is ratified, the Audit Committee in its discretion may still direct the appointment of a different independent registered public accountant at any time during the year if it determines that such a change is in our best interests.

REPORT OF THE AUDIT COMMITTEE

On behalf of our Board of Directors, the Audit Committee oversees the operation of a comprehensive system of internal controls with respect to the integrity of our financial statements and reports, compliance with laws, regulations and corporate policies and the qualifications, performance and independence of our independent registered public accounting firm. The committee's function is one of oversight, since management is responsible for preparing our financial statements, and our independent registered public accountants are responsible for auditing those statements.

Accordingly, the committee has reviewed and discussed with management the audited financial statements for the year ended December 31, 2014 and management's assessment of internal control over financial reporting as of December 31, 2014. KPMG LLP issued its unqualified report on our financial statements and the operating effectiveness of our internal control over financial reporting.

The committee has also discussed with KPMG LLP the matters required to be discussed in accordance with Public Company Accounting Oversight Board Auditing Standard, Communications with Audit Committees. The committee has also received the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board, which we refer to as the "PCAOB," regarding the independent accountants' communications with the audit committee concerning auditor independence, and has conducted a discussion with KPMG LLP regarding its independence. The committee has determined that KPMG LLP's provision of non-audit services is compatible with its independence.

Based on these reviews and discussions, the committee recommended to the Board of Directors that our audited financial statements for the year ended December 31, 2014 be included in our 2014 Annual Report on Form 10-K.

By: The Audit Committee

Catherine A. Rein, Chair
Joseph J. Echevarria
Richard J. Kogan
Michael J. Kowalski
William C. Richardson
Samuel C. Scott III

SERVICES PROVIDED BY KPMG LLP

Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees

We have been advised by KPMG LLP that it is an independent public accounting firm registered with the PCAOB and that it complies with the auditing, quality control and independence standards and rules of the PCAOB and the SEC. The appointment of KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year was ratified at our 2014 Annual Meeting. The following table reflects the fees earned by KPMG LLP for services provided to us for 2014 and 2013:

Description of Fees	Amount of Fees Paid to KPMG LLP for 2014	Amount of Fees Paid to KPMG LLP for 2013
Audit Fees[(1)]	$ 19,751,000	$ 19,096,000
Audit-Related Fees[(2)]	$ 13,094,000	$ 14,060,000
Tax Fees[(3)]	$ 2,390,000	$ 3,320,000
All Other Fees[(4)]	$ 467,000	$ 604,000
Total	**$ 35,702,000**	**$ 37,080,000**

(1) Includes fees for professional services rendered for the audit of our annual financial statements for the fiscal year (including services relating to the audit of internal control over financial reporting under the Sarbanes-Oxley Act of 2002) and for reviews of the financial statements included in our quarterly reports on Form 10-Q and for other services that only our independent registered public accountant can reasonably provide.

(2) Includes fees for services that were reasonably related to performance of the audit of the annual financial statements for the fiscal year, other than Audit Fees, such as service organization reports (under Statement on Standards for Attestation Engagements (or "SSAE") 16), employee benefit plan audits and internal control reviews.

(3) Includes fees for tax return preparation and tax planning.

(4) Includes fees for regulatory and other advisory services.

Other Services Provided by KPMG LLP

KPMG LLP also provided services to entities associated with us that were charged directly to those entities and accordingly were not included in the amounts disclosed in the table above. These amounts included $15.7 million for 2014 and $12.4 million for 2013 for the audits and tax compliance services for mutual funds, collective funds and other funds advised by us. Also excluded from the amounts disclosed in the table above are fees billed by KPMG LLP to joint ventures or equity method investments in which we have an interest of 50% or less.

Pre-Approval Policy

Our Audit Committee has established pre-approval policies and procedures applicable to all services provided by our independent registered public accountants. In accordance with SEC rules, our pre-approval policy has two different approaches to pre-approving audit and permitted non-audit services performed by our independent registered public accountants. Proposed services may be pre-approved pursuant to policies and procedures established by the Audit Committee that are detailed as to a particular class of service without consideration by the Audit Committee of the specific case-by-case services to be performed ("class pre-approval"). If a class of service has not received class pre-approval, the service will require specific pre-approval by the Audit Committee before it is provided by our independent registered public accountants ("specific pre-approval"). A list of services that has received class pre-approval from our Audit Committee (or its delegate) is attached to our Audit and Permitted Non-Audit Services Pre-Approval Policy. A copy of our Audit and Permitted Non-Audit Services Pre-Approval Policy is available on our website (See "Helpful Resources" on page 75). For 2014, all of the fees associated with the independent registered public accounting firm services were pre-approved by the Audit Committee.

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EQUITY COMPENSATION PLANS

The following table shows information relating to the number of shares authorized for issuance under our equity compensation plans as of December 31, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in second column)
Equity compensation plans			
Approved by stockholders	69,705,623[1]	$ 31.31	59,713,882[2]
Not approved by stockholders	138,300[3]	$ 40.11	—
Total	69,843,923[4]	$ 31.31[5]	59,713,882

(1) Includes 47,537,525 and 10,388,351 shares of common stock that may be issued pursuant to outstanding options, RSUs, PSUs and escrowed dividends awarded under The Bank of New York Mellon Corporation Long-Term Incentive Plan and the Mellon Long-Term Profit Incentive Plan (2004), respectively; 12,597 shares of common stock that may be issued pursuant to outstanding director deferred share units under the Mellon Director Equity Plan (2006) and 16,500 shares of common stock that may be issued pursuant to stock options issued under the 2001 Mellon Stock Option Plans for Outside Directors; 11,737,745 shares of common stock that may be issued pursuant to outstanding stock-based awards under the legacy Bank of New York Long-Term Incentive Plans; and 12,905 shares of common stock that may be issued pursuant to outstanding stock options under The Bank of New York Mellon Corporation Employee Stock Purchase Plan. The number of shares of common stock that may be issued pursuant to outstanding unearned PSUs reflects the target payout. At maximum payout, the number of shares would increase by 311,037. For additional information about how PSUs are earned, see “Compensation Discussion and Analysis—Compensation of Our Named Executives—Outstanding Long-Term Equity Incentives” on page 41 above.

(2) Includes 6,371,508 shares of common stock that remain available for issuance under The Bank of New York Mellon Corporation Employee Stock Purchase Plan; 5,000,000 shares that remain available for issuance as options solely for the purpose of satisfying outstanding reload option rights under the Mellon Long-Term Profit Incentive Plan (2004); and 48,342,374 shares of common stock that remain available for issuance under The Bank of New York Mellon Corporation Long-Term Incentive Plan, 33,967,536 of which may be granted as restricted stock or RSUs (or other full value awards); and any full-value awards from the remaining 14,374,838 shares will continue to be counted as 2.75 shares against such remaining shares.

(3) Includes 15,000 shares of common stock that may be issued pursuant to options outstanding under the Mellon Stock Option Plan for Affiliate Boards of Directors. The Mellon Stock Option Plan for Affiliate Boards of Directors, which we assumed in the merger and refer to as the “Affiliate Board Plan,” provided for grants of stock options to the non-employee members of affiliate boards who were not also members of Mellon’s Board of Directors. No grants were available to Mellon employees under these plans. The timing, amounts, recipients and other terms of the option grants were determined by the terms of the option plans for Mellon’s Board of Directors and no person or committee had discretion over these grants. The exercise price of the options is equal to the fair market value of Mellon’s common stock on the grant date. All options have a term of 10 years from the regular date of grant and become exercisable one year from the regular grant date. Directors elected during the service year were granted options on a pro rata basis to those granted to the directors at the start of the service year. No further grants are being made under the Affiliate Board Plan, although the practice was continued through 2009 by issuing grants under The Bank of New York Mellon Corporation Long-Term Incentive Plan.

Also includes shares of common stock that may be issued pursuant to deferrals under the Deferred Compensation Plan for Non-Employee Directors of The Bank of New York, which is described in further detail in “Director Compensation” on page 25 above.

(4) The weighted average term for the expiration of outstanding stock options under our equity compensation plans is 4.2 years.

(5) This weighted-average exercise price relates only to the options described in footnote 1. Shares underlying RSUs, PSUs and deferred share units are deliverable without the payment of any consideration, and therefore these awards have not been taken into account in calculating the weighted-average exercise price.

INFORMATION ON STOCK OWNERSHIP

Beneficial Ownership of Shares by Holders of 5% or more of Outstanding Stock

As of February 13, 2015, we had 1,114,639,242 shares of common stock outstanding. Based on filings made under Section 13(d) and 13(g) of the Exchange Act reporting ownership of shares and percent of class as of December 31, 2014, as of February 13, 2015, the only persons known by us to be beneficial owners of more than 5% of our common stock were as follows:

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Class
Dodge & Cox(1) 555 California Street, 40th Floor San Francisco, CA 94104	67,339,717	6.0%
Massachusetts Financial Services Company(2) 111 Huntington Avenue Boston, MA 02199	61,621,142	5.5%
BlackRock, Inc.(3) 55 East 52nd Street New York, NY 10022	58,346,628	5.2%
The Vanguard Group(4) 100 Vanguard Blvd. Malvern, PA 19355	57,419,373	5.2%

(1) Based on a review of the Schedule 13G filed on February 13, 2015 by Dodge & Cox. The Schedule 13G discloses that Dodge & Cox had sole voting power as to 63,512,637 shares and sole dispositive power as to all 67,339,717 shares.

(2) Based on a review of the Schedule 13G filed on February 6, 2015 by Massachusetts Financial Services Company. The Schedule 13G discloses that Massachusetts Financial Services Company had sole voting power as to 50,547,186 shares and sole dispositive power as to all 61,621,142 shares.

(3) Based on a review of the Schedule 13G filed on January 12, 2015 by BlackRock, Inc. The Schedule 13G discloses that BlackRock, Inc. had sole voting power as to 48,992,406 shares, shared voting power as to 57,003 shares, sole dispositive power as to 58,289,625 shares and shared dispositive power as to 57,003 shares.

(4) Based on a review of the Schedule 13G filed on February 9, 2015 by The Vanguard Group. The Schedule 13G discloses that The Vanguard Group had sole voting power as to 1,949,918 shares, sole dispositive power as to 55,581,778 shares and shared dispositive power as to 1,837,595 shares.

Beneficial Ownership of Shares by Directors and Executive Officers

The table below sets forth the number of shares of our common stock beneficially owned as of the close of business on February 13, 2015 by each director, each individual included in the "Summary Compensation Table" on page 50 above and our current directors and executive officers as a group, based on information furnished by each person. Except as otherwise indicated, sole voting and sole investment power with respect to the shares shown in the table below are held either by the individual alone or by the individual together with his or her immediate family.

Beneficial Owners	**Shares of Common Stock Beneficially Owned(1)(2)**
Curtis Y. Arledge	1,353,058
Nicholas M. Donofrio	56,452
Joseph J. Echevarria	0
Edward P. Garden	29,170,639(3)
Thomas P. "Todd" Gibbons	1,432,097(4)
Jeffrey A. Goldstein	6,424
Gerald L. Hassell	3,587,630(5)
John M. Hinshaw	1,027

Beneficial Owners	Shares of Common Stock Beneficially Owned(1)(2)
Timothy F. Keaney	1,056,975
Edmund F. "Ted" Kelly	41,554
Richard J. Kogan	56,930
Michael J. Kowalski	69,337
John A. Luke, Jr.	56,552
Mark A. Nordenberg	35,339
Karen B. Peetz	629,903
Catherine A. Rein	124,790
William C. Richardson	57,597
Brian G. Rogan	1,484,100
Samuel C. Scott III	47,904
Wesley W. von Schack	155,084(6)
All current directors and executive officers, as a group (24 persons)	38,302,963

(1) On February 13, 2015, none of the individuals named in the above table beneficially owned more than 1% of our outstanding shares of common stock, other than Mr. Garden, who may be deemed to hold approximately 2.6% of our outstanding shares as a result of his affiliation with Trian (see footnote 3 below). Including shares held by Trian, all current directors and executive officers as a group beneficially owned approximately 3.4% of our outstanding stock on February 13, 2015.

(2) Includes the following amounts of common stock which the indicated individuals and group have the right to acquire under our equity plans and deferred compensation plans within 60 days of February 13, 2015: Mr. Arledge, 921,834; Mr. Donofrio, 14,126; Mr. Gibbons, 1,202,754; Mr. Goldstein, 6,424; Mr. Hassell, 2,745,596; Mr. Keaney, 858,301; Mr. Kelly, 37,120; Mr. Kogan, 28,850; Mr. Kowalski, 63,677; Mr. Luke, 28,850; Mr. Nordenberg, 33,820; Ms. Peetz, 483,079; Ms. Rein, 26,114; Dr. Richardson, 56,465; Mr. Rogan, 952,356; Mr. Scott, 43,942; Mr. von Schack, 46,550; and current directors and executive officers as a group, 6,672,047.

Also includes the following additional number of RSUs, earned PSUs no longer subject to performance conditions, deferred share units and phantom stock: Mr. Arledge, 151,274; Mr. Donofrio, 42,326; Mr. Gibbons, 57,611; Mr. Hassell, 146,279; Mr. Hinshaw, 1,027; Mr. Keaney, 55,591; Ms. Peetz, 54,239; Ms. Rein, 62,185; Mr. Rogan, 57,056; Mr. von Schack, 22,807; and current directors and executive officers as a group, 688,140. These individuals do not have voting or investment power with respect to the underlying shares, nor the right to acquire the underlying shares within 60 days of February 13, 2015.

(3) Includes 29,170,639 shares owned by the Trian Entities (as defined below). Trian serves as the management company for Trian Partners, L.P., Trian Partners Master Fund, L.P., Trian Partners Master Fund (ERISA), L.P., Trian Partners Parallel Fund I, L.P., Trian Partners Strategic Investment Fund II, L.P., Trian Partners Strategic Investment Fund-A, L.P., Trian Partners Strategic Investment Fund-D, L.P., Trian Partners Fund (Sub)-G, L.P., Trian Partners Strategic Fund-G II, L.P. and Trian SPV (SUB) IX, L.P. (collectively, the "Trian Entities") and as such determines the investment and voting decisions of the Trian Entities with respect to the shares of the company held by them. Mr. Garden is a member of Trian Fund Management GP, LLC, which is the general partner of Trian, and therefore is in a position to determine the investment and voting decisions made by Trian on behalf of the Trian Entities. Accordingly, Mr. Garden may be deemed to indirectly beneficially own (as that term is defined in Rule 13d-3 under the Exchange Act) the shares beneficially owned by the Trian Entities. Mr. Garden disclaims beneficial ownership of such shares except to the extent of his pecuniary interests therein.

(4) Includes 38,954 shares held by Mr. Gibbons' children.

(5) Includes 56,604 shares held by Mr. Hassell's spouse, as to which Mr. Hassell disclaims beneficial ownership. Also includes 164,280 shares over which Mr. Hassell exercises investment discretion held in trusts.

(6) Includes 35,000 shares held in Mr. von Schack's Grantor Retained Annuity Trust.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and any beneficial owner of more than 10% of any class of our equity securities to file with the SEC initial reports of beneficial ownership and reports of changes in ownership of any of our securities. These reports are made on documents referred to as Forms 3, 4 and 5. Our directors and executive officers must also provide us with copies of these reports. We have reviewed the copies of the reports that we have received and written representations from the individuals required to file the reports. Based on this review, we believe that during 2014 each of our directors and executive officers timely complied with applicable reporting requirements for transactions in our equity securities.

ANNUAL MEETING Q&A

The Board of Directors is soliciting your proxy for our 2015 Annual Meeting of stockholders and any adjournment of the meeting, for the purposes set forth in the Notice of Annual Meeting.

Q: Who Can Attend The Annual Meeting? How Do I Attend?

A: Only stockholders as of the record date have a right to attend the Annual Meeting. If you plan to attend the Annual Meeting in person, we ask that you also complete and return the reservation form attached to the end of this proxy statement. In order to be admitted to the annual meeting, you will need to present a government-issued photo identification (such as a driver's license or passport) and, if you are not a "record holder" on the company's books, evidence of ownership of our common stock as of the record date (such as a brokerage account statement). If you are representing an entity that is a stockholder, you must also present documentation showing your authority to attend and act on behalf of the entity (such as a power of attorney, written proxy to vote or letter of authorization on the entity's letterhead). We reserve the right to limit the number of representatives for any entity that may be admitted to the meeting. **No cameras, recording equipment, large bags or packages will be permitted in the Annual Meeting. The use of cell phones, smart phones, tablets and other personal communication devices for any reason during the Annual Meeting is strictly prohibited.**

Q: Who Can Vote At The Annual Meeting?

A: Only stockholders of record of our common stock at the close of business on February 13, 2015 (the "record date") may vote at the Annual Meeting. On the record date, we had 1,114,639,242 shares of common stock outstanding. You are entitled to one vote for each share of common stock that you owned on the record date. The shares of common stock held in our treasury will not be voted. Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to vote your shares promptly.

Q: What Is A Proxy?

A: Your proxy gives us authority to vote your shares and tells us how to vote your shares at the Annual Meeting or any adjournment. Three of our employees, who are called "proxies" or "proxy holders" and are named on the proxy card, will vote your shares at the Annual Meeting according to the instructions you give on the proxy card or by telephone or over the Internet.

Q: How Do I Vote? What Are The Different Ways I Can Vote My Shares?

A: If you are a "stockholder of record" (that is, you hold your shares of our common stock in your own name), you may vote your shares by using any of the following methods. Depending on how you hold your shares, you may receive more than one proxy card.

In Person at the Annual Meeting

If you are a registered stockholder or hold a proxy from a registered stockholder (and meet other requirements as described in "Who Can Attend the Annual Meeting? How Do I Attend?" on this page 70), you may attend the Annual Meeting and vote in person by obtaining and submitting a ballot that will be provided at the meeting.

By Submitting a Proxy by Mail

To submit a proxy by mail, complete, sign, date and return the proxy card in the postage-paid envelope provided to you.

By Submitting a Proxy by Telephone

To submit a proxy by telephone, call the toll-free telephone number listed on the proxy card. The telephone voting procedures, as set forth on the proxy card, are designed to authenticate your identity, to allow you to provide your voting instructions and to confirm that your instructions have been properly recorded. If you vote by telephone, you should not return your proxy card.

By Submitting a Proxy by Internet

To submit a proxy by internet, use the internet site listed on the proxy card. The internet voting procedures, as set forth on the proxy card, are designed to authenticate your identity, to allow you to provide your voting instructions and to confirm that your instructions have been properly recorded. If you vote by internet, you should not return your proxy card.

Q: What If I Am A "Beneficial Owner?"

A: If you are a "beneficial owner," also known as a "street name" holder (that is, you hold your shares of our common stock through a broker, bank or other nominee), you will receive voting instructions (including, if your broker, bank or other nominee elects to do so, instructions on how to vote your shares by telephone or over the Internet) from the record holder, and you must follow those instructions to have your shares voted at the Annual Meeting.

Q: If I Vote By Proxy, How Will My Shares Be Voted? What If I Submit A Proxy Without Indicating How To Vote My Shares?

A: If you vote by proxy through mail, telephone or over the Internet, your shares will be voted in accordance with your instructions. If you sign, date and return your proxy card without indicating how you want to vote your shares, the proxy holders will vote your shares in accordance with the following recommendations of the Board of Directors:

Proposal 1	**FOR** the election of each nominee for director.
Proposal 2	**FOR** the advisory resolution to approve the 2014 compensation of our named executive officers.
Proposal 3	**FOR** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

In addition, if other matters are properly presented for voting at the Annual Meeting, the proxy holders are also authorized to vote on such matters as they shall determine in their sole discretion. As of the date of this proxy statement, we have not received notice of any other matters that may be properly presented for voting at the Annual Meeting.

Q: What If I Want To Revoke My Proxy?

A: You may revoke your proxy at any time before it is voted at the Annual Meeting by:

- delivering a written notice of revocation to our Corporate Secretary at the address indicated on the first page of this proxy statement;
- submitting another signed proxy card with a later date;
- submitting another proxy by telephone or over the Internet at a later date; or
- attending the Annual Meeting and voting in person.

Q: What Is A Quorum?

A: A quorum is the minimum number of shares required to conduct business at the Annual Meeting. Under our by-laws, to have a quorum, a majority of the outstanding shares of stock entitled to vote at the Annual Meeting must be represented in person or by proxy at the meeting. Abstentions and broker non-votes (as defined below) are counted as present for determining the presence of a quorum. Inspectors of election appointed for the Annual Meeting will tabulate all votes cast in person or by proxy at the Annual Meeting. In the event a quorum is not present at the Annual Meeting, we expect that the Annual Meeting will be adjourned or postponed to solicit additional proxies.

Q: What Vote Is Required For Approval Of A Proposal At The Annual Meeting?

A: Our by-laws provide for a majority vote standard in an uncontested election of directors, such as this year's election. Accordingly, each of the 14 nominees for director will be elected if more votes are cast "for" a director's election than are cast "against" such director's election, as discussed further under "Majority Voting Standard" on page 14 above. All other matters to be voted on at the Annual Meeting require the favorable vote of a majority of the votes cast on the applicable matter at the meeting, in person or by proxy, for approval.

Abstentions and broker non-votes are not treated as votes cast, will not have the effect of a vote for or against a proposal or for or against a director's election, and will not be counted in determining the number of votes required for approval or election.

Q: What If I Hold My Shares Through A Broker?

A: If your shares are held through a broker, the broker will ask you how you want your shares to be voted. If you give the broker instructions, your shares will be voted as you direct. If you do not give instructions, one of two things can happen, depending on the type of proposal. For the ratification of the auditor (Proposal 3), the broker may vote your shares in its discretion. For all other proposals, the broker may not vote your shares at all if you do not give instructions (this is referred to as a “broker non-vote”).

OTHER INFORMATION

Stockholder Proposals for 2016 Annual Meeting

Stockholder proposals intended to be included in our proxy statement and voted on at our 2016 Annual Meeting of stockholders must be received at our offices at One Wall Street, New York, NY 10286, Attention: Corporate Secretary, on or before November 14, 2015. Applicable SEC rules and regulations govern the submission, and our consideration, of stockholder proposals for inclusion in the 2016 Annual Meeting proxy statement and form of proxy.

Pursuant to our by-laws, in order for any business not included in the notice of meeting for the 2016 Annual Meeting to be brought before the meeting by a stockholder entitled to vote at the meeting (including nominations of candidates for director), the stockholder must give timely written notice of that business to our Corporate Secretary. To be timely, the notice must not be received any earlier than November 14, 2015 (at least 120 days prior to March 13, 2016), nor any later than December 14, 2015 (90 days prior to March 13, 2016). The notice also must contain the information required by our by-laws. The foregoing by-law provisions do not affect a stockholder’s ability to request inclusion of a proposal in our proxy statement within the procedures and deadlines set forth in Rule 14a-8 of the SEC’s proxy rules and referred to in the paragraph above. A proxy may confer discretionary authority to vote on any matter at a meeting if we do not receive notice of the matter within the timeframes described above. A copy of our by-laws is available upon request to: The Bank of New York Mellon Corporation, One Wall Street, New York, NY 10286, Attention: Corporate Secretary. The officer presiding at the meeting may exclude matters that are not properly presented in accordance with these requirements.

Corporate Governance Guidelines and Codes of Conduct

Our Board of Directors has adopted Corporate Governance Guidelines covering, among other things, the duties and responsibilities and independence of our directors. The Corporate Governance Guidelines cover a number of other matters, including the Board’s role in overseeing executive compensation, compensation and expenses for independent directors, communications between stockholders and directors, the role of our Lead Director, and Board committee structures and assignments.

Our Board of Directors also has adopted a Code of Conduct, which applies to all of our employees, to provide a framework to maintain the highest standards of professional conduct for the company, and a Code of Conduct for directors of the company to provide guidance to our directors to help them recognize and deal with ethical issues, provide mechanisms to report possible unethical conduct and foster a culture of honesty and accountability.

Our Corporate Governance Guidelines, Code of Conduct and Directors’ Code of Conduct are available on our website (See “Helpful Resources” on page 75). We intend to disclose any amendments to, or waivers from, our Code of Conduct or our Directors’ Code of Conduct for executive officers and directors, respectively, by posting such information on our website.

Business Relationships and Related Party Transactions Policy

In the ordinary course of business, we periodically have, and expect to continue to have, banking and other transactions with “related persons.” A “related person” includes directors, nominees for director, executive officers, greater than 5% beneficial owners, members of such persons’ immediate families and any firm, corporation or other entity in which any of the foregoing persons is employed as a general partner or principal or in a similar position or in which such person and all other related persons has a 10% or greater beneficial interest.

The Board has adopted a policy on related party transactions (our “related party transactions policy”) which was reviewed by the CG&N Committee. Our related party transactions policy provides that the CG&N Committee, or another Board committee consisting solely of independent directors, must approve any transaction(s) in which we or any of our subsidiaries was, is or will be a participant and where the amount involved exceeds $120,000, and in which any related person had, has or will have a direct or indirect material interest, such transactions constituting disclosable related party transactions under SEC rules. Consistent with SEC rules, our related party transactions policy provides that certain transactions, including employment relationships and ordinary course non-preferential transactions, entered into with a related person, are not considered to be related party transactions and are not required to be disclosed or approved by the CG&N Committee. In 2014, there were no related party transactions that required CG&N Committee approval or disclosure in this proxy statement.

Our related party transactions policy provides that the CG&N Committee may recommend to our Board from time to time adoption of resolutions pre-approving certain types or categories of transactions that the CG&N Committee determines in good faith are in, or are not inconsistent with, our best interests and the best interests of our stockholders. The Board has adopted a resolution pre-approving transactions that involve the sale or other provision of products and services (not subject to Regulation O or other specific regulatory requirements) by our company or its subsidiaries to directors and members of their immediate family, director-related companies and executive officers and members of their immediate family in the ordinary course and on terms generally offered in transactions with non-related persons. Transactions subject to Regulation O or other specific regulatory requirements are approved as required in such regulations.

Under the related party transactions policy, in making its determination to approve a disclosable related party transaction, the CG&N Committee may take into consideration all relevant facts and circumstances available to it, including but not limited to:

- the related person's relationship to us and interest in the transaction;
- the material facts of the transaction, including the amount involved;
- the benefits to us of the transaction;
- the availability from other sources of comparable products or services; and
- an assessment of whether the transaction is on terms that are comparable to the terms available to or from an unrelated third party or to employees generally.

The CG&N Committee also may consider the impact on a director's independence in the event the related person is a director, an immediate family member of a director or a director-related company.

Under the related party transactions policy, no member of the CG&N Committee may participate in the review, consideration, approval or ratification of any disclosable related party transaction with respect to which such member or any of his or her immediate family members or director-related company is the related person. The CG&N Committee may approve only those disclosable related party transactions that are in, or are not inconsistent with, our best interests and the best interests of our stockholders, as the CG&N Committee determines in good faith.

Under the related party transactions policy, if a disclosable related party transaction is identified after it is already ongoing or completed, it must be submitted to the CG&N Committee promptly for ratification, applying the standards described above. In this circumstance, the CG&N Committee will evaluate all options available, including ratification, amendment, termination or rescission of the transaction.

Our related party transactions policy does not limit or affect the application of our other policies applicable to our directors, executive officers and other related persons, including our Codes of Conduct.

How Our Board Solicits Proxies; Expenses of Solicitation

We will pay all costs of soliciting proxies. We have retained Georgeson Inc. to assist with the solicitation of proxies for a fee of approximately $17,500, plus reimbursement of reasonable out-of-pocket expenses. In addition, we have agreed to pay Computershare Shareowner Services LLC a fee of approximately $45,000 in connection with project management and technical services relating to the distribution of this proxy statement and the Annual Report to employees and former employees participating in employee benefit and stock option programs. In addition, we may use our officers and employees, at no additional compensation, to solicit proxies either personally or by telephone, Internet, letter or facsimile.

Householding

To reduce the expense of delivering duplicate proxy materials to our stockholders, we are relying on SEC rules that permit us to deliver only one proxy statement to multiple stockholders who share an address unless we receive contrary instructions from any stockholder at that address. This practice, known as "householding," reduces duplicate mailings, saves printing and postage costs as well as natural resources and will not affect dividend check mailings. If you wish to receive a separate copy of the Annual Report or proxy statement, or if you wish to receive separate copies of future Annual Reports or proxy statements, please contact our transfer agent, Computershare Shareowner Services LLC, by phone at 1-800-729-9606 (U.S.) or 1-201-680-6651 (International) or by mail at Computershare Shareowner Services LLC, P.O. Box 3550, South Hackensack, New Jersey 07606-9250. We will deliver the requested documents promptly upon your request.

If you and other stockholders of record with whom you share an address currently receive multiple copies of annual reports or proxy statements, or if you hold our stock in more than one account and, in either case, you wish to receive only a single copy of the Annual Report or proxy statement, please contact our transfer agent, Computershare Shareowner Services LLC, with the names in which all accounts are registered and the name of the account for which you wish to receive mailings.

Other Business

As of the date of this proxy statement, we do not know of any other matters that may be presented for action at the meeting. Should any other business properly come before the meeting, the persons named on the enclosed proxy will, as stated therein, have discretionary authority to vote the shares represented by such proxy in accordance with their best judgment.

March 13, 2015

By Order of the Board of Directors,

Craig T. Beazer
Corporate Secretary

HELPFUL RESOURCES

Annual Meeting

2015 Proxy Statement	www.envisionreports.com/bk
2014 Annual Meeting Voting Results	www.bnymellon.com/us/en/investor-relations/index.jsp#ir/2014-annual-meeting-voting-results

Corporate Governance

Committee Charters	https://www.bnymellon.com/us/en/investor-relations/index.jsp#committees
Corporate Governance Guidelines	www.bnymellon.com/governance/guidelines/index.html
Contacting the Board	https://www.bnymellon.com/us/en/investor-relations/index.jsp#contactboard
Code of Conduct	www.bnymellon.com/ethics/codeofconduct.pdf
Directors' Code of Conduct	www.bnymellon.com/governance/directorscodeofconduct.pdf
Global Remuneration Policy	www.bnymellon.com/policy
Audit and Permitted Non-Audit Services Pre-Approval Policy	www.bnymellon.com/governance/auditpolicy.pdf

The Bank of New York Mellon Corporation

Corporate Website	www.bnymellon.com
2014 Annual Report	www.envisionreports.com/bk
SEC Filings	http://phx.corporate-ir.net/phoenix.zhtml?c=87345&p=irol-sec
Corporate Social Responsibility Report	www.bnymellon.com/csr
Frequently Asked Questions	www.bnymellon.com/us/en/investor-relations/index.jsp#ir/faqs
Company Profile	www.bnymellon.com/us/en/who-we-are/index.jsp
Our Leadership	https://www.bnymellon.com/us/en/who-we-are/leadership/index.jsp
Earnings News Releases	www.bnymellon.com/us/en/investor-relations/index.jsp#ir/earnings-press-release
Credit Ratings	www.bnymellon.com/us/en/investor-relations/index.jsp#ir/credit-ratings

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Annex A: Non-GAAP Reconciliation

The following table reconciles our net income and diluted earnings per common share reported on a GAAP basis with the net income and diluted earnings per common share reported on an operating basis.

Reconciliation of net income and diluted EPS – GAAP to Non-GAAP

	2014	
(in millions, except per common share amounts)	Net Income	Diluted EPS
Net income applicable to common shareholders of the Bank of New York Mellon Corporation – GAAP	$2,494	$2.15
Less: Gain on the sale of our investment in Wing Hang Bank Ltd.	315	0.27
Gain on the sale of the One Wall Street building	204	0.18
Benefit primarily related to a tax carryback claim	150	0.13
Add: Litigation and restructuring charges	860	0.74
Charge related to investment management funds, net of incentives	81	0.07
Net income applicable to common shareholders of the Bank of New York Mellon Corporation, on an operating basis – Non-GAAP	$2,766	$2.39[(a)]

[(a)] *Does not foot due to rounding.*

The following table presents the reconciliation of our estimated fully phased-in Basel III CET1 ratio under the Advanced Approach.

Estimated fully phased-in Basel III CET1 ratio – Non-GAAP

(dollars in millions)	Dec. 31, 2014
Total Tier 1 capital [(a)]	$ 20,502
Adjustments to determine estimated fully-phased-in Basel III CET1:	
Intangible deduction	(2,329)
Preferred stock	(1,562)
Trust preferred securities	(156)
Other comprehensive (loss) and net pension fund assets:	
Securities available-for-sale	594
Pension liabilities	(1,041)
Total other comprehensive (loss) and net pension fund assets	(447)
Equity method investments	(87)
Other	10
Total estimated fully phased-in Basel III CET1 – Non-GAAP	$ 15,931
Estimated fully-phased-in Basel III risk-weighted assets – Non-GAAP	$162,263
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP [(b)]	9.8%

[(a)] *Tier 1 capital is based on Basel III rules, as phased-in.*
[(b)] *Includes the net impact of the total consolidated assets of certain consolidated investment management funds in risk-weighted assets.*

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Corporate Social Responsibility

Invested in Market Integrity

Stable, well-functioning markets help communities around the world grow and thrive. As a major global financial institution, we have a critical role to play in contributing to market integrity. We continually innovate to make our business stronger, more efficient and more responsible.

Invested in Our People

A company is as good as its people. Among our global workforce, over 50,000 strong, are some of the sharpest minds and most innovative professionals in the investment industry. We start with a diverse and inclusive range of individuals and then invest in their talents to their fullest potential.

Invested in Our World

Invested in the world means to be invested in our individual communities all around the world. With our vast global scope and operations in over 100 markets, BNY Mellon is an integral part of many communities. Our commitment to human rights, the environment and overall community well-being is an essential part of who we are and how we do business.

Cut here ✂ ____

Reservation Form for The Bank of New York Mellon Corporation Annual Meeting of Stockholders

Stockholders who expect to attend the Annual Meeting at 9:00 a.m. on April 14, 2015 at 101 Barclay Street in New York, NY should complete this form and return it to the Office of the Corporate Secretary, The Bank of New York Mellon Corporation, One Wall Street, New York, NY 10286. Admission cards will be provided at the check-in desk at the meeting (please be prepared to show proof of identification). **Stockholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting The Bank of New York Mellon Corporation stock ownership as of the record date, which is February 13, 2015**

Name: ______________________________

(Please Print)

Address: ______________________________

(Please Print)

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BNY MELLON

The Bank of New York Mellon Corporation
One Wall Street
New York, NY 10286
+1 212 495 1784

www.bnymellon.com

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BNY MELLON

IMPORTANT ANNUAL MEETING INFORMATION

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Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 8 AM Eastern Time, on April 14, 2015.

Vote by Internet

- Go to **www.envisionreports.com/BK**
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. ☒

Annual Meeting Proxy Card

1234 5678 9012 345

▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

Where a vote is not specified, the proxies will vote shares represented by this Proxy FOR all nominees for director, FOR Proxy Items 2 and 3 and will vote in their discretion on such other matters that may properly come before the meeting and at any adjournment of such meeting.

A The Board of Directors recommends a vote FOR all nominees for director and FOR proposals 2 and 3.

1. Election of Directors:

	For	Against	Abstain		For	Against	Abstain		For	Against	Abstain
1.1 - Nicholas M. Donofrio	☐	☐	☐	1.2 - Joseph J. Echevarria	☐	☐	☐	1.3 - Edward P. Garden	☐	☐	☐
1.4 - Jeffrey A. Goldstein	☐	☐	☐	1.5 - Gerald L. Hassell	☐	☐	☐	1.6 - John M. Hinshaw	☐	☐	☐
1.7 - Edmund F. Kelly	☐	☐	☐	1.8 - Richard J. Kogan	☐	☐	☐	1.9 - John A. Luke, Jr.	☐	☐	☐
1.10 - Mark A. Nordenberg	☐	☐	☐	1.11 - Catherine A. Rein	☐	☐	☐	1.12 - William C. Richardson	☐	☐	☐
1.13 - Samuel C. Scott III	☐	☐	☐	1.14 - Wesley W. von Schack	☐	☐	☐				

	For	Against	Abstain
2. Advisory resolution to approve the 2014 compensation of our named executive officers.	☐	☐	☐
3. Ratification of KPMG LLP as our independent auditor for 2015.	☐	☐	☐

B Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

Note: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) — Please print date below.	Signature 1 — Please keep signature within the box.	Signature 2 — Please keep signature within the box.
/ /		

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.

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Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Shareholders. The Proxy Statement and the 2014 Annual Report to Stockholders are available at: www.envisionreports.com/BK.

▼ **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** ▼

BNY MELLON

Proxy — THE BANK OF NEW YORK MELLON CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE CORPORATION

The undersigned hereby appoints Craig T. Beazer, Bennett E. Josselsohn and Richard M. Pearlman or any of them, each with full power of substitution, as attorneys and proxies of the undersigned to vote all The Bank of New York Mellon Corporation Common Stock which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Corporation to be held on Tuesday, April 14, 2015, at 9:00 a.m., 101 Barclay Street, New York, New York, 10286 and at any adjournment of such meeting, as fully and effectually as the undersigned could do if personally present, and hereby revokes all previous proxies for said meeting. **Where a vote is not specified, the proxies will vote the shares represented by this Proxy FOR the election of all nominees for director, FOR Proxy Items 2 and 3 and will vote in their discretion on such other matters that may properly come before the meeting and at any adjournment of such meeting.**

This Proxy is solicited on behalf of the Board of Directors of the Corporation, and may be revoked prior to its exercise. **The Board of Directors recommends votes FOR the election of all nominees for director and FOR Proxy Items 2 and 3.**

(Continued and to be marked, dated and signed, on the other side)

C Non-Voting Items
Change of Address — Please print new address below.

■ **IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.** +

EXHIBIT VI
TAX AND SOCIAL SECURITY CONSEQUENCES OF PARTICIPATION IN THE ESPP, SAP, AND LTIP[2]

[2]All figures in the examples are for illustrative purposes only.

TAX AND SOCIAL SECURITY CONSEQUENCES OF PARTICIPATION IN THE ESPP, SAP, AND LTIP[3]

1. Belgium

The following is intended to briefly summarize certain tax consequences associated with the acquisition of Shares ("Shares") under (i) The Bank of New York Mellon Corporation Employee Stock Purchase Plan (the "ESPP") and (ii) The Bank of New York Mellon Corporation Long-Term Incentive Plan (the "LTIP").

This discussion reflects the tax and other law as in effect in Belgium on February 15, 2016. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires Shares or sells Shares acquired under the ESPP and/or the LTIP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of a country other than Belgium, the information contained in this description may not be applicable to the employee.

Any examples contained within this description are for illustrative purposes only.

ESPP

Enrollment in the ESPP

The employee is not subject to tax when a stock purchase right is granted to him/her under the ESPP (*i.e.*, when the employee subscribes to the ESPP).

Purchase of Shares

When Shares are purchased under the ESPP, the employee will be subject to personal income tax (at the normal progressive income tax rates) on the difference (or spread) between the fair market value of the Shares on the date of purchase and the purchase price.

Example:

- Accumulated contributions at the end of a certain purchase period: US$ 1,500
- Purchase price: US$ 28.00
- Number of Shares purchased: 53 (for purposes of this example, the number was rounded)
- Stock exchange price on the purchase date: US$ 30.00

The employee will be taxed on the difference between US$ 28.00 and US$ 30.00 (*i.e.*, US$ 2.00) times the number of Shares purchased (*i.e.*, 53) or 53 x US$ 2.00 = US$ 106.00 or EUR 95.40 (at

[3]All figures in the examples are for illustrative purposes only.

an exchange rate of US$ 1: EUR 0.90). This taxable amount, *i.e.*, US$ 106.00 or EUR 95.40 in the example, will be taxed at the normal progressive income tax rates. If the employee were, for instance, to be taxed at a 50% rate, the tax due will amount to US$ 53.00 or EUR 47.70 (at an exchange rate of US$ 1: EUR 0.90).

If, however, the employee undertakes in writing to hold the Shares for a minimum period of two years as of their purchase in a written agreement with the Company, and actually holds the Shares during that period of time, the taxable benefit may be reduced, from a tax perspective, to the difference between 100/120th of the fair market value of the Shares on the purchase date and the amount paid for the Shares.

Sale of Shares

When the employee subsequently sells the Shares purchased under the ESPP, he/she should not be subject to capital gains tax. The so-called "speculation tax" on capital gains on listed shares transferred within six months following the acquisition does not apply to shares acquired under an equity incentive plan such as the ESPP.

Dividends

Where Shares are acquired under the ESPP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will be subject to income tax in Belgium (at a rate of 27%) and to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in Belgium are provided as required by the United States Internal Revenue Service (i.e., Substitute Form W-8BEN Certificate of Foreign Status and Instructions available from the brokerage firm(s) retained by the Company).

Withholding and Reporting

If the employee's local employer does not intervene in the ESPP, the local employer should not be required to withhold income tax at the time of the taxable event. In such case, the employer should also not be required to report the taxable amount in the employee's salary forms. The employee is always obliged and responsible to report the benefit in kind on his/her annual income tax return and to pay any taxes resulting from the purchase of the Shares. In addition, the employee is always obliged and responsible to report any security or bank account held outside Belgium on his/her annual income tax return. Furthermore, the employee will also have to provide a central contact point at the National Bank of Belgium with the account number of such foreign bank accounts in a separate report (the form for, and modalities of, this reporting obligation are available on www.nbb.be.

Social Security

If the Company does not charge the costs related to the ESPP to the employee's local employer and if the local employer is not directly or indirectly involved in the ESPP, no social security contributions are in principle due on the fringe benefit derived from the participation in the ESPP.

LTIP - RSUs

Grant

The employee should not be subject to taxation on the date the Company grants him/her an RSU under the LTIP that is payable in Shares.

Vesting

The employee should be subject to the taxation on the date he/she becomes vested in the RSU and receives Shares and should be taxed, on the fair market value of the Shares at that time. The taxable amount will be classified as employment compensation and will be subject to income taxes at progressive tax rates.

Sale of Shares

When the employee subsequently sells the Shares acquired under the LTIP, he/she should not be subject to capital gains tax. The so-called "speculation tax" on capital gains on listed shares transferred within six months following the acquisition does not apply to shares acquired under an equity incentive plan such as the LTIP.

Dividends

Where Shares are acquired under the LTIP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will be subject to income tax in Belgium (at a rate of 27%) and to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in Belgium are provided as required by the United States Internal Revenue Service (i.e., Substitute Form W-8BEN Certificate of Foreign Status and Instructions available from the brokerage firm(s) retained by the Company).

Dividend equivalents

The employee will be subject to income taxes at progressive income tax rates on any dividend equivalents that are paid to him/her prior to the acquisition of the Shares.

Withholding and Reporting

If the Company does not charge the costs related to the LTIP to the employee's local employer and if the local employer does not intervene in the LTIP, the local employer should not be required to withhold income tax at the time of the taxable event. In such case, the employer should also not be required to report the taxable amount in the employee's salary forms. The employee is always obliged and responsible to report the benefit in kind on his/her annual income tax return and to pay any taxes resulting from the purchase of the Shares. In addition, the employee is always obliged and responsible to report any security or bank account held outside Belgium on his/her annual income tax return. Furthermore, the employee will also have to provide a central contact point at the National Bank of Belgium with the account number of such foreign bank accounts in a separate report (the form for, and modalities of, this reporting obligation are available on www.nbb.be).

Social security

If the Company does not charge the costs related to the LTIP to the employee's local employer and if the local employer is not directly or indirectly involved in the LTIP, no social security contributions are in principle due on the benefit derived from the participation in the LTIP.

2. Ireland

The following is intended to briefly summarize certain tax consequences associated with the acquisition of Shares ("Shares") under (i) The Bank of New York Mellon Corporation Employee Stock Purchase Plan (the "ESPP") and (ii) The Bank of New York Mellon Corporation Long-Term Incentive Plan (the "LTIP").

This discussion reflects the tax and other law as in effect in Ireland on February 15, 2016. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires Shares or sells Shares acquired under the ESPP and/or the LTIP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of a country other than Ireland, the information contained in this description may not be applicable to the employee.

Any examples contained within this description are for illustrative purposes only.

ESPP

Enrollment in the ESPP

The employee is not subject to tax when a stock purchase right is granted to him/her under the ESPP (*i.e.*, when the employee subscribes to the ESPP).

Purchase of Shares

When shares are purchased under the ESPP, the employee will generally be subject to personal income tax at the employee's marginal rate, either 20% or 40% (2016 income), on the difference (or spread) between the fair market value of the Shares on the date of purchase and the purchase price. In addition, the employee also will be subject to the Universal Social Charge ("USC") (at rates up to 8% depending on the employee's income level) and employee Pay Related Social Insurance ("PRSI") on the spread at purchase (at a rate of 4%).

The employee must pay income tax on the spread at the higher tax rate (currently 40%), plus USC and employee PRSI within 30 days of the purchase date without an assessment by the tax inspector. If the employee is subject to income tax at the lower tax rate (currently 20%), he/she may apply to pay tax at the lower rate. However, if permission to pay tax at the lower rate is not received within 30 days of the purchase date, the employee must pay tax at the higher rate and seek a refund on any overpayment.

Example:

- Accumulated contributions at the end of a certain purchase period: US$ 1,500
- Purchase price: US$ 28.00
- Number of Shares purchased: 53 (for purposes of this example, the number was rounded)
- Stock exchange price on the purchase date: US$ 30.00

The employee will be taxed on the difference between US$ 28.00 and US$ 30.00 (*i.e*., US$ 2.00) times the number of Shares purchased (*i.e*., 53) or 53 x US$ 2.00 = US$ 106.00 or EUR 95.40 (at an exchange rate of US$ 1: EUR 0.90). This taxable amount, *i.e.*, US$ 106.00 or EUR 95.40 in the example, will be taxed at the marginal tax rate. If the employee were, for instance, to be taxed at a 40% rate, the income tax due will amount to US$ 42.40 or EUR 38.16 (at an exchange rate of US$ 1: EUR 0.90). In addition, the employee will be liable for USC and employee PRSI on the taxable amount, in this example of US$ 106.00 or EUR 95.40.

Sale of Shares

When the employee subsequently sells the Shares purchased under the ESPP, any gain (*i.e.,* the difference between the sale price and the fair market value of the Shares on the purchase date) will be subject to capital gains tax at a rate of 33%. However, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year (€1,270 for gains realized in 2016).

Dividends

Where Shares are acquired under the ESPP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will be subject to income tax in Ireland (at marginal tax rates), USC (at rates up to 8% depending on the employee's income level) and to U.S. federal income withholding tax (at a rate of 28%). In addition, depending on the employee’s personal circumstances, the employee may also be subject to employee PRSI on any dividends received. The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in Ireland are provided as required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company).

Withholding and Reporting

The local employer will not withhold income tax, employee PRSI or the USC when Shares are purchased under the ESPP, but will report the details of the grant and purchase of Shares to the Irish Revenue Commissioners. It is the employee's responsibility to report and pay any tax due as a result of his/her participation in the ESPP within the timeframes set forth by the Irish Revenue Commissioners.

Social security

Social security contributions (*e.g.,* employee PRSI) are due on the income derived from participation in the ESPP. As referenced above, the local employer will not withhold the employee's portion of such contributions.

LTIP - RSUs

Grant

The employee should not be subject to taxation on the date the Company grants him/her an RSU under the LTIP that is payable in Shares.

Vesting

The employee will be subject to taxation at vesting (*i.e.*, on the receipt of the Shares) on the fair market value of the Shares at that date. The taxable amount will be classified as employment compensation and will generally be subject to income taxes at the employee's marginal rate, either 20% or 40% (2016 income), a Universal Social Charge ("USC") (at rates up to 8% depending on the employee's income level) and employee Pay Related Social Insurance ("PRSI") at a rate of 4%.

Sale of Shares

When the employee subsequently sells the Shares acquired under the LTIP, any gain (*i.e.*, the difference between the sale price and the fair market value of the Shares on the vesting date) will be subject to capital gains tax at a rate of 33%. However, capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year (€1,270 for gains realized in 2016).

Dividends

Where Shares are acquired under the LTIP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will be subject to income tax in Ireland (at marginal tax rates), USC (at rates up to 8% depending on the employee's income level) and to U.S. federal income withholding tax (at a rate of 28%). In addition, depending on the employee's personal circumstances, the employee may also be subject to employee PRSI on any dividends received. The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in Ireland are provided as required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company).

Dividend Equivalents

If a dividend is declared on the Company's common stock and the employee holds unvested RSUs on the record date, the employee is eligible for dividend equivalents. The employee will be subject to income tax, USC and PRSI on any dividend equivalents paid to him/her.

Withholding and Reporting

The local employer must withhold and report income tax, USC and the employee portion of the PRSI upon vesting of the RSUs and payment of dividend equivalents. The local employer is also required to report the details of the RSUs to the Revenue Commissioners on an annual basis.

It is the employee's responsibility to pay any taxes resulting from the sale of his/her shares and/or the receipt of any dividends.

Social security

Social security contributions (*e.g.*, employee PRSI) are due on the income derived from participation in the LTIP (*i.e.*, the fair market value of the Shares acquired upon vesting and dividend equivalents). As noted above, the local employer will withhold the employee's portion of such contributions.

3. Luxembourg

The following is intended to briefly summarize certain tax consequences associated with the acquisition of Shares ("Shares") under (i) The Bank of New York Mellon Corporation Employee Stock Purchase Plan (the "ESPP") and (ii) The Bank of New York Mellon Corporation Long-Term Incentive Plan (the "LTIP").

This discussion reflects the tax and social security laws as in effect in Luxembourg on February 15, 2016. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires Shares or sells Shares acquired under the ESPP and/or the LTIP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a resident of a country other than Luxembourg, the information contained in this description may not be applicable to the employee.

Any examples contained within this description are for illustrative purposes only.

ESPP

Enrollment in the ESPP

The employee is, in principle, not subject to tax when a stock purchase right is granted to him/her under the ESPP (*i.e.,* when the employee subscribes to the ESPP).

Purchase of Shares

When shares are purchased under the ESPP, the employee likely will be subject to tax on the difference (or spread) between the fair market value of the Shares on the date of purchase and the purchase price. The taxable amount is treated as salary income and as such is subject to personal income tax (based on progressive tax rates (up to 43.60% including employment fund contributions) depending on the employee's personal situation).

Example:

- Accumulated contributions at the end of a certain purchase period: US$ 1,500
- Purchase price: US$ 28.00
- Number of Shares purchased: 53 (for purposes of this example, the number was rounded)
- Stock exchange price on the purchase date: US$ 30.00

The employee will be taxed on the difference between US$ 28.00 and US$ 30.00 (*i.e*., US$ 2.00) times the number of Shares purchased (*i.e*., 53) or 53 x US$ 2.00 = US$ 106.00 or EUR 95.40 (at an exchange rate of US$ 1: EUR 0.90). This taxable amount, *i.e.*, US$ 106.00 or EUR 95.40 in the example, will be taxed at the normal progressive income tax rates. If the employee were, for instance, to be taxed at a 43.60% rate, the tax due will amount to approximately US$ 46.22 or EUR 41.59 (at an exchange rate of US$ 1: EUR 0.90).

Sale of Shares

When the employee subsequently sells the Shares purchased under the ESPP, the employee will not be subject to capital gains tax on any gain (*i.e.*, the difference between the sale price and the fair market value of the Shares on the purchase date) provided the following conditions are met:

(1) The employee has held the Shares for less than seven calendar days or for more than six months from the date of acquisition;

(2) The employee has not: (i) at any time during the last five years preceding the date of the disposition, directly or indirectly held more than 10% of the share capital of the Company (either alone or together with his/her spouse or children); or (ii) acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period); and

(3) The Shares are not held as a business asset.

If conditions (1) and/or (3) are not met, the gain resulting from the sale will be taxable as ordinary income (based on progressive tax rates (up to 43.60% including employment fund contributions) depending on the employee's personal situation). If only condition (1) is not met, the speculative gain is not subject to tax if the total annual speculative gains do not exceed a certain threshold set annually (*i.e.*, speculative gains are not subject to tax if the aggregate gains realized within the same tax year do not exceed EUR 500). If only condition (2) is not met, the gain resulting from the sale will be taxed as extraordinary income according to the half-global rate method, *i.e.*, the average rate applicable to the sum of ordinary and extraordinary income is calculated according to progressive income tax rates and half of the average rate is applied to the extraordinary income (*i.e.*, maximum rate of 21.80% in 2016). These rules are complex and the employee is advised to consult with his/her personal advisor to understand the tax consequences upon a sale of Shares.

Dividends

Where Shares are acquired under the ESPP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. Fifty-percent (50%) of the dividends received will be subject to income tax in Luxembourg[4] (at rates up to 43.60% including employment fund contributions) to the extent such amount is in excess of the annual tax-free allowance[5] applicable to income from movable property (mainly interest and dividends). Employees may also benefit from a lump sum annual deduction that is available for investment expenses. The dividends also will be subject to U.S. federal income withholding tax (at a rate of 28%). The employee may be

[4] Please note that the 50% exemption will be applicable only if the Company is (i) a Luxembourg resident fully-taxable company limited by share capital; (ii) a company limited by share capital resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax; or (iii) a company resident in an EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive.

[5] Up to EUR 1,500 (or EUR 3,000 for jointly taxable couples).

entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in Luxembourg are provided as required by the United States Internal Revenue Service (*i.e.,* Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company). Further, the employee may be entitled to a tax credit against his/her Luxembourg income tax for the tax withheld at source.

Withholding and Reporting

The local employer will withhold, on a monthly basis, tax on the ESPP income, together with the income tax on wages, because the spread will be considered a benefit in-kind to the employee. The local employer must report the income tax on the employee's Certificat de Remuneration and pay the withheld amount to the Luxembourg tax authorities (*i.e.,* Administration des Contributions Directes). The employee will not have reporting obligations with respect to income obtained under the ESPP. However, if the employee's total earnings (including the income from the ESPP) exceed an annual ceiling, the employee is required to file an annual tax return on or before March 31st following the relevant tax year and has to include any income realized under the ESPP.

As with income taxes, the employee's portion of social security contributions has to be withheld and be paid by the local employer.

Social security

The employee also will be subject to social security contributions on the income received under the ESPP to the extent the annual wage ceiling has not been exceeded already. The annual wage ceiling amounts to EUR 115,377.84 as of January 1, 2016. Further, please note that such annual wage ceiling is applicable only to social security contributions regarding sickness, pension, accident, mutual insurance and health at work.

In addition, the income is subject to an additional contribution ("impôt d'équilibrage budgétaire") of 0.5% that has been introduced as of January 1, 2015. As a result the aggregate rate of the social security contribution is increased from 12.45% to 12.95% for Luxembourg employees. It is expected that such additional contribution will be removed as of January 1, 2017.

LTIP - RSUs

Grant

The employee should not be subject to taxation on the date the Company grants him/her an RSU under the LTIP that is payable in Shares.

Vesting

The employee likely will be subject to the taxation on the date he/she becomes vested in the RSU and receives Shares and should be taxed, on the fair market value of the Shares at that time. The taxable amount is treated as salary income and as such is subject to personal income tax (based on progressive tax rates (up to 43.60% including employment fund contributions) depending on the employee's personal situation).

Sale of Shares

When the employee subsequently sells the Shares acquired under the LTIP, the employee will not be subject to capital gains tax on any gain (*i.e.,* the difference between the sale price and the fair market value of the Shares at vesting) provided the following conditions are met:

(1) The employee has held the Shares for less than seven calendar days or for more than six months from the date of acquisition;

(2) The employee has not: (i) at any time during the last five years preceding the date of the disposition, directly or indirectly held more than 10% of the share capital of the Company (either alone or together with his/her spouse or children); or (ii) acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period); and

(3) The Shares are not held as a business asset.

If conditions (1) and/or (3) are not met, the gain resulting from the sale will be taxable as ordinary income (based on progressive tax rates (up to 43.60% including employment fund contributions) depending on the employee's personal situation). If only condition (1) is not met, the speculative gain is not subject to tax if the total annual speculative gains do not exceed a certain threshold set annually (*i.e.,* speculative gains are not subject to tax if the aggregate gains realized within the same tax year do not exceed EUR 500). If only condition (2) is not met, the gain resulting from the sale will be taxed as extraordinary income according to the half-global rate method, *i.e.,* the average rate applicable to the sum of ordinary and extraordinary income is calculated according to progressive income tax rates and half of the average rate is applied to the extraordinary income (*i.e.,* maximum rate of 21.80% in 2016). These rules are complex and the employee is advised to consult with his/her personal advisor to understand the tax consequences upon a sale of Shares.

Dividends

Where Shares are acquired under the LTIP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. Fifty-percent (50%) of the dividends received will be subject to income tax in Luxembourg[6] (at rates up to 43.60% including employment fund contributions) to the extent such amount is in excess of the annual tax-free allowance[7] applicable to income from movable property (mainly interest and dividends). Employees may also benefit from a lump sum annual deduction that is available for investment expenses. The dividends also will be subject to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in Luxembourg are provided as required by the United States Internal Revenue Service (*i.e.,* Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company). Further,

[6] Please note that the 50% exemption will be applicable under the above-mentioned conditions (see footnote 2 for further details).

[7] Up to EUR 1,500 (or EUR 3,000 for jointly taxable couples).

please note that the employee may be entitled to a tax credit against his/her Luxembourg income tax for the tax withheld at source.

Dividend Equivalents

The employee will be subject to income tax and social insurance contributions on any dividend equivalents paid to him/her.

Withholding and Reporting

The local employer will withhold, on a monthly basis, tax on the RSU income and the dividend equivalents, together with the income tax on wages. The local employer must report the income tax on the employee's Certificat de Remuneration and pay the withheld amount to the Luxembourg tax authorities (*i.e.,* Administration des Contributions Directes). The employee will not have reporting obligations with respect to income obtained under the LTIP. However, if the employee's total earnings (including the income from RSUs and dividend equivalents) exceed an annual ceiling, the employee is required to file an annual tax return on or before March 31st following the relevant tax year and has to include any income realized under the LTIP.

As with income taxes, the employee's portion of social security contributions has to be withheld and be paid by the local employer.

Social security

The employee also will be subject to social security contributions on the income received under the LTIP (*i.e.,* the fair market value of the Shares acquired upon vesting and dividend equivalents) to the extent the applicable contribution ceiling has not already been exceeded. The annual wage ceiling amounts to EUR 115,377.84 as of January 1, 2016. Further, please note that such annual wage ceiling is applicable only to social security contributions regarding sickness, pension, accident, mutual insurance and health at work.

In addition, the income is subject to an additional contribution ("impôt d'équilibrage budgétaire") of 0.5% that has been introduced as of 1st January 2015. As a result the aggregate rate of the social security contribution is increased from 12.45% to 12.95% for Luxembourg employees. It is expected that such additional contribution will be removed as of January 1, 2017.

4. Netherlands

The following is intended to briefly summarize certain tax consequences associated with the acquisition of Shares ("Shares") under (i) The Bank of New York Mellon Corporation Employee Stock Purchase Plan (the "ESPP") and (ii) The Bank of New York Mellon Corporation Long-Term Incentive Plan (the "LTIP").

This discussion reflects the tax and other law as in effect in the Netherlands on February 15, 2016. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires Shares or sells Shares acquired under the ESPP and/or the LTIP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of a country other than the Netherlands, the information contained in this description may not be applicable to the employee.

Any examples contained within this description are for illustrative purposes only.

ESPP

Enrollment in the ESPP

The employee is not subject to tax when a stock purchase right is granted to him/her under the ESPP (*i.e.,* when the employee subscribes to the ESPP).

Purchase of Shares

When shares are purchased under the ESPP, the employee will be subject to tax on the difference (or spread) between the fair market value of the Shares on the date of purchase and the purchase price. The taxable amount is treated as salary income and as such is subject to wage withholding tax as an advance levy of personal income tax (at progressive rates of up to 52%).

Example:

- Accumulated contributions at the end of a certain purchase period: US$ 1,500
- Purchase price: US$ 28.00
- Number of Shares purchased: 53 (for purposes of this example, the number was rounded)
- Stock exchange price on the purchase date: US$ 30.00

The employee will be taxed on the difference between US$ 28.00 and US$ 30.00 (*i.e*., US$ 2.00) times the number of Shares purchased (*i.e*., 53) or 53 x US$ 2.00 = US$ 106.00 or EUR 95.40 (at an exchange rate of US$ 1: EUR 0.90). This taxable amount, *i.e.,* US$ 106.00 or EUR 95.40 in the example, will be taxed at the progressive income tax rates. If the employee were, for instance, to be taxed at a 52% rate, the tax due will amount to approximately US$ 55.12 or EUR 49.61 (at an exchange rate of US$ 1: EUR 0.90).

Sale of Shares

When the employee subsequently sells the Shares purchased under the ESPP, the employee will not be subject to capital gains tax on any gain (*i.e.*, the difference between the sale price and the fair market value of the Shares on the purchase date) provided the employee owns less than 5% of the Company's Shares.

Dividends

Where Shares are acquired under the ESPP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will not be subject to income tax in the Netherlands, but will be subject to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in the Netherlands are provided as required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company).

Annual Investment Tax

The employee will be subject to an investment yield tax (Box III) at a rate of 1.2% (effectively) based on the fair market value of all of his/her taxable assets (including Shares acquired under the ESPP) as of January 1 of the respective tax year, subject to an annual exemption (€24,437 for 2016). It is the employee's responsibility to report and pay any investment tax due in his/her income tax return.

Withholding and Reporting

The local employer will withhold, on a monthly basis, tax on the ESPP income, together with the income tax on wages, because the spread will be considered a benefit in-kind to the employee. The local employer must report the wage withholding tax on the employee's wage tax return and remit the withheld amount to the tax authorities. The employee is responsible for paying any difference between his/her personal income tax liability and the amount withheld. The employee must also report any taxable benefit derived from the ESPP on his/her personal income tax return.

As with income taxes, the employee's portion of social security contributions, if any, has to be withheld and be remitted by the local employer.

Social security

The income received under the ESPP will be subject to social security contributions at a rate of 28.15% to the extent the annual contribution ceiling (€33,715 for 2016) has not already been exceeded.

LTIP - RSUs

Grant

The employee should not be subject to taxation on the date the Company grants him/her an RSU under the LTIP that is payable in Shares.

Vesting

The employee will be subject to the taxation on the date he/she becomes vested in the RSU and receives Shares and should be taxed, on the fair market value of the Shares at that time. The taxable amount is treated as salary income and as such is subject to wage withholding tax as an advance levy of personal income tax (at progressive rates of up to 52%).

Sale of Shares

When the employee subsequently sells the Shares acquired under the LTIP, the employee will not be subject to capital gains tax on any gain (*i.e.*, the difference between the sale price and the fair market value of the Shares on the vesting date) provided the employee owns less than 5% of the Company's Shares.

Dividends

Where Shares are acquired under the LTIP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will not be subject to income tax in the Netherlands, but will be subject to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in the Netherlands are provided as required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company).

Dividend Equivalents

The employee will be subject to income tax and social insurance contributions (subject to the applicable contribution ceiling) on any dividend equivalents paid to him/her.

Annual Investment Tax

The employee will be subject to an investment yield tax (Box III) at a rate of 1.2% (effectively) based on the fair market value of all of his/her taxable assets (including Shares acquired under the LTIP) as of January 1 of the respective tax year, subject to an annual exemption (€24,437 for 2016). It is the employee's responsibility to report and pay any investment tax due in his/her income tax return.

Withholding and Reporting

The local employer will withhold, on a monthly basis, tax on the LTIP income (*i.e.,* the fair market value of the Shares acquired upon vesting and dividend equivalents), together with the wage withholding tax on wages. The local employer must report the wage withholding tax on the employee's wage tax return and remit the withheld amount to the tax authorities. The employee is responsible for paying any difference between his/her personal income tax liability and the amount withheld. The employee must also report any taxable benefit derived from the LTIP on his/her personal income tax return.

As with income taxes, the employee's portion of social security contributions has to be withheld and be remitted by the local employer.

Social security

The income received under the LTIP (*i.e.,* the fair market value of the Shares acquired upon vesting and dividend equivalents) also will be subject to social security contributions at a rate of 28.15% to the extent the annual contribution ceiling (€33,715 for 2016) has not already been exceeded.

5. United Kingdom

The following is intended to briefly summarize certain tax consequences associated with the acquisition of Shares under (i) The Bank of New York Mellon Corporation Employee Stock Purchase Plan (the "ESPP"), (ii) The Bank of New York Mellon Corporation Stock Accumulation Plan ("SAP"), and (iii) The Bank of New York Mellon Corporation Long-Term Incentive Plan (the "LTIP").

This discussion reflects the tax and other law as in effect in the United Kingdom on February 15, 2016, as they apply to employees who are resident and domiciled in the UK. Such laws are often complex and change frequently. In particular, rates of income tax and National Insurance contributions will change in the coming years. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires Shares or sells Shares acquired under the ESPP, SAP, and/or the LTIP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of a country other than the United Kingdom, the information contained in this description may not be applicable to the employee.

Any examples contained within this description are for illustrative purposes only.

ESPP

Enrollment in the ESPP

The employee is not subject to tax when a stock purchase right is granted to him/her under the ESPP (*i.e.*, when the employee subscribes to the ESPP).

Purchase of Shares

When Shares are purchased under the ESPP, the employee will be subject to personal income tax (at the employee's marginal income tax rates) and employee National Insurance contributions ("NICs") at the applicable rate on the difference (or spread) between the market value of the Shares on the date of purchase and the purchase price. The purchase of Shares under the ESPP will be made using contributions from the employee's post-tax salary.

Example:

- Accumulated contributions at the end of a certain purchase period: US$ 1,500
- Purchase price: US$ 28.00
- Number of Shares purchased: 53
- Stock exchange price on the purchase date: US$ 30.00

The employee will be taxed on the difference between US$ 28.00 and US$ 30.00 (*i.e.*, US$ 2.00) times the number of Shares purchased (*i.e.*, 53) or 53 x US$ 2.00 = US$ 106.00 or GBP 73.14 (at an exchange rate of US$ 1: GBP 0.69). This taxable amount, *i.e.,* US$ 106.00 or GBP 73.14 in the example, will be taxed at the employee's marginal income tax rates. If the employee were, for instance, to be taxed at a 40% rate, the income tax due will amount to US$ 42.40 or GBP 29.26 (at an exchange rate of US$ 1: GBP 0.69). In addition, the employee will be liable to employee NICs on the taxable amount.

Sale of Shares

When the employee subsequently sells the Shares purchased under the ESPP, any gain (*i.e.*, the difference between the sale price and the market value of the Shares on the purchase date) may be subject to capital gains tax.

Capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

If the employee acquires other Shares, he/she will need to take into account the share identification rules in calculating his/her capital gains tax liability.

The capital gains tax rules are complex and their impact will vary according to the employee's own circumstances. **It is recommended that employees obtain their own independent tax advice prior to any acquisition or sale of shares.**

Dividends

Where Shares are acquired under the ESPP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will be subject to dividend income tax (but not NICs) in the United Kingdom (the applicable tax rate will depend on the employee's total income) and to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in the United Kingdom are provided as required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company). Please note that the UK tax treatment of dividends will change from April 6, 2016.[8]

Withholding and Reporting

The local employer will withhold income tax and employee NICs due on the spread when Shares are purchased under the ESPP. If the amount withheld is not sufficient to cover the employee's actual liability, he/she will be responsible for paying the difference and should do so within 90 days of the end of the tax year in which the purchase occurs to avoid further tax consequences (as discussed below).

In the event there is no or insufficient withholding, the employee must reimburse the local employer for the income tax due within 90 days of the end of the tax year in which the purchase occurs to avoid further tax consequences. If the employee fails to pay this amount to the employer within that time limit, the employee may be deemed to have received a benefit in kind equal to the amount of income tax due and the employee will have to pay further income tax and employee NICs on this benefit. In such case, the employer is not required to withhold tax on the

[8] From April 6, 2016, an individual will have a £5,000 tax-free dividend allowance in each tax year.

benefit in kind, and the employee must include this in his/her annual self-assessment tax return for the tax year in which the purchase date occurs.

The local employer is also required to report the details of the grant of purchase rights and the purchase of Shares, as well as the tax withheld, to HM Revenue & Customs on its annual UK tax returns (including the online share scheme report).

The employee should report details of any tax liabilities arising from the Shares acquired under the ESPP and Shares sold or disposed of, together with details of any dividend income, to HM Revenue & Customs on his/her annual self-assessment tax return. The employee will be responsible for paying any capital gains tax due as a result of the sale of Shares acquired under the ESPP.

Social security

The employee also will be subject to employee NICs on the income received under the ESPP at the applicable rates.

SAP – Approved Shares

The SAP is a tax preferential employee share plan (a "Schedule 2 SIP") which offers income tax and National Insurance advantages. The SAP is operated in conjunction with a trust (the "Trust") in which the Shares will be held on the employees' behalf. The SAP provides for four main types of Shares to be used. They are:

- "Partnership Shares" - the employee can use up to £1,800 of his/her salary in any tax year (or, if less, 10% of his/her salary in any tax year) to buy Partnership Shares. The trustee of the Trust (the "Trustee") will purchase Partnership Shares on the employee's behalf using contributions deducted from his/her pre-tax earnings.

- "Matching Shares" - his/her employer will give the employee up to two free Shares for each Partnership Share the employee buys, up to the maximum contribution the employee is permitted to make.

- "Free Shares" - his/her employer will award the employee a number of free shares up to a maximum value of £3,600 in any tax year.

- "Dividend Shares" - dividends paid on his/her shareholding by the Company are accumulated and used to buy additional Dividend Shares.

At this time, Free Shares and Matching Shares are not offered under the SAP.

Purchase of Shares

The employee will not be subject to income tax or employee NICs when Partnership Shares, Matching Shares, Free Shares or Dividend Shares are acquired on his/her behalf.

Withdrawal of Shares from the SAP

The tax treatment relating to Shares withdrawn from the Trust depends on the type of Shares withdrawn and the length of time the Shares were held in the SAP. When Shares are withdrawn they cease to be subject to the SAP if:

(a) They are transferred to the employee upon his/her instructions;
(b) The employee transfers his/her interest in the Shares held in the SAP; or
(c) They are sold by the Trustee upon the employee's direction.

Shares cease to be subject to the SAP if the employee ceases to be employed by the local employer, the Company or one of its subsidiaries or affiliates (the "Group"). If Shares cease to be subject to the SAP when the employee ceases to be employed by the Group for one of the specified "Good Leaver" reasons (including injury, disability, redundancy or retirement or a change in control or other circumstances ending the associated status of the local employer), "Good Leaver" treatment should be available as set out below.

Partnership Shares

The employee can sell or transfer Partnership Shares at any time.

The employee will not be liable for income tax or employee NICs in relation to his/her Partnership Shares if they are held in the SAP for five years. If the Partnership Shares are held in the SAP for less than three years, the employee will be liable for income tax and employee NICs calculated on the market value of the Partnership Shares when they cease to be subject to the SAP. If the Partnership Shares are held in the SAP for more than three years but less than five years, the employee will be liable for income tax and employee NICs calculated on the lesser of (i) the contributions used to buy the Partnership Shares and (ii) the market value of the Partnership Shares on the date they cease to be subject to the SAP. Charges to income tax and employee NICs will not apply where the Partnership Shares are withdrawn from the SAP as a consequence of the employee leaving employment for "Good Leaver" reasons.

Matching Shares

The employee is not permitted to withdraw his/her Matching Shares from the SAP for a holding period of between three and five years unless the employee ceases to be employed by the Group. If the employee leaves the Group for any reason other than a Good Leaver reason, the employee will forfeit any Matching Shares he/she has held for less than the specified forfeiture period (which will not be more than three years).

The employee will not be liable for income tax or employee NICs in relation to his/her Matching Shares if:

(a) the Shares are held in the SAP for five years or more; or
(b) the employee ceases to be employed by the local employer for one of the "Good Leaver" reasons described above.

If Matching Shares are held in the SAP for less than three years (*i.e.*, the employee ceases to be employed by the Group for other than a "Good Leaver" reason and has held his/her Shares for the specified forfeiture period or more), the employee will be liable for income tax and employee NICs calculated on the market value of the Shares on the date they cease to be subject to the SAP.

If Matching Shares are held in the SAP for more than three years but less than five years, the employee will be liable for income tax and employee NICs based on the lesser of the market value of the Matching Shares at the date of the award and on ceasing to be subject to the SAP.

Free Shares

The employee can be awarded up to £3,600 of free shares each tax year.

The employee is not permitted to withdraw his/her Free Shares from the SAP for a holding period of between three and five years unless the employee ceases to be employed by the Group. If the employee leaves the Group for any reason other than a Good Leaver reason, the employee will forfeit any Free Shares he/she has held for less than the specified forfeiture period (which will not be more than three years).

The employee will not be liable for income tax or employee NICs in relation to his/her Free Shares if:

(a) the Shares are held in the SAP for five years or more; or
(b) the employee ceases to be employed by the local employer for one of the "Good Leaver" reasons described above.

If Free Shares are held in the SAP for less than three years (*i.e.*, the employee ceases to be employed by the Group for other than a "Good Leaver" reason and has held his/her Shares for the specified forfeiture period or more), the employee will be liable for income tax and employee NICs calculated on the market value of the Shares on the date they cease to be subject to the SAP. If Free Shares are held in the SAP for more than three years but less than five years, the employee will be liable for income tax and employee NICs based on the lesser of the market value of the Free Shares at the date of the award and on ceasing to be subject to the SAP.

Dividend Shares

The employee is not permitted to withdraw his/her Dividend Shares from the SAP for a holding period of three years unless the employee ceases to be employed by the Group. The employee will not be liable for income tax (employee NICs are not payable in relation to Dividend Shares in any event) in relation to his/her Dividend Shares if:

(a) the Shares are held in the SAP for three years or more; or
(b) the employee ceases to be employed by the local employer for one of the "Good Leaver" reasons.

If the employee's Dividend Shares cease to be subject to the SAP before three years after their acquisition on his/her behalf, the employee will be liable to income tax on the amount of the cash dividend used to acquire his/her Dividend Shares.

Sale of Shares

If the employee keeps his/her Shares in the SAP until the employee sells his/her Shares, the employee will not have to pay any capital gains tax on any increase in the market value of the Shares while they are in the SAP, however large. The employee will also have no capital gains tax liability if his/her Shares are forfeited under the rules of the SAP.

If the employee takes his/her Shares out of the SAP and sells them later, the employee may be subject to capital gains tax on any difference between the sale price of the Shares and the market value of the Shares at the time they were withdrawn from the SAP.

Capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

The capital gains tax rules are complex and their impact will vary according to the employee's own circumstances. **It is recommended that employees obtain their own independent tax advice prior to any acquisition or sale of shares.**

Dividends

Where Shares are acquired under the SAP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. Any dividends received in relation to Shares that have been removed from SAP will be subject to dividend income tax (but not NICs) in the United Kingdom (the applicable tax rate will depend on the employee's total income) and to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in the United Kingdom are provided as required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company). Please note that the UK tax treatment of dividends will change from April 6, 2016.[9]

Withholding and Reporting

<u>Selling Shares held in the SAP</u>

If the employee keeps his/her Shares in the SAP until the employee sell his/her Shares and an income tax and NICs liability arises on sale (as described in the 'Withdrawal of Shares From the SAP" section above), the Trustee will send the proceeds of sale to the employee's employing company. The local employer will then deduct the appropriate sum from the proceeds through the PAYE system and pay this to HM Revenue & Customs on the employee's behalf. The employee will be taxed on the amount indicated in the "Withdrawal of Shares From the SAP" section above. Income tax will be due on the taxable amount at his/her marginal income tax rate and employee NICs will be due at the applicable rate on the same amount.

<u>Transfer of Shares out of the SAP</u>

If the employee transfers his/her Shares out of the SAP and an income tax and NICs liability arises on withdrawal (as described in the "Withdrawal of Shares From the SAP" section above) the Trustee will notify the employee of the income tax and employee NICs to be paid. When the Trustee has received this sum from the employee, it will pay the income tax and employee NICs to HM Revenue & Customs on the employee's behalf and arrange for his/her name to be entered on the register of shareholders of the Company.

Please note that the Trustee is able to discharge any PAYE obligation that arises where the employee's Shares cease to be subject to the SAP by (i) arranging for the employee to pay a sum

[9] From April 6, 2016, an individual will have a £5,000 tax-free dividend allowance in each tax year.

equal to the PAYE obligation; or (ii) selling a sufficient number of the employee's Shares held in the SAP and using the proceeds to meet that obligation.

The local employer is required to report the details of the tax withheld and other aspects of the operation of the SAP to HM Revenue & Customs on its annual UK tax returns (including the online share schemes report). The Trustee also has reporting obligations in relation to the SAP.

It is the employee's responsibility to report any transaction relating to the SAP where taxable income arises, the subsequent sale of Shares that have ceased to be held in the SAP or the receipt of any dividends on his/her annual UK Tax Return. In addition, the employee will be responsible for paying any taxes due as a result of the sale of Shares no longer held in the SAP or the receipt of dividends.

Social security

Please refer to the 'Withdrawal of Shares from the SAP' section above for information related to the employee's NICs obligation (if any).

LTIP - RSUs

Grant

The employee should not be subject to taxation on the date the Company grants him/her an RSU under the LTIP that is payable in Shares.

Vesting

The employee will be subject to taxation on the date the RSU vests and the employee receives Shares, and he/she will be taxed on the market value of the Shares at that time. The taxable amount will be classified as employment income and will be subject to income tax at the employee's marginal tax rates and employee NICs at the applicable rates.

Sale of Shares

When the employee subsequently sells the Shares acquired under the LTIP, any gain (*i.e.*, the difference between the sale price and the market value of the Shares on the vesting date) may be subject to capital gains tax.

Capital gains tax is only payable on gains from all sources in excess of the annual personal exemption in any tax year.

If the employee acquires other Shares, he/she will need to take into account the share identification rules in calculating his/her capital gains tax liability.

The capital gains tax rules are complex and their impact will vary according to the employee's own circumstances. **It is recommended that employees obtain their own independent tax advice prior to any acquisition or sale of shares.**

Dividends

Where Shares are acquired under the LTIP, dividends may be paid with respect to these Shares if the Company, in its discretion, declares a dividend. The dividends received will be subject to dividend income tax (but not NICs) in the United Kingdom (the applicable tax rate will depend on the employee's total income) and to U.S. federal income withholding tax (at a rate of 28%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in the United Kingdom are provided as required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company). Please note that the UK tax treatment of dividends will change from April 6, 2016.[10]

Dividend Equivalents

The employee will be subject to income tax and NICs on any dividend equivalents paid to him/her.

Withholding and Reporting

The local employer will withhold income tax and employee NICs on the market value of the Shares acquired upon vesting and dividend equivalents. If the amount withheld is not sufficient to cover the employee's actual liability, he/she will be responsible for paying the difference and should do so within 90 days of the end of the tax year in which vesting occurs to avoid further tax consequences (as discussed below).

In the event there is no or insufficient withholding, the employee must reimburse the local employer for the income tax due within 90 days of the end of the tax year in which vesting occurs to avoid further tax consequences. If the employee fails to pay this amount to the employer within that time limit, the employee may be deemed to have received a benefit in kind equal to the amount of tax due and the employee will have to pay further income tax and employee NICs on this benefit. In such case, the employer is not required to withhold tax on the benefit in kind, and the employee must include this in his/her annual self-assessment tax return for the tax year in which the vesting/payment date occurs.

The local employer is also required to report the details of the grant of RSUs and the acquisition of Shares, as well as the tax withheld, to HM Revenue & Customs on its annual UK tax returns (including the online share schemes report).

The employee should report details of any tax liabilities arising from the Shares acquired under the LTIP and Shares sold or disposed of, together with details of any dividend income, to HM Revenue & Customs on his/her annual self- assessment tax return. The employee will be responsible for paying any capital gains tax due as a result of the sale of Shares acquired under the LTIP.

[10] From April 6, 2016, an individual will have a £5,000 tax-free dividend allowance in each tax year.

Social security

The employee also will be subject to employee NICs on the income received under the LTIP (*i.e.*, the market value of the Shares acquired upon vesting and dividend equivalents) at the applicable rates.

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