



NEW BOSTON FINANCIAL SURVEY INDICATES FUND COMPANY OVERSIGHT INCREASINGLY FOCUSED ON PAYMENTS TO INTERMEDIARIES

QUINCY, MA – June 24, 2015 – Boston Financial Data Services, Inc., a leading financial services provider, today announced the results of the company’s 5th Annual Financial Intermediary Administration Survey of its mutual fund company clients.

The survey is conducted each year to identify trends and provide insights into how the industry is addressing the challenges related to the oversight of financial intermediaries. Of particular note this year, more than half of the respondents (59%) indicated they have evolved their evaluation of sub-accounting fees.

According to Ken Larsen, vice president of Boston Financial’s Financial Intermediary Administration business, it is no surprise that oversight programs are being enhanced given that the SEC has been conducting sweeps with a focus on payments to intermediaries.

“Fund boards are clearly increasing their attention on sub-accounting arrangements and fees,” says Larsen. “That oversight requires more information to better understand the services being performed by the intermediaries, the amounts being paid, how they are being validated, and the funding allocation methods being used.”

Almost all of the respondents (94%) confirmed that they set limits on the level of intermediary fees that the funds will pay, generally directing the excess to either the distributor (26%) or the asset manager (49%) to pay. About a third of the fund companies (33%) currently disclose those limits in the fund prospectus or Statement of Additional Information.

This year, Boston Financial explored how fund companies are staffing their intermediary oversight programs. According to the survey, 31% of respondents have an equivalent of one person allocated, another 31% have two to three people, 15% have four to five people, and 23% have more than five people. The majority of that staffing represents existing resources assigned to oversight tasks (56%) or a combination of existing and dedicated (31%). The assigned staff is most often from the compliance (83%) or operations (72%) departments.

The most common tool being used for oversight purposes (91%) is review/assessment of SSAE16 and FICCA. This usage is up from last year (82%), likely reflecting the increased adoption of FICCA by intermediary firms.

As the largest provider of transfer agency outsourcing services in the U.S., Boston Financial has a unique perspective on fund company needs and service gaps and a solid understanding of the business landscape. Boston Financial's FIA Solutions provides fund companies with data and relationship management information and tools to improve intermediary payment administration and simplify inspection and monitoring obligations.

For additional information on the survey's key findings, visit <http://www.bostonfinancial.com/fia/files/2015-FIA-Survey-Executive-Summary.pdf>.

About Boston Financial

Boston Financial Data Services is one of the industry's premier outsourcing providers servicing the financial marketplace. Boston Financial is a joint venture between DST Systems, Inc. (NYSE: DST) of Kansas City, Mo., and State Street Corporation (NYSE: STT) of Boston, Mass. This joint venture has enabled Boston Financial's clients to utilize DST's industry-leading software and technology while benefiting from the institutional support and global reach of State Street. For more information, visit www.bostonfinancial.com/fia.

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