UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75720 / August 18, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3679 / August 18, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16762

In the Matter of **THE BANK OF NEW YORK MELLON CORPORATION,** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against The Bank of New York Mellon Corporation ("BNY Mellon" or "Respondent").

II.

In anticipation of the institution of these proceedings, BNY Mellon has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, BNY Mellon consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and BNY Mellon's Offer, the Commission finds[1] that:

Summary

1. This matter concerns violations of the anti-bribery and internal accounting controls provisions of the Foreign Corrupt Practices Act ("FCPA") by BNY Mellon. The violations took place during 2010 and 2011, when employees of BNY Mellon sought to corruptly influence foreign officials in order to retain and win business managing and servicing the assets of a Middle Eastern sovereign wealth fund.

2. These officials sought, and BNY Mellon agreed to provide, valuable internships for their family members. BNY Mellon provided the internships without following its standard hiring procedures for interns, and the interns were not qualified for BNY Mellon's existing internship programs.

3. BNY Mellon failed to devise and maintain a system of internal accounting controls around its hiring practices sufficient to provide reasonable assurances that its employees were not bribing foreign officials in contravention of company policy.

BNY Mellon

4. **BNY Mellon** is a Delaware corporation with its headquarters in New York, New York. The company's common stock is registered under Section 12(b) of the Exchange Act and listed on the New York Stock Exchange (ticker: BK). BNY Mellon and its various subsidiaries provide banking and financial services in North America and elsewhere around the globe, including in the Europe, Middle East, and Africa ("EMEA") region. Services provided to EMEA region clients by BNY Mellon include custody and related services through its global asset servicing unit ("BNYM Asset Servicing"), and asset and wealth management services through its global investment management business division ("BNYM Asset Management").

Other Relevant Entities and Individuals

5. **BNY Mellon Boutique** (the "Boutique") is a wholly owned asset management firm operating within BNYM Asset Management. Asset management services provided by BNYM Asset Management are generally carried out in the EMEA region by BNY Mellon's various regional subsidiaries, including the Boutique.

6. **Middle Eastern Sovereign Wealth Fund** (the "Middle Eastern Sovereign Wealth Fund") is a government body responsible for management and administration of assets of a Middle Eastern country, as entrusted to it by that country's Minister of Finance. The Middle Eastern Sovereign Wealth Fund is wholly owned by that country and was created

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

to perform the function of generating revenue for it. The Minister of Finance serves as Chairman of the Middle Eastern Sovereign Wealth Fund's Board of Directors and its most senior members are political appointees. The Middle Eastern Sovereign Wealth Fund generally hires external managers to make day-to-day investment decisions concerning its assets.

7. **European Office** (the "European Office") is the Middle Eastern Sovereign Wealth Fund's office in Europe. The European Office is responsible for managing a portion of the assets entrusted to the Middle Eastern Sovereign Wealth Fund. Unlike the Middle Eastern Sovereign Wealth Fund, its parent, the European Office generally uses its own in-house investment professionals to actively manage assets for which it is responsible.

8. **Officials X and Y** are government officials affiliated with the Middle Eastern Sovereign Wealth Fund. Official X was a senior official with the Middle Eastern Sovereign Wealth Fund during the relevant time period. Official Y was a senior official at the European Office during the relevant time period.

9. **Interns A, B and C** (collectively, the "Interns") are relatives of Officials X and Y. Interns A and B are the son and nephew, respectively, of Official X. Intern C is the son of Official Y. All three Interns were recent college graduates during the relevant time period.

BNY Mellon's Business with the Middle Eastern Sovereign Wealth Fund

10. During the relevant time period, BNY Mellon's business in the EMEA region collected fees for services provided to the Middle Eastern Sovereign Wealth Fund. Those fees arose from government contracts awarded to BNY Mellon through a process requiring approval from certain foreign government officials, and also from additional assets allocated to BNY Mellon under existing contracts at the discretion of certain foreign government officials.

11. The Middle Eastern Sovereign Wealth Fund first became a client of BNYM Asset Servicing in 2000, when the European Office awarded to BNY Mellon custody of certain assets. Since then, BNY Mellon has earned regular fees for the safekeeping and administration of Middle Eastern Sovereign Wealth Fund assets. According to the terms of the custody agreement, these fees are subject to increase from time to time as the European Office allocates additional assets to BNY Mellon. While the total amount of Middle Eastern Sovereign Wealth Fund assets under custody by BNY Mellon has varied over time, during the relevant time period BNY Mellon held Middle Eastern Sovereign Wealth Fund assets totaling approximately $55 billion.

12. BNY Mellon entered an additional agreement with the European Office in 2003 permitting BNYM Asset Servicing to loan out certain of the Middle Eastern Sovereign Wealth Fund assets under custody within set guidelines, which varied over time.[2] This

[2] Such "securities lending" generally involves loaning a stock, derivative or other security to an individual investor or firm. It is frequently done as part of a "short selling" strategy on the part of the borrower, who hopes to profit by immediately selling the security and then buying it back later at a lower price.

securities lending arrangement significantly increased BNY Mellon's revenues from its dealings with the Middle Eastern Sovereign Wealth Fund. In 2010 and 2011, BNYM Asset Servicing repeatedly sought to modify the lending guidelines, which had been significantly restricted following the 2008 economic crash, in order to bring the guidelines back to pre-2008 levels and further grow the securities lending business with the Middle Eastern Sovereign Wealth Fund. During the relevant time period, BNYM Asset Servicing sought to increase the amount of assets under custody from the European Office.

13. In 2009, the Middle Eastern Sovereign Wealth Fund became a client of BNYM Asset Management when the fund entered into an investment management agreement designating the Boutique to manage assets worth approximately $711 million (the "Boutique mandate"). The bulk of the assets under the investment management agreement were funded in November 2009, with an additional portion transferring to BNY Mellon in June 2010. Official X was BNYM Asset Management's principal point of contact in connection with the Boutique mandate. According to the terms of the agreement, the amount of assets under management was subject to change, as the Middle Eastern Sovereign Wealth Fund could allocate additional assets to the Boutique mandate at any time. In June 2010, the Middle Eastern Sovereign Wealth Fund transferred an additional $689,000 to BNY Mellon under the Boutique mandate. During the relevant time period, BNY Mellon sought to increase the amount of its Middle Eastern Sovereign Wealth Fund assets under management.

The Internships

14. Officials X and Y requested that BNY Mellon provide their family members with valuable internships. Officials X and Y made numerous follow-up requests about the status, timing and other details of the internships for their relatives after the internships had been offered, and delivering the internships as requested was seen by certain relevant BNY Mellon employees as a way to influence the officials' decisions.

15. In February 2010, at the conclusion of a business meeting, Official X made a personal and discreet request that BNY Mellon provide internships to two of his relatives: his son, Intern A, and nephew, Intern B. As a Middle Eastern Sovereign Wealth Fund department head, Official X had authority over allocations of new assets to existing managers such as the Boutique, and was viewed within BNY Mellon as a "key decision maker" at the Middle Eastern Sovereign Wealth Fund. Official X later persistently inquired of BNY Mellon employees concerning the status of his internship request, asking whether and when BNY Mellon would deliver the internships. At one point, Official X said to his primary contact at BNY Mellon that the request represented an "opportunity" for BNY Mellon, and that the official could secure internships for his family members from a competitor of BNY Mellon if it did not satisfy his personal request. The same BNY Mellon employee later wrote to a BNY Mellon colleague that Official X had become "angry" because BNY Mellon was experiencing delays in delivering the internships, and had openly questioned the employee's job performance and professionalism because of the delays.

16. As reflected in contemporaneous e-mails and other documents, BNY Mellon delivered the valuable internship sought by Official X in order to assist BNY Mellon in obtaining or retaining business. For example:

- A Boutique account manager wrote in a February 2010 e-mail concerning the internship request for Interns A and B that BNY Mellon was "not in a position to reject the request from a commercial point of view" even though it was a "personal request" from Official X. The employee stated: "by not allowing the internships to take place, we potentially jeopardize our mandate with [the Middle Eastern Sovereign Wealth Fund]."

- In June 2010, an employee of BNY Mellon with primary responsibility for the Asset Management relationship with the Middle Eastern Sovereign Wealth Fund wrote of the internships for Interns A and B: "I want more money for this. I expect more for this. . . . We're doing [Official X] a favor."

- In a separate e-mail to a different BNY Mellon colleague, the same employee stated "I am working on an expensive 'favor' for [Official X] – an internship for his son and cousin (don't mention to him as this is not official)."

- The same employee advised a colleague in human resources: "[W]e have to be careful about this. This is more of a personal request . . . [Official X] doesn't want [the Middle Eastern Sovereign Wealth Fund] to know about it." The same employee later directed his administrative assistant to refrain from sending e-mail correspondence concerning Official X's internship request "because it was a personal favor."

After granting Official X's request to hire Interns A and B, BNY Mellon retained the Boutique mandate, and further assets were transferred to BNY Mellon by Official X's department within a few months.

17. In February 2010, around the same time that Official X made his initial internship request, Official Y asked through a subordinate European Office employee that BNY Mellon provide an internship to the official's son, Intern C. As a senior official at the European Office, Official Y had authority to make decisions directly impacting BNY Mellon's business. Internal BNY Mellon documents reflected Official Y's importance in this regard, stating that Official Y was "crucial to both retaining and gaining new business" for BNY Mellon. One or more European Office employees acting on Official Y's behalf later inquired repeatedly about the status and details of the internship, including during discussions of the transfer of European Office assets to BNY Mellon. At the time of Official Y's initial request, a number of recent client service issues had threatened to weaken the relationship between BNY Mellon and the European Office.

18. The BNY Mellon employee with primary responsibility for managing the custody relationship with the European Office viewed Official Y's request as important to assist BNYM Asset Servicing in obtaining or retaining business. For example:

- The BNY Mellon custody relationship manager explained to more senior officers within BNY Mellon that granting Official Y's request was likely to "influence any future decisions taken within [the Middle Eastern Sovereign Wealth Fund]."

- The same BNY Mellon relationship manager expressed to colleagues his concern that one of BNY Mellon's competitors would agree to hire Intern C if BNY Mellon would not, and that BNY Mellon might lose market share to the competitor as a result.

- The relationship manager wrote: "Its [*sic*] silly things like this that help influence who ends up with more assets / retaining dominant position."

- The relationship manager separately wrote that meeting Official Y's requests was the "only way" to increase BNY Mellon's share of business from the European Office, aside from obtaining assets in new countries.

After granting Official Y's request to hire his son, Intern C, BNY Mellon retained its existing custody and securities lending business from the European Office, which continued to grow.

19. During the relevant time period, BNY Mellon had an established summer internship program for undergraduates as well as a separate summer program for postgraduates actively pursuing a Master of Business Administration (MBA) or similar degree. Admission to the BNY Mellon postgraduate internship program was highly competitive and characterized by stringent hiring standards. To recruit postgraduates, BNY Mellon had relationships with a small number of the most highly selective schools in the United States and the United Kingdom from which it sourced candidates. Successful applicants had to achieve a minimum grade point average, and had to advance through multiple rounds of interviews in addition to having relevant prior work experience and a demonstrated affinity for and interest in financial services work. BNY Mellon also placed an emphasis on relevant leadership experience.

20. The Interns did not meet these rigorous criteria and BNY Mellon did not evaluate or hire the Interns through its established internship programs. For example, as recent graduates not enrolled in any degree program, the Interns did not meet the basic entrance standard for a BNY Mellon postgraduate internship. Further, contrary to BNY Mellon's goal of converting student interns to full-time hires, the Interns were to return to the Middle East at the conclusion of their internship and BNY Mellon had no plan to hire them as full-time employees. Nor did the individual Interns have the requisite academic or professional credentials for its existing internship programs.

21. Though they did not meet the criteria of BNY Mellon's existing internship programs, BNY Mellon hired Interns A, B and C. Contrary to its standard practice, BNY Mellon decided to hire the Interns before even meeting or interviewing them. Indeed, the special "work experiences" sought by Officials X and Y were not regular undergraduate or graduate summer internships at all, but customized one-of-a-kind training programs. The internships were valuable work experience, and the requesting officials derived significant personal value in being able to confer this benefit on their family members. As requested by Officials X and Y, BNY Mellon designed customized work experiences for the Interns. These bespoke internships were rotational in nature, meaning that Interns A, B and C had the opportunity to work in a number of different BNY Mellon business units, enhancing the value of the work experience beyond that normally provided to BNY Mellon interns. Interns

A and B were placed in Boston, Massachusetts and were employed by BNY Mellon from August 6, 2010 through February 25, 2011. Intern C was onboarded and placed in London, England and interned with BNY Mellon from July 4, 2010 through December 17, 2010. These approximately six-month internships were significantly longer than the work experiences typically afforded to BNY Mellon interns through the normal summer internship program.

22. The internships were neither inexpensive nor easy for BNY Mellon to structure. BNY Mellon determined, because Interns A and B had already graduated from college, that Interns A and B should be paid above the normal salary scale for BNY Mellon undergraduate interns but below the scale for postgraduate interns. Intern C was unpaid. BNY Mellon also coordinated obtaining visas for all three of the Interns so that they could travel from the Middle East to work in the countries in which they were placed. BNY Mellon paid the legal fees and filing costs related to the visas. As the BNY Mellon Asset Management employee responsible for arranging two of the three internships wrote in a contemporaneous e-mail, the internships constituted an "expensive favor" for the requesting foreign official.

23. BNY Mellon hired all three of the Interns, with the knowledge and approval of senior BNY Mellon employees:

- According to the BNY Mellon Asset Management employee with primary responsibility for arranging the internships for Interns A and B, he had initially struggled to deliver the internships as requested by Official X until the internships had the "blessing" of a senior BNY Mellon employee, after which "it started to move." The senior employee facilitated the internships by contacting human resources on behalf of the Interns, forwarding their resumes and stating that he "would like us to support."

- The BNY Mellon relationship manager with lead responsibility for arranging the internship for Intern C sent an e-mail to two senior BNYM Asset Servicing officers describing Official Y's request and seeking their "support" for the internship. The same relationship manager later wrote to BNY Mellon colleagues seeking assistance in arranging the internship and stating "[p]lease know that this request has the backing of both [senior officers]."

- In October 2010, Official Y made a further request that BNY Mellon modify the custom internship it had created for Intern C so that he could rotate through an additional BNY Mellon business unit. This request was also granted with the knowledge and approval of senior BNY Mellon employees.

24. The Interns were less than exemplary employees. On at least one occasion, Interns A and B were confronted by a BNY Mellon human resources employee concerning their repeated absences from work. A Boutique portfolio manager who worked with Intern C observed that his performance was "okay" and that "he wasn't actually as hardworking as I would have hoped." Despite these issues, BNY Mellon accommodated the Interns in order to favorably influence Officials X and Y.

BNY Mellon's FCPA-Related Policies, Training and Internal Controls

25. During the relevant time period, BNY Mellon had a code of conduct, as well as a specific FCPA policy, which prohibited BNY Mellon employees from violating the statute. While BNY Mellon's policies stated that "any money . . . gift . . . or anything of value" provided to a foreign official might constitute a bribe, employees were provided with little additional guidance that was tailored to the types of risks related to hiring faced by BNY Mellon's international asset servicing unit and asset management business division.

26. During the relevant time period, BNY Mellon provided training on employees' obligations under the FCPA and BNY Mellon's policies, but did not ensure that all employees took the training or understood BNY Mellon's policies.

27. During the relevant time period, BNY Mellon had few specific controls relating to the hiring of customers and relatives of customers, including foreign government officials. Sales staff and client relationship managers were permitted wide discretion in making initial hiring decisions and human resources was not trained to flag hires that were potentially problematic. Senior managers were able to approve hires requested by foreign officials with no mechanism to ensure that potential hiring violations were reviewed by anyone with a legal or compliance background. BNY Mellon's system of internal accounting controls was insufficiently tailored to the corruption risks inherent in the hiring of client referrals, and therefore inadequate to fully effectuate BNY Mellon's policy against bribery of foreign officials.

Legal Standards and FCPA Violations

28. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

29. Section 30A of the Exchange Act prohibits any issuer with a class of securities registered pursuant to Section 12 of the Exchange Act, or any officer, director, employee, or agent acting on behalf of such issuer, in order to obtain or retain business, from corruptly giving or authorizing the giving of, anything of value to any foreign official for the purposes of influencing the official or inducing the official to act in violation of his or her lawful duties, or to secure any improper advantage, or to induce a foreign official to use his influence with a foreign governmental instrumentality to influence any act or decision of such government or instrumentality. [15 U.S.C. § 78dd-1].

30. Under Section 13(b)(2)(B) of the Exchange Act issuers are required to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit

preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. [15 U.S.C § 78m(b)(2)(B)].

31. As described above, BNY Mellon violated Section 30A of the Exchange Act by corruptly providing valuable internships to relatives of foreign officials from the Middle Eastern Sovereign Wealth Fund in order to assist BNY Mellon in retaining and obtaining business. BNY Mellon also violated Section 13(b)(2)(B) of the Exchange Act, by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that its employees were not bribing foreign officials.

Commission Consideration of BNY Mellon's Cooperation and Remedial Efforts

32. In determining to accept the Offer, the Commission considered cooperation BNY Mellon afforded to the Commission staff and the remedial acts undertaken by BNY Mellon. Prior to the investigation by the Commission of the Interns, BNY Mellon had begun a process of enhancing its anti-corruption compliance program including: making changes to the Anti-Corruption Policy to explicitly address the hiring of government officials' relatives; requiring that every application for a full-time hire or an internship be routed through a centralized HR application process; enhancing its Code of Conduct to require that every year each employee certifies that he or she is not responsible for hiring through a non-centralized channel; and requiring as part of a centralized application process that each applicant indicate whether she or a close personal associate is or has recently been a government official, and, if so, additional review by BNY Mellon's anti-corruption office is mandated.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that**:**

A. Pursuant to Section 21C of the Exchange Act, Respondent BNY Mellon cease and desist from committing or causing any violations and any future violations of Sections 30A and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(B), and 78dd-1].

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of $8,300,000, prejudgment interest of $1,500,000 and a civil money penalty in the amount of $5,000,000, for a total payment of $14,800,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue

pursuant to SEC Rule of Practice 600 and 31 U.S.C. § 3717. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC Web site at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying BNY Mellon as the Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Paul G. Block, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 33 Arch Street, 23rd Floor, Boston, MA 02110.

C. Respondent acknowledges that the Commission is not imposing a civil penalty in excess of $5,000,000 based upon its cooperation in a Commission investigation. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Brent J. Fields
Secretary