

ADMINISTRATIVE PROCEEDING
File No. 3-17286

SEC Finalizes Settlement with The Bank of New York Mellon

June 13, 2016 – The Securities and Exchange Commission today announced a final settlement with The Bank of New York Mellon (BNYM) as part of [an overall agreement announced on March 19, 2015](#) with federal and state regulators regarding BNYM’s standing instruction foreign currency (FX) exchange program.

According to the SEC’s order instituting a settled administrative proceeding against BNYM, the bank represented that its standing instruction program provided “best execution standards,” and “best rates,” and priced transactions at levels that “generally reflected the interbank market at the time the trade was executed,” and was “free of charge.” Contrary to these representations, BNYM priced its clients’ standing instruction transactions near the end of the trading day or session at or near the worst interbank rates reported during that day or session, and obtained substantial revenues based on the difference between the rates that it assigned to its clients and the rates that it obtained on its own behalf when buying and selling foreign currency. BNYM clients that used this program included SEC-registered investment companies. BNYM prepared and provided these clients with trade confirmations and monthly transaction reports that were misleading because they did not specify the time the standing instruction FX transactions were executed or provide information about how specific rates were assigned.

The SEC’s order, in which BNYM admitted certain facts, finds that BNYM violated Section 34(b) of the Investment Company Act of 1940, and caused violations of Section 31(a) of the Act and Rule 31a-1(b) thereunder. The order requires BNYM to cease and desist from these violations, to disgorge \$133,022,207 (which was satisfied by its payment of this amount under the terms of BNYM’s related settlements with the U.S. Department of Justice and the New York Attorney General), to pay a \$30 million penalty to the SEC, and to report on its remediation and implementation of compliance measures for the standing instruction and successor programs offered to registered investment company clients.

The SEC’s investigation was conducted by Kathryn A. Pyszka of the Division of Enforcement’s Market Abuse Unit, Andrew O’Brien, Donald Ryba, and Benjamin J. Hanauer of the Chicago Regional Office, and was supervised by Robert A. Cohen and Joseph G. Sansone, Co-Chiefs of the Market Abuse Unit, and Timothy Warren, Associate Director of the Chicago Regional Office. The SEC appreciates the assistance of the U.S. Attorney’s Office for the Southern District of New York, the New York Attorney General’s office, and the Department of Labor.

See also: [Order](#)