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

DIVISION OF
CORPORATION FINANCE

September 14, 2017

Daniel M. Miller
Managing Counsel and Group Vice President
SunTrust Banks, Inc.
SunTrust Plaza
Mail Code GA-Atlanta-0643
303 Peachtree Street NE, Suite 93600
Atlanta, GA 30308

Re: In the Matter of SunTrust Investment Services, Inc.
SunTrust Banks, Inc. – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act

Dear Mr. Miller:

This is in response to your letter dated September 12, 2017, written on behalf of SunTrust Banks, Inc. ("STI") and constituting an application for relief from STI being considered an "ineligible issuer" under clause (1)(vi) of the definition of ineligible issuer in Rule 405 of the Securities Act of 1933 ("Securities Act"). STI requests relief from being considered an ineligible issuer under Rule 405, due to the entry on September 14, 2017 of a Commission Order ("Order") pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against SunTrust Investment Services, Inc. ("STIS"). The Order requires that, among other things, STIS cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

Based on the facts and representations in your letter, and assuming STIS complies with the Order, the Commission has determined that STI has made a showing of good cause under paragraph (2) of the definition of ineligible issuer in Rule 405 and that STI will not be considered an ineligible issuer by reason of the entry of the Order. Accordingly, the relief described above from STI being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or failure to comply with the terms of the Order would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Sincerely,

/s/

Tim Henseler
Chief, Office of Enforcement Liaison
Division of Corporation Finance

SunTrust

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September 12, 2017

Tim Henseler, Chief,
Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: In the Matter of SunTrust Investment Services, Inc.

Dear Mr. Henseler:

I submit this letter on behalf of my client SunTrust Banks, Inc. ("STI") in connection with the settlement of the above-referenced administrative and cease and desist proceedings by the U.S. Securities and Exchange Commission ("SEC" or "Commission") against STI's indirect subsidiary SunTrust Investment Services, Inc. ("STIS"), which was dually registered with the SEC as a broker-dealer and an investment adviser at all relevant times.[1]

STI is a public company and a "well-known seasoned issuer" ("WKSI") as defined in Rule 405 of the Securities Act of 1933, as amended ("Securities Act"). STI and its direct and indirect subsidiaries provide a wide array of banking and investment services, and STI accesses the capital markets frequently, as described in more detail below.

Pursuant to Rule 405 of the Securities Act, STI hereby respectfully requests, for the reasons explained below, that the Commission (or the Division of Corporation Finance ("Division"), pursuant to the delegation of authority of the Commission) determine that, for good cause shown and consistent with the framework outlined in the Division's Revised Statement on Well-Known Seasoned Issuer Waivers, issued on April 24, 2014 (the "Revised Statement"), it is not necessary under the circumstances that STI be considered an "ineligible issuer" and, therefore, waive the disqualification that would result when the Commission enters an order (the "Order") in the above-referenced administrative proceeding. STI requests that this determination be effective upon the entry of the Order against STIS in the above-referenced administrative proceeding.

[1] For reasons unrelated to such proceedings, in January 2017, STIS assigned its fee-based advisory agreements and relationships to SunTrust Advisory Services, Inc., a newly-formed investment adviser and another indirect, non-banking subsidiary of STI ("STAS"). STIS continues to be a registered broker-dealer and, pursuant to the anticipated settlement, has paid rebates to clients now receiving advisory services from STAS. Such affected clients continue to have their brokerage accounts with STIS.

1. Background

STIS has engaged in discussions with the Staff of the Division of Enforcement ("Division of Enforcement") concerning possible settlement offers and, as a result of these discussions, STIS has submitted an offer of settlement pursuant to which STIS has consented to the Order. Under the terms of the offer of settlement, STIS has neither admitted nor denied any of the findings that will be in the Order, except as to jurisdiction and subject matter.

The Order will describe violations of the Investment Advisers Act of 1940 ("the IAA") that occurred from approximately December 27, 2011 to June 30, 2015 that resulted from STIS investing certain non-qualified retirement account advisory clients ("non-qualified accounts") in mutual fund share classes with 12b-1 fees when lower fee share classes of the same funds were available without such 12b-1 fees, or available with lower 12b-1 fees, and failing to adequately disclose in Part II of the Firm's Form ADV or otherwise that the Firm's practice of not always utilizing the lowest cost available mutual fund share class created a conflict of interest due to the investment adviser's financial incentive to place non-qualified advisory clients in higher fee mutual fund share classes. The Order will state that this inadequate disclosure resulted in STIS negligently breaching its fiduciary duties as an investment adviser to certain of its advisory clients resulting in violations of provisions of the IAA as more fully discussed below. The Order also will state that STIS did not adopt appropriate compliance policies governing mutual fund share class selection for certain accounts until July, 2015 and that the failure to invest clients in, or convert clients to, the lowest cost available share class violated the Firm's duty of best execution under the IAA.

The Order will find that STIS's conduct willfully[2] violated Sections 206(2)[3], 206(4) and 207 of the IAA and Rule 206(4)-7 thereunder. Under the terms of the Order, pursuant to Section 15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Sections 203(e) and 203(k) of the IAA, STIS will be: (1) ordered to cease and desist from committing or causing any violation and any future violations of Sections 206(2), 206(4) and 207 of the IAA and Rule 206(4)-7 thereunder; (2) censured; (3) ordered to pay rebates or disgorge $1,147,578.11, prejudgment interest of $150,397.90, and a civil monetary penalty of $1,147,578.11. STIS has already begun voluntarily rebating fees to client accounts and will pay the above disgorgement amount directly to the Commission to the extent SunTrust Advisory Services ("STAS") has been unable to process a rebate within 210 days of the Order (because, for example, the client cannot be located or for similar reasons).

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[2] A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (*quoting Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (*quoting Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

[3] A violation of Section 206(2) may rest on a finding of simple negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (*citing SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195 (1963)). Proof of scienter is not required to establish a violation of Section 206(2) of the Advisers Act. *Id.*

2. Discussion

In 2005, the Commission revised the registration, communications, and offering processes under the Securities Act (the "Securities Offering Reform Rules"). See *Securities Offering Reform,* Securities Act Release No. 8591 (July 19, 2005), 70 Fed. Reg. 44,722 (Aug. 3, 2005). As part of the Securities Offering Reform Rules, the Commission added a new category of issuer, the "WKSI," the definition of which includes an issuer that is not subject to ineligible issuer status. The Securities Offering Reform Rules also permit, under Rules 163, 164 and 433 of the Securities Act, expanded communications with potential investors by issuers that are not deemed ineligible issuers.

Under Rule 405 of the Securities Act, an issuer will be an ineligible issuer if, among other things:

> (vi) Within the past three years . . . the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree or order arising out of a governmental action that...
>
> > (A) Prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws;
> >
> > (B) Requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws; or
> >
> > (C) Determines that the person violated the anti-fraud provisions of the federal securities laws.[4]

Pursuant to this rule and based on actions involving its indirect subsidiary, STIS, STI would be deemed an ineligible issuer upon the entry of the Order, absent a waiver from the Commission. To this end, Rule 405 of the Securities Act authorizes the Commission to determine, "upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer."[5]

In its Revised Statement, the Division identifies five factors relevant to determining whether an issuer has shown good cause that ineligible issuer status is not necessary for the public interest or the protection of investors:

> 1. The nature of the violation or conviction and whether it involved disclosure for which the issuer or any of its subsidiaries was responsible or calls into question the ability of the issuer to produce reliable disclosure currently and in the future;
>
> 2. Whether the conduct involved a criminal conviction or scienter-based violation, as opposed to a

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[4] *See* Rule 405 under the Securities Act (defining "ineligible issuer").

[5] *Id.*

civil or administrative non-scienter-based violation;

3. Who was responsible for, and the duration of, the misconduct;

4. What remedial steps the issuer took; and

5. What the impact would be if the waiver request is denied.[6]

The Revised Statement also addresses the issuer's burden to show good cause. Notably, the Division states that where there is a criminal conviction or a scienter-based violation involving disclosure for which the issuer or any of its subsidiaries was responsible, the issuer's burden to show good cause that a waiver is justified would be significantly greater.

STI believes that, in this case, which did not involve any finding of scienter on the part of its indirect subsidiary, STIS, it satisfies the requirements for establishing good cause under the factors discussed in the Revised Statement. For these and the other reasons described in detail below, STI respectfully requests that the Commission determine that, under the circumstances, it should not be considered an ineligible issuer. In assessing whether good cause has been shown, it is also important to note that neither STI, STIS, nor any of their direct or indirect subsidiaries, have ever requested a waiver from the SEC.

a. <u>The Violations to be Described in the Order Were Not by STI and Did Not Involve Any of STI's Disclosures Under the Securities Act</u>

As noted above, the Order will state that STIS failed to disclose in Part 2 of its Form ADV or otherwise that a conflict of interest was present due to a financial incentive to place non-qualified advisory clients in higher fee mutual fund share classes and that this lack of disclosure resulted in a breach of STIS's fiduciary duties and duty of best execution owed as an investment adviser to the non-qualified advisory accounts. The violations to be described in the Order, which fall under Section 206(2), 206(4), and Section 207 of the IAA, did not involve or have any impact on any of STI's other subsidiaries up to and including STI itself.

Importantly, the Order will not state that STI failed to comply with disclosure requirements applicable to STI, as a WKSI or otherwise, under the Securities Act or the Exchange Act or that STI made any misrepresentations in its own disclosure reports required under the Exchange Act or in connection with an offering of STI securities. The disclosure policies and procedures applicable to STIS are completely separate and distinct from the disclosure policies and procedures applicable to STI and the responsibilities for disclosures of STI. In addition, none of the individuals responsible for the disclosure of STIS have any responsibility for the disclosures of STI. Accordingly, the violations to be described in the Order do not call into question the ability of STI to provide reliable disclosure currently and in the future.

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[6] *See* Revised Statement (Apr. 24, 2014).

b. The Conduct to be Described in the Order Does Not Involve Scienter-Based Fraud and Will Not Result in a Criminal Conviction

The Order will not state that STI or STIS engaged in any conduct involving a criminal conviction or scienter-based violation. Rather, the violations to be described in the Order that fall under Section 206(2) and Section 206(4) of the IAA are non-scienter-based antifraud provisions. Furthermore, the violations to be described in the Order will not give rise to or constitute a criminal conviction.

c. The Responsibility for and Duration of the Violations to be Described in the Order

STIS is an indirect subsidiary of STI. The violations to be described in the Order involved only STIS, and did not involve any of STI's other entities up to and including STI itself. The violations to be described involved only STIS's business practices and related disclosures relating to mutual fund share class selection under the IAA. The violations did not involve any offerings by STI of its securities or disclosures related to STI and, as noted above, the violations to be described in the Order do not state that STI made any omissions or misrepresentations in STI's disclosure reports required under the Exchange Act or in connection with an offering of STI securities. No individuals were charged in connection with the violations to be described in the Order.

As noted above, the gravamen of violations in the view of the Division of Enforcement was the failure to fully disclose in Part 2 of its Form ADV or otherwise the nature of the conflict of interest that resulted from accepting 12b-1 fees for these accounts. This is clear from the fact that the Staff has sanctioned continuing to accept 12b-1 fees under such circumstances provided that appropriate disclosures are made in the Form ADV or otherwise.[7] Therefore, the sufficiency of the disclosures is most relevant. STIS disclosed in Part 2 of its Form ADV that STIS "may" receive 12b-1 fees as a result of investments in certain mutual funds and – for certain of the programs – that such fees present a "conflict of interest," but failed to disclose that many mutual funds offered a variety of share classes, including some that did not charge 12b-1 fees and were, accordingly, less expensive for eligible investors. Internal legal counsel for STIS, who was the person who reviewed the Form ADV disclosures prior to 2015 and was best able to have prevented this violation, is no longer employed by the company or any of its affiliates.

There were no red flags apparent to STI or STIS. No one at STI or SunTrust Bank Holding Company (which is the direct holding company for STIS) knew about the circumstances that gave rise to the violations to be described in the Order prior to July 1, 2015 when STIS ceased accepting 12b-1 fees with respect to all of its advisory accounts.

Further, no STIS personnel had any role or influence over any public disclosures made by STI. None of the individuals directly responsible for STIS' disclosures related to the share class selection issue described in the Order were senior officers of STI. None of the individuals directly responsible for STIS' disclosures related to the share class selection issue described in the Order were responsible for STI's disclosures or STI's disclosure controls and procedures.

[7] See American Insurance Group, Inc., SEC Staff No-Action letter (Mar. 14, 2016).

While the Order will state that STIS' violations relating to share class selection occurred during an approximate three-and-a-half year period, December 27, 2011 through June, 2015, STIS has since then undertaken significant efforts, and continues to take steps, designed to ensure that these problems will not recur, as discussed in the next section of this letter.

d. Remedial Steps Already Taken and to Be Taken

As will be described in the Order, the violations at issue were first identified in connection with cycle examinations of STIS conducted by the OCIE in 2014 and 2015. In late 2015, certain issues were referred by OCIE to the Division of Enforcement for further investigation. Throughout this period, STIS worked to remedy all OCIE-identified examination deficiencies, reporting on their work, progress and remedial measures to the Division of Enforcement staff. Importantly, the Order will state that the remedial acts taken by STIS, as well as the cooperation with the Commission staff, were relevant to the Commission's determination to accept STIS' offer of settlement.

The Order will state that the share class selection violation resulted from gaps in disclosure regarding conflicts of interest and failure to seek best execution with respect to selecting mutual fund share classes. The conflicts of interest arise from the financial incentive to place non-qualified advisory clients in higher fee share classes over lower fee share classes of the same mutual fund. The Order will also state that by failing to invest all client accounts in, or convert all client accounts to, the lowest cost available share class, STIS violated its duty of best execution under the IAA.

STIS discontinued the business practice of receiving 12b-1 fees rather than merely enhance its disclosures. Effective July 1, 2015, immediately after being alerted to this issue by the SEC examination staff, STIS began rebating all 12b-1 fees to clients in all fee-based advisory accounts, both qualified and unqualified. As a result, STIS, STAS and its investment adviser representatives can no longer receive any 12b-1 fees as additional compensation at STIS. Further, STIS required all non-qualified fee-based accounts opened prior to July 1, 2015 to undergo a share class conversion – if they had not already been converted through STIS's A to I share conversion project (a voluntary initiative to convert investments from a share class that paid a 12b-1 fee to one that did not) – to ensure all clients were invested in the "most cost effective" mutual fund share class available. Further, as a safeguard to prevent investment adviser representatives from seeking any 12b-1 fees as compensation, STIS also set up an automated alert process with its clearing broker-dealer so that STIS managers would be alerted to any 12b-1 fees (which were automatically rebated to the client) and can follow up as to why the investment choice was made and whether a lower-cost fund share class was available. Finally, STIS issued new compliance guidance in July 2015 making clear that advisers are responsible for recommending or purchasing the most cost-efficient mutual fund share class available for all new clients on a going-forward basis.

In addition, STIS has already rebated affected non-qualified client investment accounts for the avoidable 12b-1 fees (and interest) incurred by accounts during the period from December 27, 2011 through June 30, 2015 (such fees for periods subsequent to June 30, 2015 were automatically rebated). The total amounts to be rebated will be $1,297,976.01, consisting of $1,147,578.11 in avoidable 12b-1 fees paid by clients, and $150,397.90 in interest. STIS has directly credited 2,719 active client accounts with refunds (including interest) of $918,343.93 and placed $379,966.58 (representing all refunds and interest due to closed STIS accounts) with an escrow agent which has issued checks to 1,860 former STIS clients at their last known address. Any escrow funds owed to accounts for which STIS's escrow agent has been unable to process a rebate within 210 days of the Order because the client cannot be located or for similar reasons will be disgorged by STIS to the Commission pursuant to Order.

As noted above, STIS affirmatively ceased to collect all 12b-1 fees with respect to client advisory accounts beginning July 1, 2015 and instead began rebating <u>all</u> 12b-1 fees received thereafter to client accounts. This STIS policy applies to <u>all</u> 12b-1 fees received in connection with qualified accounts, even when 12b-1 fee mutual fund shares are also the lowest cost available share class. Further, this policy of refunding all 12b-1 fees received not only applies to mutual funds selected and monitored as part of the Firm's investment advisory programs, which maintain pre-approved mutual fund lists, but also to the thousands of mutual funds available to clients who retain investment discretion over their accounts and programs where IARs are authorized to utilize any mutual fund available to the client's account on the Firm's clearing broker's system.

Finally, STAS, the STIS affiliate currently administering the advisory programs, has already revised its Form ADV disclosures and added disclosure to other account documentation specifically addressing mutual fund share class selection to include the following statement in Part 2:

> *Money market funds and other mutual funds, including ETFs in which clients may invest, or the advisers or principal underwriters of the funds, may make payments to STIS, an affiliated company of STAS, pursuant to a Rule 12b-1 distribution plan or other arrangement as compensation for distribution, shareholder services, recordkeeping, or administrative services; these payments may be paid from the fund's total assets or may be paid by a fund's adviser or distributor.* ***STIS credits client accounts with any 12b-1 fees received during the period an account is under an investment management agreement.*** *The Rule 12b-1 distribution plan and other fee arrangements will be disclosed upon request and typically are disclosed in the applicable fund's registration statement.*
>
> *STAS makes best efforts to purchase lower cost mutual fund shares but in certain instances cannot because the mutual fund company does not offer institutional class non-12b-1 fee paying mutual funds or does not contractually offer them to STIS.* (emphasis added)

e. <u>Disgorgement and Voluntary Repayments to Customers</u>

As previously noted, STIS has rebated or will disgorge $1,297,976.01, consisting of fee rebates of $1,147,578.11 and prejudgment interest of $150,397.90). This amount represents the 12b-1 fees (which is typically 25 basis points) that STIS would not have collected from the lower fee share classes.

STIS will pay the above disgorgement amount directly to the Commission to the extent STIS's escrow agent is unable to process a rebate within 210 days of the Order (because, for example, the client cannot be located or for similar reasons).

STIS has completed refunds to all customers with active accounts. Because paying refunds to inactive accounts requires payment by check and an accurate address, it is not certain if all refunds for inactive accounts will be completed within this time frame. As noted above, the Order will provide that to the extent

STIS and/or its escrow agent is unable to timely process a rebate because, for example, the client cannot be located or for similar reasons, then STIS and/or its escrow agent will pay such amounts to the Commission. STIS' escrow agent has issued checks to pay rebates of fees and interest totaling $379,966.60 to 1,860 former clients.

f. Impact If the Waiver Is Denied

STI is a frequent issuer of securities that are registered with the Commission and offered and sold off the automatically effective Form S-3ASR registration statement, which is available only to WKSIs ("WKSI Shelf"). Loss of WKSI status would significantly impact the ability of STI to quickly and effectively access the capital markets. In particular, STI's ability to efficiently respond to market conditions would be significantly impaired by any inability to file, as WKSIs may, a new, automatically effective registration statement or prospectus supplement, or offer new securities not previously described in a WKSI Shelf and with features and terms that can be tailored to market demands and conditions at the time of offering. In addition, STI's inability to use free-writing prospectuses ("FWPs") that can include marketing material that facilitates an offering (including using third party offering participants) could significantly harm STI's ability to efficiently respond to market conditions.

Since 2005, STI has filed 54 FWPs in connection with four Form S-3ASRs that registered a variety of securities, including senior, subordinated and junior debt securities, common stock, preferred stock, and depositary shares available for sale off that WKSI Shelf. Of these, 36 were for non-term sheet prospectuses (10/12/16; 4/3/14; 12/4/13; 7/8/13; 5/9/13; 5/8/13; 4/2/13(2); 2/5/13; 1/7/13; 10/4/12(2); 8/6/12; 7/10/12(2); 5/16/12; 5/8/12; 4/10/12; 4/9/12; 2/27/12; 11/7/11; 10/11/11; 9/23/11; 9/22/11; 9/21/11; 4/7/11; 3/18/11; 2/18/11; 2/1/11(2); 1/4/11; 11/3/10; 10/7/10; 9/13/10; 6/1/09; 5/15/09). STI most recently filed a WKSI Shelf on September 15, 2015, a little over a year and a half ago. Since then STI has filed five FWPs (including one non-term sheet prospectus) with respect to four offerings totaling more than $2.75 billion, including the issuance of $750 million of preferred stock, $2.0 billion of senior notes, and $17.2 million of structured notes. While preferred stock and senior notes offerings were made to supplement STI's capital and liquidity, the structured note offering was designed to provide clients with an attractive investment opportunity. Accordingly, WKSI status is important to STI's ability to meet both its capital and liquidity needs, as well as certain client investment needs.

Furthermore, due to its BHC status, STI believes that maintenance of WKSI status is especially critical to conducting its business. STI is regulated by the Board of Governors of the Federal Reserve System ("FRB") as a Bank Holding Company ("BHC"), and its status as a WKSI is a significant factor in its capital and liquidity planning. As a BHC, STI is subject to capital and other requirements imposed by the FRB. These include, among other things, compliance with (i) minimum capital requirements, (ii) enhanced capital standards, (iii) liquidity coverage ratio requirements, (iv) net stable funding ratio requirements, (v) capital planning and stress testing, and (vi) source of strength requirements for its insured depositary, SunTrust Bank.[8] STI specifically mentions its ability to issue securities off of this shelf as part of its contingent funding

[8] Refer to *SunTrust Banks, Inc. Annual Report on Form 10-K*, Item 1, Business—Regulation and Supervision at pages 1-4.

plan at page 60 of its Annual Report on Form 10-K.

Additionally, many of these FRB requirements may be changed by rule from time to time. For example, since 2010, STI has become subject to the following FRB Rule changes which affected its capital and liquidity structure and the securities it issues off of its automatically effective shelf registration statement:

- First, Basel III imposed several new or changed capital requirements:
  - The minimum Tier 1 Capital requirement increased from 4.5% in 2013, to 5.5% in 2014, to 6.0% in 2016 and beyond.
  - An additional capital conservation buffer of 0.625% was first imposed in 2016, and it increased to 1.25% in 2017.
  - Trust preferred securities were eliminated from Tier 1capital on a phased in period between 2013 and 2016.
  - Certain items will be deducted from capital (mainly mortgage servicing rights and deferred tax assets) on a phased-in basis between 2014 and 2018.
  - The risk weighting of assets was changed effective January 1, 2015. Under bank capital requirements, required capital is expressed as a ratio of qualifying capital elements divided by total risk-weighted assets. Each asset on a bank or bank holding company's balance sheet is assigned a risk weight according to banking regulations. Since any change in a regulatory risk-weighting of an asset will affect the denominator of this ratio, any change to risk weighs affects capital requirements.

- Second, Basel III introduced several new liquidity requirements. These have had the effect of altering the liquidity profile of the WKSI parent.
  - The Liquidity Coverage Ratio (LCR) first applied to STI at the 90% level effective January 1, 2016, and increased to 100% on January 1, 2017. The LCR has the effect of requiring STI have an adequate stock of high-quality liquid assets. As our liquidity requirements have increased, we have altered the composition of our obligations to better match the maturities of these assets by increasing the amount of senior, short-term funding.
  - The Net Stable Funding Ratio (NSFR) will become effective January 1, 2018 and will require the available amount of stable funding to exceed the required amount of stable funding over a hypothetical one-year period of extended stress.

Third, STI has become subject to formalized stress testing which has the practical effect of increasing the amount of capital it is required to hold. The FRB first implemented formal bank stress testing in 2009 with its Supervisory Capital Assessment Program (SCAP). The FRB formalized, revised, and made permanent this annual stress testing in 2011 with its Comprehensive Capital Analysis and Review (CCAR) program. Under these programs, a bank holding company's (STI's) regulator reviews loan-level data under a number of hypothetical adverse and severely adverse scenarios. These hypothetical scenarios assume certain shocks to the economy, such as reduced employment, GDP, or asset prices, and then simulate the hypothetical performance of the Company during those shocks. Banks are required to maintain sufficient capital to sustain forecast losses even under these hypothetical scenarios over a 9-quarter planning horizon. Importantly, the FRB changes the parameters of these hypothetical scenarios every year. As a result, regulatory stress testing effectively imposes additional capital requirements which change from year to year.

While many of these changes were the result of extensive policy debate in connection with the U.S.' implementation of the Basel III accord, it should be apparent that even as implemented the specific requirements change considerably from year to year. Further, while the structure of these rules is not likely to change without extensive debate, regulators may feasibly implement changes within this structure by publishing notice of a proposed rulemaking. They might do this by changing the risk-weights of particular assets, or by ratcheting up specific capital or liquidity ratio requirements based on market or political conditions. Further, they effectively do this each and every year when they published revised hypothetical scenarios for use with the CCAR.

In the event that STI were to become subject to increased capital or other requirements, loss of WKSI status, among other things: (i) could impede STI's ability to promptly and/or efficiently raise capital or liquidity as could become necessary; (ii) likely would materially and adversely affect STI's ability to promptly and/or efficiently satisfy any prudential standards that the FRB and/or other regulators could impose; and (iii) could make it more difficult for STI to promptly address the results of stress testing that may be required by the FRB, which might then result in the imposition of additional capital requirements.

g. Issuer's Burden to Show Good Cause

STI has met its burden to show good cause under Rule 405 and the Revised Statement. As discussed above, the conduct that gave rise to the violations, and the facts and circumstances as they currently exist, do not affect its ability to produce reliable disclosure and that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.

Further, it appears that STI's case for a waiver under the Staff's published criteria is at least as strong, or stronger, than that of two other issues for whom the Staff recently granted a waiver.[9]

3. Request for Waiver

For the foregoing reasons, STI respectfully submits that, based on the factors described above, it is not necessary under the circumstances for STI to be deemed an "ineligible issuer" and that good cause exists for the relief requested in this letter. Furthermore, because the conduct to be described in the Order does not relate to STI's ability to produce reliable disclosure as a WKSI, including with respect to offering securities, granting a waiver to STI in this instance would be consistent with the public interest and the protection of investors. We therefore respectfully request that the Commission (or the Division pursuant to delegated authority) make a determination that STI is granted a waiver from designation as an "ineligible issuer" at the time that the Order is issued by the Commission.

Please do not hesitate to contact me at (404) 724-3457 with any questions regarding this request.

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[9] American Insurance Group, Inc., SEC Staff No-Action letter (Mar. 14, 2016) and Voya Financial Advisers, Inc. SEC Staff No-Action letter (Mar. 7, 2017).

Very truly yours,

Daniel M. Miller

cc: Erin Wilson, Special Counsel, Office of Enforcement Liaison, Division of Corporation Finance, U.S. Securities and Exchange Commission

Jay Mumford, Attorney-Advisor, Office of Enforcement Liaison, Division of Corporation Finance, U.S. Securities and Exchange Commission

Raymond Fortin, General Counsel, SunTrust Banks, Inc.