

Billing Review Matter Settlement with the Department of Justice

Client Letter

We want to update you on a matter we first disclosed in 2015. In December 2015, we disclosed that we had incorrectly invoiced certain expenses to asset servicing clients, primarily in the United States, which generally appeared on our fee schedules under the heading “Out-of-Pocket” charges.

In 2016, we compensated with interest all clients (and former clients we could locate) that were affected by these overcharges, although we are holding some of these payments at client request. We have and continue to strengthen the accuracy and transparency of our invoicing. Certain categories of expenses have been eliminated or are no longer invoiced as out-of-pockets, and, instead, are billed as fees that are stated on clients’ fee schedules. We deeply regret this matter.

On May 13, 2021, the Department of Justice (DOJ) announced that we had entered into a deferred prosecution agreement to resolve their investigation into these overcharges disclosed in 2015. The agreement with the DOJ involves a fine but does not contemplate any change in the reimbursement previously paid to our clients. Previously, in June 2019, we entered into settlements with the Securities and Exchange Commission and the Massachusetts Attorney General with respect to the same incorrect invoices.

Please do not hesitate to let us know if you have any questions or concerns.