

ENFORCEABLE UNDERTAKING

Australian Securities and Investments Commission Act 2001 (Cth)

Section 93AA

The commitments in this undertaking are offered on a voluntary basis to the Australian Securities and Investments Commission ("ASIC") by:

**THE COLONIAL MUTUAL LIFE ASSURANCE SOCIETY LIMITED
(ACN 004 021 809)**

and

**COLONIAL MUTUAL SUPERANNUATION PTY LIMITED
(ACN 006 831 983)**

and

**COMMONWEALTH CUSTODIAL SERVICES LIMITED
(ACN 000 485 487)**

1. BACKGROUND

Parties

- 1.1 The Colonial Mutual Life Assurance Society Limited ("**CMLA**") is a public company carrying on business as a registered life insurance company.
- 1.2 Colonial Mutual Superannuation Pty Limited ("**CM Super**") acts as trustee of a number of superannuation funds and an approved deposit fund as follows:
 - (a) Colonial Super Retirement Fund ("**CSRF**");
 - (b) SuperTrace Eligible Rollover Fund ("**SuperTrace**");
 - (c) Colonial Master Fund Superannuation Fund ("**CMF Superannuation Fund**"); and
 - (d) Colonial Master Fund Approved Deposit Fund ("**CMF ADF**").

The above superannuation funds and approved deposit fund are referred to below as the "**Colonial Superannuation Funds**".

- 1.3 CM Super is the approved trustee of the Colonial Superannuation Funds and offers and has offered a range of unitised retail superannuation investment products, including allocated pension products, through the Colonial Superannuation Funds.
- 1.4 CM Super has entered into superannuation investment policies with CMLA in relation to each of the Colonial Superannuation Funds. Through these policies and other arrangements, CMLA:

- (a) provides the administration and investment management for each of CSRF and SuperTrace; and
 - (b) has provided the administration and part of the investment management arrangements in respect of CMF Superannuation Fund and CMF ADF.
- 1.5 Unit pricing for the superannuation products described in clause 1.3, to the extent that they are invested through the superannuation policies referred to in 1.4 above, is or was carried out by CMLA using a unit pricing system called UPMS. Although some of the superannuation products offered through CSRF and SuperTrace are account based retail products, their assets are invested in unitised wholesale investment policies with CMLA with the unit pricing carried out also using UPMS.
- 1.6 CMLA also offers and has offered a range of other unitised investment products including insurance bonds and deferred annuities, as well as superannuation bonds offered to external superannuation funds, the unit pricing for which investment products is also carried out by CMLA using UPMS.
- 1.7 The various products of CM Super and CMLA referred to in clauses 1.3 and 1.6 above are referred to in this Enforceable Undertaking collectively as "**Colonial Products**".
- 1.8 The various products of CM Super referred to in clause 1.3 above which were offered through the CMF Superannuation Fund and through the CMF ADF are referred to in this Enforceable Undertaking collectively as "**CMF Products**".
- 1.9 Commonwealth Life Limited ("**CLL**") is a public company which, prior to 1 July 2003, carried on business as a registered life insurance company. With effect on 1 July 2003, the life insurance business of CLL was transferred to CMLA by a court approved scheme under Part 9 of the Life Insurance Act 1995.
- 1.10 Commonwealth Custodial Services Limited ("**CCSL**"), acts as trustee of the following superannuation funds:
 - (a) Commonwealth Life Personal Superannuation Fund ("**CLPSF**"); and
 - (b) Commonwealth Life Superannuation Mastertrust ("**CLSM**").
- 1.11 CCSL is the approved trustee of CLPSF and CLSM and offers and has offered a range of unitised retail superannuation investment products, including allocated pension products, through these funds.
- 1.12 CLPSF and CLSM are invested through superannuation investment policies originally with CLL but now forming part of CMLA's life insurance business. Through these policies and other arrangements, CLL previously provided and CMLA now provides the administration and investment management for CLPSF and CLSM.
- 1.13 CLL also offered a range of other unitised investment products including insurance bonds and deferred annuities, as well as superannuation bonds offered to external superannuation funds. The policies for these products now also form part of CMLA's life insurance business.
- 1.14 The CCSL and CLL (now CMLA) products referred to in clauses 1.11 and 1.13 above are referred to in this Enforceable Undertaking collectively as "**CLL Products**".

CMLA Unit Pricing Issue

- 1.15 In 2002, CMLA initiated a review of unit pricing in its products which found that various adjustments were required to correct inaccuracies in the unit prices of a number of investment funds in the Colonial Products to the extent that they were invested through investment policies referred to in clauses 1.4 and 1.6 above.
- 1.16 CMLA appointed an independent consultant to perform a review in relation to the matters referred to in clause 1.15 above, to identify issues and to assist in validating strategies to address them and their impact on unit prices.
- 1.17 The review identified a number of unit pricing errors as follows :
- (a) certain imputation credits had not been allocated to relevant investment pools;
 - (b) processing irregularities which occurred during 2001 and 2002; and
 - (c) incorrect tax assumptions had been applied when providing for tax liabilities in daily unit pricing calculations.
- 1.18 The result of these unit pricing errors was that unit prices for a number of investment funds in the Colonial Products, to the extent that they were invested through investment policies referred to in clauses 1.4 and 1.6 above, were either overvalued or undervalued.
- 1.19 The matters described in clauses 1.15 to 1.18 above are referred to in this Enforceable Undertaking as the "**CMLA Unit Pricing Issue**".

Colonial Master Fund Issue

- 1.20 CMF Superannuation Fund is divided into 3 divisions, an Allocated Pension division, a Personal Superannuation Division and a Corporate Superannuation Division.
- 1.21 On 30 June 2003 the benefits of depositors in the CMF ADF were transferred on a successor fund basis to CSRF. At the same time, the benefits of the Allocated Pension division of the CMF Superannuation Fund were also transferred to CSRF on a successor fund basis.
- 1.22 On 10 and 11 March 2004 respectively, the benefits of members of the Personal Superannuation Division and the Corporate Superannuation Division of CMF Superannuation Fund were transferred to CSRF, again on a successor fund basis.
- 1.23 On completion of each of these successor fund transfers, unallocated assets remained in each of the transferring funds and CM Super carried out a reconciliation to determine the status of those assets.
- 1.24 This reconciliation established that there were a number of reasons for these unallocated assets, the most significant of which was the result of unprocessed unit pricing tax adjustments.
- 1.25 The existence of unallocated assets meant that the unit prices of a number of the investment funds in the CMF Products had been undervalued over the period since 1999.
- 1.26 The matters described in clauses 1.20 to 1.25 above are referred to in this Enforceable Undertaking as the "**CMF Issue**".

CLL Unit Pricing Issue

- 1.27 As part of a general re-examination and improvement of the unit pricing control environment within CMLA, a stream of work was carried out during 2003/4 which included an examination of unit pricing processes in relation to the investment funds of the CLL Products. Part of the review work involved an examination of the unit pricing tax estimation and reconciliation processes and this led to the identification of procedural errors in certain tax computations in carrying out the unit pricing function for certain investment funds in the CLL Products. In particular, it was ascertained that certain imputation credits had not been allocated to relevant investment pools.
- 1.28 The result of the matters referred to in clause 1.27 above was that unit prices for a number of investment funds in the CLL Products have been either overvalued or undervalued.
- 1.29 The matters described in clauses 1.27 and 1.28 above are referred to in this Enforceable Undertaking as the "**CLL Unit Pricing Issue**".

ASIC's role

- 1.30 ASIC is the consumer protection regulator of the financial services industry and accordingly is responsible for the monitoring and promoting of market integrity in the Australian financial system.

Early and open disclosure and full co-operation by CMLA and CM Super

- 1.31 In October 2002, CMLA advised ASIC of the CMLA Unit Pricing Issue.
- 1.32 In August 2004 CM Super advised ASIC of the CMF Issue.
- 1.33 In December 2004, CMLA advised ASIC of the CLL Unit Pricing Issue.
- 1.34 ASIC acknowledges that CMLA and CM Super of their own accord promptly reported the CMLA Unit Pricing Issue, the CMF Issue and the CLL Unit Pricing Issue to ASIC.

Concerns

- 1.35 ASIC, CMLA and CM Super were concerned that:
- (a) investors in the Colonial Products had been receiving advices and annual statements which contained information based on unit prices which differed from the correct unit prices;
 - (b) investors who had exited the Colonial Products had received redemption or withdrawal amounts based on unit prices which differed from the correct unit prices; and
 - (c) investors who had switched from one investment fund to another within the Colonial Products had received redemption or withdrawal amounts based on unit prices which differed from the correct unit prices.
- 1.36 ASIC, CMLA and CCSL are concerned that:

- (a) investors in the CLL Products have been receiving advices and annual statements which contained information based on unit prices which differed from the correct unit prices;
- (b) investors who have exited the CLL Products received redemption or withdrawal amounts based on unit prices which differ from the correct unit prices; and
- (c) investors who have switched from one investment fund to another within the CLL Products had received redemption or withdrawal amounts based on unit prices which differ from the correct unit prices.

1.37 CMLA has provided ASIC with regular updates on matters concerning the CMLA Unit Pricing Issue.

1.38 CM Super has provided ASIC with regular updates on matters concerning the CMF Issue.

1.39 ASIC acknowledges that:

- (a) CMLA and CM Super have co-operated fully with ASIC in dealing with the CMLA Unit Pricing Issue and the CMF Issue;
- (b) CMLA and CCSL have co-operated fully with ASIC in dealing with the CLL Unit Pricing Issue;
- (c) with respect to the CMLA Unit Pricing Issue, CMLA has since October 2002 carried out a programme to correct unit prices for impacted investment funds in the Colonial Products invested through investment policies referred to in clauses 1.4 and 1.6 above;
- (d) CMLA has communicated with, and provided restitution to impacted investors above the materiality threshold, in connection with the CMLA Unit Pricing Issue;
- (e) CMLA and CM Super are giving undertakings to ASIC, as set out later in this Enforceable Undertaking, to deal with the CMF Issue and to provide restitution to investors;
- (f) CMLA and CCSL are giving undertakings to ASIC, as set out later in this Enforceable Undertaking, to deal with the CLL Unit Pricing Issue and to provide restitution to investors.

CMLA Unit Pricing Issue – price adjustment and restitution process

1.40 In order to address the CMLA Unit Pricing Issue, two separate projects were undertaken by CMLA, as follows:

- (a) a project for correcting the unit prices of affected investment funds, referred to in this Enforceable Undertaking as the "**CMLA Unit Pricing Adjustment Project**"; and
- (b) on completion of the adjustment of unit prices, a further project to provide restitution payments and benefit adjustments to investors who have redeemed their investments and to existing investors who had changed or varied their investments in the affected investment funds during the relevant periods (subject to a materiality threshold). This project is referred to in this Enforceable Undertaking as the "**CMLA Unit Pricing Restitution Project**".

- 1.41 The CMLA Unit Pricing Adjustment Project affected all investors who had an investment in an affected investment fund at the time the adjustments were made. These adjustments were implemented in October and December 2002 and in March and June 2003.
- 1.42 An external consultant has provided a report dated 2 September 2003 summarising their findings on the CMLA Unit Pricing Adjustment Project. A copy of that report has been provided to ASIC.
- 1.43 The CMLA Unit Pricing Restitution Project, which was completed in 2004, involved CMLA determining, with respect to the unit price adjustments made under the CMLA Unit Pricing Adjustment Project, daily errors in unit pricing. Each of the daily errors for each error type was then aggregated to calculate total error rate adjustments for each investment fund. The error rate was then applied to each transaction based on a documented restitution methodology. A copy of that documented methodology has been provided to ASIC.
- 1.44 An external consultant provided a report dated 22 December 2003 summarising their interim findings on the CMLA Unit Pricing Restitution Project. That report addressed the impact analysis stage of the CMLA Unit Pricing Restitution Project and reviewed the proposed methodology to be adopted for assessing the financial impact on investors. A copy of that report has been provided to ASIC.

CMF Issue restitution process

- 1.45 An external consultant was engaged by CM Super to investigate the CMF Issue and provided a report dated 6 October 2004 summarising their findings. A copy of that report has been provided to ASIC.
- 1.46 CM Super is currently developing a restitution methodology with respect to the CMF Issue ("**CMF Restitution Methodology**") for the purpose of providing appropriate restitution to impacted investors in CMF Products in connection with the CMF Issue.

CLL Unit Pricing Issue price adjustment and restitution process

- 1.47 CMLA is currently developing a price adjustment and restitution methodology with respect to the CLL Unit Pricing Issue ("**CLL Price Adjustment and Restitution Methodology**") for the purpose of correcting unit prices of affected investment funds and providing appropriate restitution to investors in CLL Products in connection with the CLL Unit Pricing Issue.
- 1.48 CMLA has determined that it will appoint an independent consultant to perform a review of the CLL Price Adjustment and Restitution Methodology, in order to confirm the appropriateness of the price adjustment and restitution strategies.

No admissions of liability

- 1.49 CMLA, CM Super and CCSL have offered, without admission of any liability, and ASIC has accepted this Enforceable Undertaking in relation to the concerns of ASIC, CMLA, CM Super and CCSL. By accepting the undertakings in section 2 below offered by CMLA, CM Super and CCSL to address ASIC's concerns, ASIC will not take any action against CMLA, CM Super or CCSL in relation to the matters the subject of this Enforceable Undertaking.

2. UNDERTAKINGS

Pursuant to section 93AA of the ASIC Act, CMLA, CM Super and CCSL offer the following undertakings to ASIC, in response to ASIC's concerns referred to in clauses 1.35 and 1.36 above:

CMLA Unit Pricing Issues

2.1 CMLA and CM Super will engage an external compliance consultant ("**Consultant**") to:

- (a) review, including testing on a reasonable sample basis, the adequacy of CMLA's current information technology systems, procedures and processes relating to the calculation of unit prices with respect to the Colonial Products invested through investment policies referred to in clauses 1.4 and 1.6 above and the related compliance measures established by CMLA ("**CMLA Unit Pricing Review**");
- (b) provide a report on the CMLA Unit Pricing Review to CMLA, CM Super and ASIC that sets out:
 - (i) a description of the CMLA Unit Pricing Review;
 - (ii) recommendations on any steps to be taken by CMLA as a result of the CMLA Unit Pricing Review;
 - (iii) an opinion on whether the measures adopted in response to any recommendations referred to in subparagraph 2.1(b)(ii), are effective and designed to ensure that CMLA will provide investors with correctly calculated unit prices;
 - (iv) an opinion on whether the benefit adjustments and restitution payments to investors as a result of the CMLA Unit Pricing Issue are materially correct and to make recommendations if this is not the case; and
 - (v) any other matters which ASIC, after discussions with CMLA and CM Super, reasonably requires to be reviewed in connection with the CMLA Unit Pricing Issue.

The parties acknowledge that it may be necessary or desirable for CMLA and/or CM Super to discuss the findings and recommendations contained in the Consultant's report referred to in paragraph 2.1(b) with either ASIC or the Consultant or both and that, therefore, nothing in this Enforceable Undertaking is intended to prevent those discussions occurring.

For the purpose of this clause, CMLA and CM Super will provide ASIC with a document containing the terms of engagement between the Consultant and CMLA and CM Super.

2.2 CMLA and CM Super will each use its best endeavours to ensure that the CMLA Unit Pricing Review is completed and the report required by paragraph 2.1(b) is provided by dates agreed between CMLA, CM Super, ASIC and the Consultant.

2.3 CMLA and CM Super will each use its best endeavours to:

- (a) implement all recommendations made by the Consultant referred to in subparagraphs 2.1(b)(ii) and 2.1(b)(iv); and

- (b) ensure that further reviews in relation to the recommendations in subparagraphs 2.1(b)(ii) and 2.1(b)(iv) ("**Supplementary Reviews**") are completed by the Consultant and further reports provided by the Consultant in relation to the Supplementary Reviews, by such further dates as are agreed between CMLA, CM Super, ASIC and the Consultant.

Nothing in this clause prevents CMLA or CM Super from liaising with ASIC and/or the Consultant as to the findings and recommendations contained in such further reports.

- 2.4 CMLA and CM Super will provide ASIC with copies of each of the reports referred to in clauses 2.1 and 2.3 above within 7 days of the date of receipt of the report by CMLA and CM Super.
- 2.5 Within 21 days, or such longer period agreed with ASIC, after CMLA receives each of the reports referred to in clauses 2.1 and 2.3 above, CMLA will provide a report to ASIC on the timetable, and any revisions to a previous timetable, for implementing the relevant recommendations in the report.
- 2.6 CMLA and CM Super will not remove, replace or vary the terms of reference of the Consultant without the advance written approval of ASIC.

Report to ASIC on restitution phase of the CMLA Unit Pricing Issue.

- 2.7 CMLA will, not later than 28 days after the date of this Enforceable Undertaking, or such longer period agreed with ASIC, provide a report to ASIC, signed by a director of CMLA, containing the following information in relation to the CMLA Unit Pricing Issue:
- (a) numbers of impacted investors;
 - (b) of the impacted investors referred to in paragraph 2.7(a), the total number of investors to whom cheques have been sent and the total number of investors to whom additional units have been issued or additional benefits have otherwise been provided as part of the CMLA Unit Pricing Restitution Project;
 - (c) the total restitution provided and the average amount of the restitution provided as part of the CMLA Unit Pricing Restitution Project;
 - (d) the total amount below the materiality threshold transferred to affected investment funds under the CMLA Unit Pricing Restitution Project; and
 - (e) confirmation that all impacted investors above the materiality threshold have been provided with additional units and/or restitution payments and that adequate disclosure has been made to impacted investors concerning the CMLA Unit Pricing Issue.

CMF Issue

- 2.8 By 31 March 2005 or by such later day as ASIC shall agree, CM Super will prepare a report ("**CMF Restitution Report**") which will describe the CMF Issue and the CMF Restitution Methodology, including information on the method of identifying and providing appropriate restitution to investors in the CMF Products.
- 2.9 CM Super will provide ASIC with a copy of the CMF Restitution Report by no later than 7 days after it is completed.

2.10 CM Super will engage the services of an external compliance consultant suitable to ASIC to provide CM Super with a report or reports signing off on (including a sign off subject to any qualifications as set out in the report):

- (a) the reasonableness of the CMF Restitution Methodology;
- (b) the accuracy of the design, data extraction and process around the CMF Restitution Methodology; and
- (c) the appropriateness of the processes and procedures for identifying impacted investors,

together to be called the "**CMF Restitution Methodology Report**".

Nothing in this clause prevents CM Super from liaising with ASIC and/or the external compliance consultant on the sign off and on any qualifications contained in the CMF Restitution Methodology Report, and the parties acknowledge that it may be necessary or desirable to do so.

For the purpose of this clause, CM Super will provide ASIC with a document containing the terms of engagement between the external compliance consultant and CM Super.

2.11 CM Super will provide ASIC with a copy of the CMF Restitution Methodology Report by no later than 7 days of receipt.

2.12 If ASIC advises CM Super that it is not satisfied as to the reasonableness of the CMF Restitution Methodology, having regard to the CMF Restitution Methodology Report, CM Super will prepare revisions to the CMF Restitution Methodology and will repeat the process set out in clause 2.10 and clause 2.11 above in respect of those revisions.

2.13 If ASIC advises CM Super that it is satisfied as to the reasonableness of the CMF Restitution Methodology (subject to any revisions as provided for in clause 2.12 above), having regard to the CMF Restitution Methodology Report (including any subsequent report by the consultant consequent upon any revisions as provided for in clause 2.12 above), CM Super will, within 3 months from the date of receipt of such advice from ASIC, do all acts and things reasonably necessary to implement the CMF Restitution Methodology, including the provision of appropriate restitution to investors. If required, CM Super may request ASIC's consent to an extension of time (such consent not to be unreasonably withheld).

2.14 In the case of any investor to whom such restitution should be provided but for whom CM Super does not possess a current address or means to contact the investor, CM Super will be taken to have complied with clause 2.13 if it uses its best endeavours in line with industry standards to locate that investor and to provide restitution to that investor.

2.15 CM Super will engage the services of an external compliance consultant suitable to ASIC to review the implementation of the CMF Restitution Methodology and to provide a report ("**CMF Implementation Review Report**") to CM Super which:

- (a) states whether or not the CMF Restitution Methodology has been implemented in accordance with its terms; and
- (b) makes any recommendations if this is not the case.

The parties acknowledge that it may be necessary or desirable for CMLA and/or CM Super to discuss the findings and recommendations contained in the CMF Implementation Review Report with either ASIC or the external compliance consultant or both and that, therefore, nothing in this Enforceable Undertaking is intended to prevent those discussions occurring.

For the purpose of this clause, CM Super will provide ASIC with a document containing the terms of engagement between the external compliance consultant and CM Super.

- 2.16 CM Super will provide ASIC with a copy of the CMF Implementation Review Report within 7 days of receipt of the report by CM Super.
- 2.17 CM Super will:
- (a) promptly implement the consultant's recommendations as provided for in clause 2.15 above; and
 - (b) within such period from the date of receipt by ASIC of the CMF Implementation Review Report as is determined in consultation with ASIC, having regard to the scope of the consultant's recommendations and the practical difficulties of their implementation, provide ASIC with a report signed by a director of CM Super confirming that CM Super has fully complied with those recommendations. If required, CM Super may request ASIC's consent to an extension of time (such consent not to be unreasonably withheld).

CMF Restitution

- 2.18 CM Super will fund the restitution in relation to the unallocated amounts standing to the credit of the operating accounts for the CMF Superannuation Fund and the CMF ADF from those unallocated amounts and, to the extent that those amounts are not sufficient, CMLA has agreed to fund the restitution from its shareholders funds.

Notice to Investors in connection with CMF Issue

- 2.19 CM Super will, by not later than the end of the 3 month period referred to in clause 2.13 (or any extension of that period agreed by ASIC), but subject to clause 2.14, notify impacted investors to whom restitution will be provided, in the form and manner previously agreed by ASIC, of the CMF Issue.

CMF Issue Communications

- 2.20 CM Super will:
- (a) ensure that a detailed description of the CMF Issue and the CMF Restitution Methodology will be available for those investors in the CMF Products who contact the Colonial Call Centre and request more details; and
 - (b) provide those investors who contact the Colonial Call Centre and request more details about the CMF Issue and/or the CMF Restitution Methodology, with a copy of that detailed description.

Report to ASIC on CMF Issue

- 2.21 CM Super will, not later than 14 days after the end of the 3 month period referred to in clause 2.13 (or any extension of that period agreed by ASIC), provide a report to ASIC

signed by a director of CM Super, containing the following information in relation to the CMF Issue:

- (a) numbers of impacted investors;
- (b) of the impacted investors referred to in paragraph 2.21(a), the total number of investors to whom cheques have been sent and the total number of investors to whom additional units have been issued or additional benefits have otherwise been provided in the relevant products of CSRF to which investors in the CMF Products were transferred under the successor fund transfers referred to in clauses 1.21 and 1.22 above;
- (c) the total restitution provided and the average amount of the restitution provided;
- (d) the total amount below the materiality threshold transferred to corresponding investment funds of the relevant products of CSRF to which investors in the CMF Products were transferred under the successor fund transfers referred to in clauses 1.21 and 1.22 above; and
- (e) confirmation that all impacted investors above the materiality threshold have been provided with additional units or benefits and/or restitution payments and that impacted investors have been notified in accordance with clause 2.19 above.

CLL Unit Pricing Issue

- 2.22 By 31 March 2005 or by such later day as ASIC shall reasonably agree, CMLA will prepare a report ("**CLL Unit Pricing Report**") which will describe the CLL Unit Pricing Issue and the CLL Price Adjustment and Restitution Methodology, including information on the method of identifying and providing appropriate restitution to investors in the CLL Products.
- 2.23 CMLA will provide ASIC with a copy of the CLL Unit Pricing Report by no later than 7 days after it is completed.
- 2.24 CMLA and CCSL will engage the services of an external compliance consultant suitable to ASIC to provide CMLA and CCSL with a report or reports signing off on (including a sign off subject to any qualifications as set out in the report):
- (a) the reasonableness of the CLL Price Adjustment and Restitution Methodology;
 - (b) the accuracy of the design, data extraction and process around the CLL Price Adjustment and Restitution Methodology; and
 - (c) the appropriateness of the processes and procedures for identifying impacted investors,

together to be called the "**CLL Price Adjustment and Restitution Methodology Report**".

Nothing in this clause prevents CMLA or CCSL from liaising with ASIC and/or the external compliance consultant on the sign off and on any qualifications contained in the CLL Price Adjustment and Restitution Methodology Report and the parties acknowledge that it may be necessary or desirable for CMLA and/or CCSL to do so.

For the purpose of this clause, CMLA and CCSL will provide ASIC with a document containing the terms of engagement between the external compliance consultant and CMLA and CCSL.

- 2.25 CMLA and CCSL will provide ASIC with a copy of the CLL Price Adjustment and Restitution Methodology Report by no later than 7 days of receipt.
- 2.26 If ASIC advises CMLA and CCSL that it is not satisfied as to the reasonableness of the CLL Price Adjustment and Restitution Methodology, having regard to the CLL Price Adjustment and Restitution Methodology Report, CMLA will prepare revisions to the CLL Price Adjustment and Restitution Methodology and CMLA and CCSL will repeat the process set out in clause 2.24 and clause 2.25 above in respect of those revisions.
- 2.27 If ASIC advises CMLA and CCSL that it is satisfied as to the reasonableness of the CLL Price Adjustment and Restitution Methodology (subject to any revisions as provided for in clause 2.26 above), having regard to the CLL Price Adjustment and Restitution Methodology Report (including any subsequent report by the consultant consequent upon any revisions as provided for in clause 2.26 above), CMLA and (with respect only to the retail superannuation investment products referred to in clause 1.11) CCSL will, within 3 months from the date of receipt of such advice from ASIC, do all acts and things reasonably necessary to implement the CLL Price Adjustment and Restitution Methodology, including the provision of appropriate restitution to impacted investors. If required, CMLA and CCSL may request ASIC's consent to an extension of time (such consent not to be unreasonably withheld).
- 2.28 In the case of any investor to whom such restitution should be provided but for whom CMLA or CCSL does not possess a current address or means to contact the investor, each of CMLA or CCSL will be taken to have complied with clause 2.27 if it uses its best endeavours in line with industry standards to locate that investor and to provide restitution to that investor.
- 2.29 CMLA and CCSL will engage the services of an external compliance consultant suitable to ASIC to review the implementation of the CLL Price Adjustment and Restitution Methodology and to provide a report ("**CLL Implementation Review Report**") to CMLA and CCSL which:
- (a) confirms whether or not the CLL Price Adjustment and Restitution Methodology has been implemented in accordance with its terms; and
 - (b) makes any recommendations if this is not the case.

The parties acknowledge that it may be necessary or desirable for CMLA and/or CCSL to discuss the findings and recommendations contained in the CLL Implementation Review Report with either ASIC or the external compliance consultant or both and that, therefore, nothing in this Enforceable Undertaking is intended to prevent those discussions occurring.

For the purpose of this clause, CMLA and CCSL will provide ASIC with a document containing the terms of engagement between the external compliance consultant and CMLA and CCSL.

- 2.30 CMLA and CCSL will provide ASIC with a copy of the CLL Implementation Review Report within 7 days of receipt of the report by CMLA and CCSL.

2.31 CMLA and, to the extent that the recommendations are capable of implementation by CCSL, CCSL will:

- (a) promptly implement the consultant's recommendations as provided for in clause 2.29 above; and
- (b) within such period from the date of receipt by ASIC of the CLL Implementation Review Report as is determined in consultation with ASIC, having regard to the scope of the consultant's recommendations and the practical difficulties of their implementation, provide ASIC with a report signed by a director of CMLA and a director of CCSL confirming that CMLA and, to the extent that the recommendations are capable of implementation by CCSL, CCSL has fully complied with those recommendations. If required, CMLA and CCSL may request ASIC's consent to an extension of time (such consent not to be unreasonably withheld).

CLL Unit Pricing Restitution

2.32 CMLA will fund the restitution in relation to the CLL Unit Pricing Issue from investor tax provisions and, to the extent that those amounts are not sufficient, CMLA has agreed to fund the restitution from its shareholders' funds.

Notice to investors in connection with CLL Unit Pricing Issue

2.33 CMLA and CCSL (as applicable) will, by not later than the end of the 3 month period referred to in clause 2.27 (or any extension of that period agreed by ASIC), but subject to clause 2.28, notify investors to whom restitution will be provided, in the form and manner previously agreed by ASIC, of the CLL Unit Pricing Issue.

CLL Unit Pricing Investor Communications

2.34 CMLA and CCSL will

- (a) ensure that a detailed description of the CLL Unit Pricing Issue and the CLL Price Adjustment and Restitution Methodology will be available for those investors in the CLL Products who contact the Commonwealth Financial Services Customer Contact Centre and request more details; and
- (b) provide those investors who contact the Commonwealth Financial Services Customer Contact Centre and request more details about the CLL Unit Pricing Issue and/or the CLL Price Adjustment and Restitution Methodology, with a copy of that detailed description.

Report to ASIC on CLL Unit Pricing Issue

2.35 CMLA will, not later than 14 days after the end of the 3 month period referred to in clause 2.27 (or any extension of that period agreed by ASIC), provide a report to ASIC, signed by a director of CMLA, containing the following information in relation to the CLL Unit Pricing Issue:

- (a) numbers of impacted investors;
- (b) of the impacted investors referred to in paragraph 2.35(a), the total number of investors to whom cheques have been sent and the total number of investors to

whom additional units have been issued or additional benefits have otherwise been provided;

- (c) the total restitution provided and the average amount of the restitution provided;
- (d) the total amount below the materiality threshold, transferred to affected investment funds; and
- (e) confirmation that all impacted investors above the materiality threshold have been provided with additional units or benefits and/or restitution payments and that impacted investors have been notified in accordance with clause 2.33 above.

3. ACKNOWLEDGEMENTS

3.1 CMLA, CM Super and CCSL acknowledge that ASIC:

- (a) may from time to time publicly refer to this undertaking;
- (b) may issue a media release on execution of this undertaking referring to its terms and the concerns of ASIC which led to its execution; and
- (c) will place a copy of the executed undertaking on a Public Register.

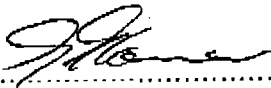
3.2 Further, CMLA, CM Super and CCSL acknowledge that:

- (a) ASIC's acceptance of this undertaking does not affect ASIC's power to investigate a contravention arising from future conduct; and
- (b) this undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this undertaking.

EXECUTED on

11 MARCH 2005

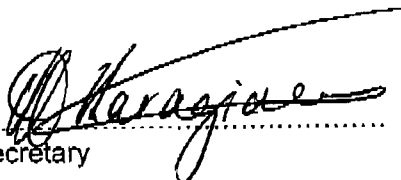
SIGNED by THE COLONIAL MUTUAL)
 LIFE ASSURANCE SOCIETY LIMITED)
 (ACN 004 021 809) in accordance)
 with section 127 of the Corporations)
 Act 2001:)



 Director

GARY GLOVER

 Name




 Secretary

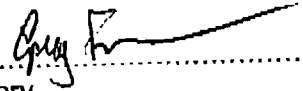
MARIA KARAGIANNIS

 Name

SIGNED by COLONIAL MUTUAL
SUPERANNUATION PTY LIMITED
(ACN 006 831 983) in accordance
with section 127 of the Corporations
Act 2001:)
)
)
)
)


.....
Director

.....
JAMES KINGSMAN EVANS
Name



.....
Secretary

.....
GREG FREEMAN
Name

SIGNED by COMMONWEALTH
CUSTODIAL SERVICES LIMITED
(ACN 000 485 487) in accordance
with section 127 of the Corporations
Act 2001:)
)
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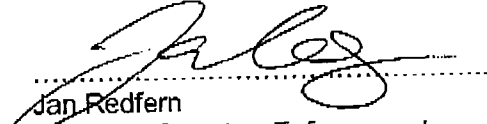

.....
Director

.....
JAMES KINGSMAN EVANS
Name


.....
Secretary

.....
GREG FREEMAN
Name

ACCEPTED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION
PURSUANT TO SECTION 93AA OF THE ASIC ACT BY ITS DULY AUTHORISED DELEGATE:


.....
Jan Redfern
Executive Director, Enforcement
ASIC

Date..... 15.3.08