



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

DIVISION OF
CORPORATION FINANCE

January 25, 2024

Elizabeth A. Marino, Esq.
Sidley Austin LLP
60 State Street
36th Floor
Boston, MA 02109

Re: **Aon plc - Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act of 1933**

Dear Elizabeth Marino:

This is in response to your letter dated January 18, 2024, written on behalf of Aon plc (“AON”), requesting that AON not be considered an “ineligible issuer” under clause (1)(vi) of the ineligible issuer definition in Rule 405 of the Securities Act of 1933 as a result of a January 25, 2024 Commission Order (“Order”), issued pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), against AON subsidiary Aon Investments USA Inc., fka Aon Hewitt Investment Consulting, Inc. (“Aon Investments”). The Order requires that, among other things, Aon Investments cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act.

AON has made a showing of good cause and, assuming Aon Investments complies with the Order, we have determined pursuant to clause (2) of the ineligible issuer definition in Rule 405 that it is not necessary under the circumstances that AON be considered an ineligible issuer by reason of the entry of the Order. Any different facts or circumstances from those represented in the letter or failure to comply with the terms of the Order would require us to revisit our determination and could constitute grounds to revoke or further condition this waiver of ineligible issuer status. The Commission reserves the right, in its sole discretion, to revoke or further condition this waiver under those circumstances.

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

Sincerely,

/s/ Michael P. Seaman

Michael P. Seaman
Chief Counsel
Division of Corporation Finance



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January 18, 2024

By Email

Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: *In the Matter of Aon Investments USA Inc. f/k/a Aon Hewitt Investment Consulting, Inc.*

Dear Office of Enforcement Liaison:

We are writing on behalf of Aon plc (“AON”) in connection with Aon Investments USA Inc.’s (f/k/a Aon Hewitt Investment Consulting, Inc.) (“AIU”) settlement with the United States Securities and Exchange Commission (“SEC” or “Commission”) relating to *In the Matter of Aon Investments USA Inc.* The settlement resulted in an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (the “Advisers Act”), Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”) against AIU.

AON is a publicly traded company listed on the New York Stock Exchange and is a reporting company under the Securities Exchange Act of 1934 (“Exchange Act”). As of the date of this letter, AON qualifies as a “well-known seasoned issuer” (“WKSI”) as defined in Rule 405 under the Securities Act of 1933 (“Securities Act”). AON respectfully requests a waiver from the Division of Corporation Finance (the “Division”), acting pursuant to its delegated authority, or the Commission itself, determining that it is not necessary under the circumstances to consider AON an “ineligible issuer,” as defined in Rule 405 under the Securities Act, as a result of the Commission entering the Order, which is described below. Consistent with the framework outlined in the Division’s *Revised Statement on Well-Known Seasoned Issuer Waivers* (April 24, 2014) (“Revised Statement”), we believe there is good cause for the Division, on behalf of the Commission, or the Commission itself, to grant the requested waiver, as discussed below.

I. BACKGROUND

AIU is registered with the Commission as an investment adviser and is wholly owned by Aon Consulting, Inc., an indirect subsidiary of its ultimate parent, AON. AIU submitted an

Offer of Settlement that agreed to the entry of the Order, without admitting or denying the findings, and which were presented by the staff to the Commission.

Since 2013, AIU has acted as an investment adviser for the Pennsylvania Public School Employees' Retirement System ("PSERS"). AIU is responsible for, among other things, calculating PSERS's investment returns, which were then used for calculating the "risk share," a provision in the Pennsylvania Pension Code that requires certain public-school employees to contribute more to the retirement fund if certain annualized investment return targets, or "hurdles," are not met. The Order finds that, in December 2020, AIU reported to PSERS that the annualized investment return rate (the "Risk Share Return Rate") did not trigger the risk share, and contribution rates to PSERS were certified by the PSERS Board of Trustees based on that figure. The Order provides that, beginning in June 2020, PSERS staff raised questions about AIU's calculation of the Risk Share Return Rate. Prior to the certification, PSERS staff noted, and asked AIU to investigate, certain discrepancies in performance returns used to calculate the Risk Share Return Rate. The Order will find that in response to the inquiries from the PSERS staff, AIU failed to adequately investigate the discrepancy and made certain misstatements to PSERS regarding the discrepancy. AIU later identified errors in the underlying performance data used to calculate the Risk Share Return Rate, which impacted PSERS's overall return and required the recalculation of the Risk Share Return Rate. The revised Risk Share Return Rate triggered risk share and accordingly required additional employee pension contributions. The Order finds that, even after the error was discovered, AIU made misstatements and omitted facts in communications with PSERS about the extent to which AIU understood the nature and impact of the errors.

The Order finds that AIU acted inconsistent with its duties as an investment adviser to PSERS by (i) not adequately investigating the discrepancy between the underlying performance data used by AIU to calculate the Risk Share Return Rate and the historical returns previously reported to PSERS; and (ii) making material misstatements and omissions in communications to PSERS concerning the causes of the discrepancy and the extent to which AIU understood those causes.

The Order finds that AIU willfully violated Section 206(2) of the Advisers Act ("Section 206(2)"). Without admitting or denying the findings in the Order, except as to the Commission's jurisdiction over AIU and the subject matter of the proceeding, AIU consented to the issuance of the Order, and to (i) cease and desist from committing or causing any violations and any future violations of Section 206(2), (ii) be censured, (iii) pay disgorgement of \$495,098.50 and prejudgment interest of \$47,089.29, and (iv) pay a civil money penalty in the amount of \$1,000,000.

II. DISCUSSION

A WKSI, as defined in Rule 405 of the Securities Act, is eligible to utilize significant reforms in the securities offering and communication processes that the Commission adopted in 2005.

A company that is an “ineligible issuer” loses the benefits bestowed on a WKSI. An issuer is an “ineligible issuer” if, in relevant part, “[w]ithin 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: . . . (B) requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws”¹ The entry of the Order will render AON an “ineligible issuer” under Rule 405.

The Commission retains the authority under Rule 405 to determine “upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.”² The Commission has delegated the authority to the Division to make such a determination.³

For the reasons set forth below, we respectfully submit that there is good cause for the Commission and/or the Division to determine that granting the waiver in this case would be consistent with the public interest and the protection of investors.

A. Nature of the Violation and Whether the Violation Casts Doubt on the Ability of the Issuer to Produce Reliable Disclosures

The Order finds violations related to AIU not adequately investigating PSERS’s concerns about differences between returns used to calculate the Risk Share Return Rate and historical returns previously reported to PSERS by AIU and making material misstatements and omissions in communications to PSERS about the causes of the discrepancy and the extent to which AIU understood the causes.

The conduct described in the Order does not pertain to any disclosures in documents filed with the Commission by AIU or AON, or any of their affiliates or subsidiaries, does not pertain to activities undertaken by AON in connection with its role as an issuer of securities (or any disclosure, including disclosures of any subsidiary or affiliate, related thereto) or involve fraud in

¹ 17 C.F.R. 230.405 – Ineligible issuer - (1)(vi).

² 17 C.F.R. 230.405 – Ineligible issuer - (2).

³ 17 C.F.R. § 200.30-1(a)(10).

connection with the purchase or sale or offer or sale of AON's securities. Further, the Chief Compliance Officer of AON is satisfied that an inquiry was conducted into the conduct described in the order and that such conduct is not indicative of a widespread governance issue throughout AON.

Accordingly, the violations described in the Order do not call into question AON's ability to provide reliable Exchange Act and Securities Act disclosure currently and in the future.

B. The Order Is Not Criminal in Nature and Does Not Involve Scienter-Based Fraud

The Order does not involve a criminal conviction and the Order does not include any scienter-based antifraud violations.

C. The Persons Responsible for the Misconduct

The conduct described in the Order relates to AIU's conduct with respect to its failure to adequately investigate PSERS's concerns about and misstatements to the client regarding discrepancies between returns it used to calculate the Risk Share Return Rate and historical returns previously reported to PSERS by AIU. The Order provides that an AIU lead partner and another AIU employee were assigned to the PSERS engagement and that the AIU lead partner engaged in the communications and conversations related to the matter at issue in the Order. The Order also provides that the AIU lead partner participated in the drafting and approval of a letter to the then-Treasurer of the Commonwealth of Pennsylvania regarding the reasons for the reporting discrepancies, which the Order provides was inaccurate, did not further investigate the cause of the discrepancy in reported returns related to the Risk Share Return Rate, and made certain misleading statements to PSERS. Furthermore, the functions responsible for the conduct described in the Order were and remain separate and apart from the functions responsible for the preparation of AON's public company disclosures.

D. Duration of the Misconduct

The violations reflected in the Order occurred from June 2020 through approximately March 2021.

E. Remedial Steps

As the Order recognized, AIU promptly undertook remedial steps to address the former AIU analyst's error related to certain historical returns which flowed through the system when the returns were recalculated in 2020. The analyst error did not relate to AIU's regular process and procedures for finalizing monthly and quarterly client reports as closed/finalized in the normal course but rather an inadvertent data upload that altered historical returns already

considered closed/finalized in the PARis system.⁴ Specifically, AIU implemented the following remedial actions in response to the PSERS issue:

- Measures to ensure data quality and integrity in its systems, including:
 - Working with its vendor to implement new controls to systematically lock all historical data points on a rolling quarterly basis to prevent unintended data changes both through the user interface and excel file uploads (at issue with PSERS), which now limit the ability for users to overwrite locked data in PARis. While changes are sometimes intended, any changes to historical returns now require manual effort to “unlock” historical returns and plan return data can only be edited one month/one account at a time and remains subject to the oversight function described below.⁵
 - Creating an extensive automated daily review process which runs on its servers overnight to flag any changes in historical data (defined as aged over six months) from one day to the next. Accompanying this daily automated process, AIU has an independent team in place which is responsible for investigating all changes with the specific client teams in order to determine if changes were intended and whether any additional action or review is needed. If this process had been in place, together with the systematically locking of historical data, at the time of the data issue with PSERS, (1) the data issue would not have happened, as the analyst would not have been able to upload an entire spreadsheet to replace locked data across numerous accounts; but (2) if the analyst did manually unlock hundreds of individual entries on a per month/per account basis and then

⁴ To perform its performance calculations for PSERS, AIU used a third-party performance system called PARis. Generally, as part of its quarterly process to calculate PSERS’s investment returns, AIU analysts imported PSERS’s net asset values (“NAVs”) and cash flows for the assets relevant here from PSERS’s custodian bank into the PARis system.

⁵ These changes were made in the PARis system. The reporting process has multiple checks and balances, including reconciliations before reporting is finalized. The data issue was not an error in the initial process of entering data, nor was it an error in the returns initially reported in 2015, which went through AIU’s detailed reconciliation process at the time. The data issue was the result of an analyst’s ability to change numbers inadvertently through a subsequent excel file upload after the reconciliation process occurred. The systematic rolling data locks prevent unintended data changes to historical returns.

input the incorrect data, it would have been flagged by the system's overnight review, then addressed and corrected in near real-time.⁶

- Documentation of processes and procedures related to performance reporting, including the issuance of a new policies and procedures handbook in February 2023.⁷ The newly created policies and procedures handbook consolidated various processes and procedures for analysts into one manual (most of the content in the policies and procedures manual was already contained in other various media, but it was aggregated into one manual for reference) and further introduced the newly-implemented system changes and procedures (*i.e.*, the new aggregated locking control and the daily review process described above).
- Created a new group responsible for the oversight of onboarding (new hire) and ongoing training of its performance reporting team. Following issuance of the handbook, the team conducted a comprehensive training session March 21 through 23, 2023, with the whole analyst team across the U.S., to reinforce existing processes and procedures and to introduce the newly implemented system changes and procedures. The March 2023 training also included a session specific to the PSERS matter, including reporting of errors. AIU anticipates conducting this training annually, in addition to other ad hoc and periodic trainings.
- Replaced the PSERS client lead with a senior experienced leader in the public sector space.

⁶ Once an analyst has completed entry of data and considers it final (*i.e.*, after data and created reports have gone through AIU's processes, which include extensive checks and reconciliation, and reports are issued to the client), the analyst "locks" the data, meaning it cannot be accidentally changed. The underlying return data may come from the client and the custodial bank, as well as potentially from individual investment managers that do not have automated data feeds into the PARis environment. In connection with the initial reporting process, the analyst determines which data is the most current. Additionally, as noted above, separate and apart from training analysts to "lock" return data upon finalization, AIU's vendor now systematically locks historical returns on a rolling basis as an additional oversight function. Each night, AIU runs a report on returns aged six months or older that are "locked" per the above process and runs a comparison of locked data from that day to locked data from the prior day. Any changes (*i.e.*, instances where an analyst manually unlocked and changed previously locked data) are flagged, and the following business day a member of the independent team (who is not part of the client services teams) reviews any flags. Based upon communications with the analyst responsible for the change, that review will include a determination of whether the change was intended or unintended, and if it was an unintended change, the team will follow up to ensure correction/pass along to the appropriate team at AIU for review.

⁷ AIU also has policies related to Trade Errors, Performance and Data Presentation and Performance Calculations and Presentation in its AIU Compliance Manual.

- Measures to ensure appropriate reporting and remediation of potential errors identified by client inquiries:
 - Over the course of 2022, conducted other targeted trainings covering the firm's error reporting process more generally.
 - In the second quarter of 2023, conducted training for broad set of employees on the escalation of client issues and errors during AIU's annual compliance training.
 - These trainings are coupled with current protocols, which dictate that if a client were to contact AIU about a performance issue or perceived discrepancy, that inquiry is to be timely addressed by the client team in the first instance. Most inquiries can be addressed and remediated between the client and the client team. However, where a determination is made that there may be an issue or discrepancy that cannot be resolved by the client team, that client inquiry gets escalated to and logged by a centralized Error Committee for AIU, which investigates further to determine (1) if it was an error, and (2) the appropriate remediation path.
 - AIU's compliance team also reviews client-facing consultant emails on a periodic basis for certain keywords that would indicate a client complaint, which provides independent oversight for client escalations.

AIU thus has taken concrete and substantial steps to remediate the processes and procedures that led to the data error and has procedures in place to address client inquiries. AIU believes that its remedial efforts have strengthened AIU's supervisory, compliance, and other policies and procedures and will therefore prevent a similar error from reoccurring in the future.

F. Previous Actions

AON has neither previously requested nor received any WKSI waivers from the Commission.

G. Impact on Issuer if Request is Denied

We respectfully submit that the impact of AON being designated an "ineligible issuer," resulting in the loss of WKSI status for AON, would be unduly severe.

AON is a global professional services firm providing a broad range of risk, health, and wealth solutions that relies on having an automatic shelf registration statement available to conduct securities offerings on short notice for capital and liquidity purposes. AON uses the

proceeds from these offerings for general corporate purposes, including, without limitation, various corporate finance initiatives, the continuation and expansion of its operations and repayment or reduction of long-term and short-term debt.

AON has offered its securities pursuant to automatic shelf registration statements on Form S-3ASR since 2006, which was shortly after the SEC adopted the rules giving rise to WKSI status. In addition to securities registered by AON, the shelf registration statements filed by AON, as permitted by the relevant rules, also contemplate debt securities and full and unconditional guarantees issued by certain wholly-owned subsidiaries of AON. The current shelf registration statement registers those securities for issuance by Aon Global Limited, Aon Global Holding plc, Aon Corporation and Aon North America (collectively, the “Aon Affiliated Issuers”). From November 29, 2018 through February 24, 2023, for instance, AON and the Aon Affiliated Issuers priced nine securities offerings under these registration statements, with an aggregate principal amount of approximately \$6,850,000,000.

If AON became subject to a WKSI disqualification, the Aon Affiliated Issuers also would lose the ability to rely on WKSI status. Accordingly, the ability of AON and the Aon Affiliated Issuers to avail themselves of the benefits available to a WKSI, including the time and flexibility such benefits afford, is important to AON’s ability to raise capital efficiently.

III. CONCLUSION

AON respectfully submits that the Division, on behalf of the Commission, or the Commission itself, should grant the request for this waiver because the Order does not find violations of scienter-based fraud or involve criminal conduct and AIU, has instituted remedial efforts. In light of these considerations, AON respectfully submits that it has shown good cause that it is not necessary under the circumstances that AON be considered an “ineligible issuer.” Accordingly, AON requests that the Division, on behalf of the Commission, or the Commission itself make the determination that there is good cause for AON not to be considered an “ineligible issuer” as a result of the Order.

If you have any questions regarding any of the foregoing, please do not hesitate to contact me at 617-223-0362.

Very truly yours,



Elizabeth A. Marino