ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the "Agreement") between the United States Attorney’s Office for the District of Massachusetts and the United States Department of Justice, Criminal Division, Fraud Section (collectively, the "Offices") and State Street Corporation (). State Street hereby agrees and stipulates that the following information is true and accurate. State Street admits, accepts, and acknowledges that it is responsible for the acts of its subsidiaries and majority-owned, operationally-controlled affiliates, officers, directors, employees, and agents as set forth below. Should the Offices pursue the prosecution that is deferred by this Agreement, State Street (including its subsidiaries and majority-owned, operationally-controlled affiliates) agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. The following facts establish beyond a reasonable doubt the charges set forth in the criminal Information attached to this Agreement:

Background

1. Together with its subsidiaries and affiliates, State Street ("State Street" or the "Bank") is a financial services company headquartered and with its principal place of business in Boston, Massachusetts. State Street is one of the world’s largest custody banks, and provides a number of services to institutional clients, including a variety of investment servicing and investment management services. Among the services State Street provides to clients is transition management. Large institutional investors — such as pension funds and endowments — often have complex investments consisting of relatively illiquid assets, or positions that due to their sheer size are difficult to unwind without negatively affecting their price. Transition
management is, generally, the business of helping such institutions efficiently move their investments between and among asset managers or liquidate large investment portfolios, with the goal of minimizing the costs associated with such "transitions." As a general matter, transition managers have three principal tasks: (1) to assume responsibility for the performance of investment portfolios during transitions; (2) to communicate with incoming and outgoing asset managers about the composition of their respective portfolios; and (3) to facilitate transitions by executing the necessary trades, with the goal of reducing risk and cost for their clients.

2. State Street’s transition management business falls within its Portfolio Solutions Group, which is, in turn, part of State Street Global Markets ("SSGM").

3. The performance of a transition is typically measured using a metric called the "implementation shortfall," which is comprised of a number of different types of explicit and implicit costs. When seeking transition management assignments from prospective clients, transition managers typically prepare an estimate of the implementation shortfall. That estimate is one critical factor, among others, in the awarding of transition management business. After completing the assignment, transition managers typically provide their clients with a post-trade analysis that provides the actual results and assesses performance during the transition.

4. At State Street, the relationship between a transition manager and its client, and their respective responsibilities, are typically documented in a contract referred to as a "transition management agreement" ("TMA"). The TMA may govern multiple transitions over the life of a client relationship. Details of specific transition assignments are often set forth in a shorter document referred to as a "Transition Notice" or "Periodic Notice," which contains details of the transition and generally includes the transition manager’s agreed-upon compensation. In State Street’s case, and during the relevant time period, this compensation was typically either a per-
trade charge on securities transactions associated with the transition, referred to variously as a "commission," "markup," "markdown," or "spread" (collectively, "commissions"), or a flat fee for the entire transition expressed as a specific number or as a percentage on the value of the portfolio to be transitioned. Other than the instances described herein, it was not State Street's practice, during the relevant time period, to charge both a flat fee and a commission or markup on trades.

5. At all relevant times, State Street was a signatory to the "T-Charter," a voluntary code of best practices for transition managers. Among other provisions, the T-Charter requires the following: "The Transition Manager, both before and after each transition management assignment, fully discloses all the sources of client remuneration received by the Manager and/or its affiliated companies, whether paid explicitly in fees or other charged or earned implicitly through income sharing, rebates, or trading revenue." The T-Charter also provides: "The Transition Manager does not apply dealing commissions or charges, adjust prices, or apply a mark-up or mark-down other than as agreed with the client in the contracting documentation and as disclosed in the disclosure document."

6. At all relevant times, [redacted] was an executive vice president and the global head of the Portfolio Solutions Group. [redacted] was also the president of State Street Global Markets, LLC, State Street's registered broker-dealer. [redacted] worked at State Street's headquarters in Boston, Massachusetts.

7. At all relevant times, [redacted] was a senior managing director and head of the Portfolio Solutions Group for Europe, the Middle East, and Africa ("EMEA"). [redacted] reported to [redacted]. [redacted] worked at State Street's office in London, England.
8. At all relevant times, Co-Conspirator #1 ("CC-1") was an individual whose identity is known to the Offices and to the Bank. CC-1 was employed by State Street in its London office as a managing director and head of the Transition Management desk for the EMEA region. CC-1 reported to [REDACTED].

The Middle Eastern Sovereign Wealth Fund

9. In or about February 2010, State Street, at the direction of [REDACTED] and [REDACTED], offered to conduct a large fixed-income transition for the sovereign wealth fund of a Middle Eastern country (the "Middle Eastern Sovereign Wealth Fund") at no charge. In an email to a representative of the Middle Eastern Sovereign Wealth Fund—which was one of State Street's largest transition management clients—[REDACTED] wrote: "We will price the bonds and t-bills at 'net'—this means that for this transition there will be no commission charged on the fixed income trades. We anticipate being able to charge the other side of the transactions which will enable us to keep commissions for [the Middle Eastern Sovereign Wealth Fund] at zero." In another e-mail, [REDACTED] confirmed to the representative of the Middle Eastern Sovereign Wealth Fund that State Street was in compliance with the T-Charter.

10. In a subsequent email to [REDACTED], [REDACTED] noted that if the transitioned assets "are bonds then we should make our quarter."

11. In a telephone call on or about March 2, 2010, [REDACTED] and CC-1 discussed the plans to charge hidden commissions on the transition, and [REDACTED] instructed CC-1 not to talk about those plans "with anyone... because it's not going to help our story. Don't even share it with the rest of the team, to be honest." CC-1 responded, in substance, that [REDACTED] would have to interact with someone else on the transition management desk over the course of
the transition because he would be away during part of the transition. replied:

"Yeah, OK, but they don't need to know what's in the documentation."

12. In an email to on or about June 3, 2010, advised that he would "need you involved on the FI [fixed income] trading desk in [the] US to ensure they do as we want." That same day, told CC-I that he had spoken with , who had indicated that he wanted to "get... involved in the [Middle Eastern Sovereign Wealth Fund] deal... to see how we can make it nice." relayed that said to "take less" on one portion of the portfolio and "take a lot more" on another portion of the portfolio; and that "said you can still take 1 or 2 on the outgoing side... I mean, no one is going to fucking notice that... it's a rounding error, so no one is going to notice that."

13. In a telephone call among CC-I, in London, and two Boston-based traders on or about June 15, 2010 (the first day of trading), CC-I instructed the traders that "before you book out the client side, send the executions across and we will have a look and figure out what levels we want to put on the client side." On the same day, , who was in London at the time, asked one of the traders for "the range [of prices] across the day..." adding, "Basically, I want the high."

14. and CC-I then calculated commissions for the traders to apply to the trades that would keep the Middle Eastern Sovereign Wealth Fund's client-side prices within the intraday high and low-prices for the securities, thereby helping to hide the commissions from the client.

15. In or about August 2010, the Middle Eastern Sovereign Wealth Fund issued a request for proposal ("RFP") for another transition that similarly involved a large fixed income component. On or about August 29, 2010, forwarded the information to
noting, "Gonna bid zero again," to which responded "Agree 100 percent."

16. On or about October 18, 2010, responded to the Middle Eastern Sovereign Wealth Fund's RFP, stating, "We are able to quote zero commissions for this transition, and in addition, when awarded the whole trade, we will absorb all transaction fees normally charged by the custodian."

17. On or about October 21, 2010, reported to and others that State Street had won the transition.

18. The draft periodic notice State Street sent to the Middle Eastern Sovereign Wealth Fund stated, "Trades will not attract any commission and will be priced net. The manager may benefit from a bid-ask spread." When the Middle Eastern Sovereign Wealth Fund returned the executed periodic notice, that language had been deleted.

19. Notwithstanding State Street's representations to the Middle Eastern Sovereign Wealth Fund that it would do the transition for zero commissions, the trading instructions issued on November 3, 2010 (the first day of trading), stated that commissions should be "2 bps of value on the sellside and 18 bps of value on the buyside." The instructions also told traders to send the high and low of the day to CC-1, and another individual on the transition management desk prior to booking trades.

20. State Street proceeded to charge the Middle Eastern Sovereign Wealth Fund significant commissions on the fixed income trading it conducted without disclosing those commissions to the Middle Eastern Sovereign Wealth Fund or obtaining the Fund's consent to pay them.
21. The November 2010 transition also contained a significant foreign exchange ("FX") component. The periodic notice provided that foreign exchange transactions required the prior approval of the Middle Eastern Sovereign Wealth Fund.

22. On or about the first day of trading, November 3, 2010, State Street neither sought approval for nor conducted any FX trading. Following the market close that day, the Federal Reserve Board made a quantitative easing announcement that had a substantial effect on the FX markets.

23. On or about November 4, 2010, after realizing that the FX market had moved against the Middle Eastern Sovereign Wealth Fund’s position, State Street conducted the FX trades between approximately 9:30 and 11 am, without obtaining the prior approval of the Middle Eastern Sovereign Wealth Fund.

24. At approximately 11:45 am, State Street sought the approval of the Middle Eastern Sovereign Wealth Fund for the FX trading, without revealing that the trading had, in fact, already been completed. The Middle Eastern Sovereign Wealth Fund granted its approval for the FX trading at approximately 2:30 pm.

25. That same day, [redacted] wrote to [redacted] about the FX situation, stating, "Hopefully we are ok although we do need to find the appropriate benchmark as we want to be in line with the pre-trade given that this is what they look at.” [redacted] responded, "Use rates at approval time.”

26. Also on November 4, CC-1 sent an e-mail to [redacted] setting forth the benchmarks being used to track performance. CC-1 stated that State Street would use ‘14:30 London time today prices for FX (the time [the representative of the Middle Eastern Sovereign
Wealth Fund] gave us the OK to do the FX.” responded, “Good stuff. Let’s not highlight the benchmark times though.”

27. On or about November 18, 2010, State Street sent the Middle Eastern Sovereign Wealth Fund a post-trade report for the transition. The implementation shortfall analysis in that report identified the FX implementation shortfall as being approximately $519,000 as compared to a November 3 benchmark.

28. In fact, as noted in the November 4, 2010 e-mails cited above, State Street did not use FX prices on November 3 as a benchmark, but rather used prices from mid-afternoon on November 4, hours after the FX trading had been concluded. Had State Street used the November 3 benchmark it represented to the Middle Eastern Sovereign Wealth Fund it was using to measure performance, it would have been forced to report an FX implementation shortfall of approximately $29.6 million — meaning that the Bank overstated its performance on the FX trades alone by more than $29 million.

The Dutch Pension Fund

29. In or about June 2010, State Street conducted a fixed income transition for a pension fund based in the Netherlands that managed the retirement assets of a group of professionals (the “Dutch Pension Fund”).

30. On or about June 17, 2010, a representative of the Dutch Pension Fund asked, “Do the estimated trading costs include the fees that you will charge and how much will these fees (in bp or in cash amount) approximately be?” replied, “In the analysis we have built in 1 bp that the execution desk takes out of the spread, so yes the total implementation shortfall estimate includes all fees.”
31. On or about June 18, 2010, after the Dutch Pension Fund indicated that State Street had won the transition but that it would use another bank for futures clearing associated with the transition (for which State Street would have earned additional, agreed-upon revenue), [redacted] wrote to [redacted] and stated, "Just have to charge them a bit more given that we don’t get futures revenue."

32. During the trading, which occurred in late June 2010, State Street charged the Dutch Pension Fund approximately 1.5 basis points in commissions, without disclosing the increased commission charges to the Dutch Pension Fund or obtaining the Fund’s agreement to pay those additional charges.

The Irish Government Pension Fund

33. In or about December 2010, [redacted] and [redacted] discussed State Street’s bid to manage a transition for a large public pension fund based in Dublin, Ireland (the "Irish Government Pension Fund"). In an email to [redacted] on or about December 1, 2010, [redacted] wrote: "Gotta win this one! Any ideas how to get more revenue would be appreciated. . . . How about a 1 [basis point] management fee or something of that nature, no commissions and then take a spread? My tax dollars are after all paying for their reckless spending." [redacted] replied: "agree with a zero commission bid," but added that the Bank’s traders would “need to trade net,” such that commissions would not be disclosed in trading results provided to the client. [redacted] responded: “Great minds think alike. We have to charge fee then otherwise they get suspicious . . . .”

34. State Street ultimately proposed a flat management fee of 1.25 basis points (0.0125%) of the value of the transitioned assets. The proposal specified that there would be no fixed income or equities commissions.
35. In an email to CC-1, [redacted] noted: "Just to clarify—1.25 bps is management fee. The extra quarter point makes it look like we actually thought about it and did the calculations . . . ."

36. After the Irish Government Pension Fund awarded State Street only part of the transition, the Bank negotiated for, and the Irish Government Pension Fund agreed to, a slightly higher flat fee of 1.65 basis points (0.0165%) of the value of the assets, plus certain specified costs for futures and foreign exchange transactions.

37. In a subsequent telephone call, [redacted] told CC-1 that "we just need to be very; very creative, which we will," and added: "Make sure it ... doesn't say anything about not taking any spreads, because we're going to have to in the U.S." [redacted] instructed CC-1 not to inform the transition manager assigned to the deal about the hidden commissions.

38. In an email to [redacted], [redacted] reported that the deal with the Irish Government Pension Fund was for "1.65 bps. Need to be very creative." [redacted] responded: "We will."

39. On or about March 23, 2011, CC-1 reviewed a draft of the post-trade report for the first tranche of the Irish Government Pension Fund transition, and instructed the transition manager to alter the definition of "Commissions" in the report because, according to CC-1, "We are charging a flat fee." On or about March 29, 2011, State Street sent the Irish Government Pension Fund the post-trade report with the term "Commissions" removed from the definitions page.

40. On or about April 5, 2011, prior to the second tranche of the Irish Government Pension Fund transition, [redacted] emailed [redacted] that the fund "just informed us they did not want to use futures on the trade scheduled for later this week," for which the fund had
agreed to pay State Street an additional fee. [redacted] added: “I think this will increase the spread.”

41. Because the Irish Government Pension Fund transition involved a significant amount of equities – for which commissions were ordinarily broken out and reported automatically by State Street’s trading systems – [redacted], [redacted], and others devised a plan to conduct the trades in a special trading account ordinarily used to guarantee customers a specific price – the volume weighted average price (“VWAP”) – of trades executed over the course of a day. Using the VWAP account, State Street was able to include a commission of 2 cents per share on each of the U.S. equities trades it executed for the Irish Government Pension Fund, without the commission being broken out on reports sent to the client.

42. Ultimately, State Street charged undisclosed commissions and mark-ups totaling approximately $4.5 million in addition to the agreed-upon management fee of approximately $1.6 million.

The Irish Commercial Pension Fund

43. In or about March 2011, State Street received an RFP from a pension fund based in Ireland that managed the retirement assets of employees at an Irish company (the “Irish Commercial Pension Fund”) for a fixed income and equities transition.

44. In its response to the RFP, State Street proposed a flat management fee of €400,000 and noted that it was a founding member of the T-Charter and that it would be “fully compliant to the principles set out in the T-Charter.”

45. In or about April 2011, the Irish Commercial Pension Fund negotiated State Street’s management fee down to €350,000.
46. Ultimately, State Street took undisclosed mark-ups totaling approximately $1.1 million in addition to the agreed-upon £350,000 management fee.

**The British Commercial Pension Fund**

47. In or about December 2010, State Street received an RFP from a pension fund based in England that managed the retirement assets of employees of an English company (the "British Commercial Pension Fund").

48. While State Street's RFP response contemplated a commission of 5 basis points, State Street and the British Commercial Pension Fund subsequently agreed that State Street would receive a flat management fee of £350,000.

49. Ultimately, State Street took undisclosed mark-ups totaling approximately $1 million in addition to the agreed-upon £350,000 management fee.

**The British Government Pension Fund**

50. In or about February 2011, State Street received an RFP from a pension fund based in London, England that managed the retirement assets of certain employees of the British government (the "British Government Pension Fund"). The RFP concerned a fixed-income transition involving more than £3.2 billion in assets. [Redacted] forwarded the RFP to [Redacted] with the note: "Confidential but check this baby out ... gotta win that one!"]

[Redacted] replied: "Thin to win."

51. In its response to the RFP, State Street proposed a flat fee of 1.75 basis points (0.0175%) of the value of the assets and promised to "provide full disclosure" of "all costs incurred in the transition and any additional revenue sources ... resulting from the transition." In a table breaking down costs associated with the transition, the Bank indicated that no
commissions would be applied. State Street further pledged “to put our client’s interest ahead of our own.”

52. On February 21, 2011, after the British Government Pension Fund cut the size of the transition to approximately £1.3 billion, [redacted] confirmed in an email to an executive of the fund that “even though the value is significantly less, we can do this project for a management fee of 1.75 [basis points] of the portfolio value of £1.3 bln or £227,500.” [redacted] forwarded this email to [redacted] with the note: “Who’s the daddy . . . Happy president’s day!” [redacted] responded: “Nice work.” [redacted] then replied: “I’m thinking 1.5-2 [basis points] . . .”

53. In a subsequent email to the British Government Pension Fund, [redacted] again confirmed that “[t]he fee includes all trading required,” adding: “Pls don’t make me go this low every time though!”

54. On or about March 21, 2011, the instructions sent to traders handling the transition for the British Government Pension Fund provided, in bold-faced lettering, “ZERO COMMS.” That same day, in a telephone call with CC-1, [redacted] said he had just had a call with [redacted] in which [redacted] “said ‘how much do you want to take?’ and I said, ‘whatever, let’s see how we go.’”

55. Thereafter, at the direction of [redacted], [redacted], and CC-1, State Street secretly applied commissions of one basis point (0.01%) to all U.S. trades, and 2 basis points (0.02%) to all European trades it conducted on behalf of the British Government Pension Fund, in addition to the agreed-upon flat fee. For example, on or about March 22, 2011, [redacted] instructed a U.S. fixed income trader to “take a basis point of yield” on trades for the British Government Pension Fund, notwithstanding that the written trading instructions issued by the
transition manager said to charge zero commissions. Later that same day, [Redacted] instructed the trader to delete any reference to commissions on the file of trading results he sent to the transition manager.

56. On or about March 23, 2011, [Redacted] instructed the U.S. fixed income trader to "stay with a basis point of yield" and confirmed that the trader should once again "zero out" the commissions when sending over the trading file to the transition manager.

57. After the British Government Pension Fund independently learned that commissions had been charged on certain U.S. trades, [Redacted], [Redacted], and CC-1 took steps to prevent the British Government Pension Fund, and State Street's internal compliance staff, from learning the truth, by falsely telling them that the commissions had been charged by mistake and were limited to the U.S. For example, in response to a June 21, 2011 email from an executive of the British Government Pension Fund requesting confirmation that "£242,305 (equal to 1.75 [basis points] on the [assets under management] ... is the sole revenue for SSOM and/or any of its affiliates on this event," [Redacted] responded: "Yes—£242,305 (It should equal 1.75 [basis points] of the total assets)."

58. When the fund executive informed [Redacted] that auditors reviewing publicly available data had discovered what appeared to be a one basis point commission on all U.S. trades, [Redacted] responded: "That doesn't seem right so let me investigate with the US desk and get back to you."

59. On or about June 22, 2011, [Redacted] directed [Redacted] to advise the British Government Pension Fund that State Street had applied "inadvertent commissions" to U.S. trades, but not to disclose that commissions had also been applied to European trades, for which market trading results were not publicly available. At [Redacted]'s direction, State
State Street refunded the British Government Pension Fund the approximately $1 million in commissions it had secretly charged on U.S. trades – but not the approximately $2 million State Street had, unbeknownst to the fund, charged on European trades.

60. [Redacted] and [Redacted] later advised State Street's compliance staff that State Street had erroneously charged the British Government Pension Fund a commission on U.S. trades – but not that State Street had charged the commission intentionally, or that it had also charged a commission on European trades.

61. State Street's compliance staff accepted these explanations at face value and undertook no independent investigation until the misconduct became more widely known within the Bank shortly thereafter.