

ENFORCEABLE UNDERTAKING

Australian Securities and Investments Commission Act 2001
Section 93AA

The commitments in this undertaking are offered to the
Australian Securities and Investments Commission (ASIC)
by:

Commonwealth Bank of Australia (CBA)
ACN 123 123 124
Ground Floor Tower 1, 201 Sussex Street, Sydney NSW 2000

1. Definitions

In addition to terms defined elsewhere in this undertaking, the following definitions are used:

Acceptance Date means the date this undertaking is accepted by ASIC.

AFSL means Australian Financial Services Licence as that term is defined in section 761A of the Corporations Act.

AFMA means Australian Financial Markets Association Limited ACN 119 827 904.

ALM means the business unit of CBA's Group Treasury, identified as Portfolio Risk Management, Asset & Portfolio Management or Asset & Liability Management.

Annual Expert Report has the meaning set out in paragraph 3.18 of this enforceable undertaking.

ASIC Act means the *Australian Securities and Investments Commission Act 2001* (Cth).

ASX BBSW Trade and Trade Reporting Guidelines means the ASX BBSW Trade and Trade Reporting Guidelines dated 10 October 2017.

Bank Bill Market has the meaning set out in paragraph 2.3(a) of this enforceable undertaking.

BBSW has the meaning set out in paragraph 2.6 of this enforceable undertaking.

BBSW Administrator means the entity that has responsibility for the calculation of BBSW, determining and applying the BBSW methodology and disseminating BBSW. As at Acceptance Date, the BBSW Administrator is ASX Limited.

BBSW Controls has the meaning set out in paragraph 3.8(a) of this enforceable undertaking.

BBSW Panellist means a bank which contributed BBSW Submissions to AFMA for the BBSW rate setting process during the Relevant Period.

BBSW Program has the meaning set out in paragraph 3.8 of this enforceable undertaking.

BBSW Referenced Products means those instruments (with the exception of Prime Bank Bills) alleged by ASIC in the Proceeding to have been either referenced to BBSW or for which the price for trading was influenced by or derived from the BBSW, including:

- (a) interest rate swaps;
- (b) forward rate agreements;
- (c) cross-currency swaps;
- (d) asset swaps;
- (e) interest rate options;
- (f) inflation swaps;
- (g) floating rate notes;
- (h) deposit taking facilities;
- (i) commercial loans; and
- (j) 90-day Bank Accepted Bill Futures.

BBSW Submission means the views of the mid-point of the bid and offer rates for Prime Bank Bills of varying maturities contributed to AFMA by BBSW Panellists prior to 27 September 2013, by 10.05am Sydney time, in accordance with the Bank Bill Swap Reference Rate Procedures as published by AFMA during the Relevant Period.

CBA means Commonwealth Bank of Australia ACN 123 123 124.

CBA BBSW Products means BBSW Referenced Products under which one or more payment obligations are expressly referenced to BBSW and to which CBA is a party.

CBA Traders means Prime Bank Bill Traders, Representatives that trade BBSW Referenced Products and Representatives that are or will be authorised to report transactions to any external administrator for the purposes of determining BBSW.

CBA Supervisors means Representatives who have supervisory and/or management responsibility for CBA Traders.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Legislation means the Corporations Act and the ASIC Act, as amended from time to time.

Expert Report has the meaning set out in paragraph 3.9(b) of this enforceable undertaking.

Final BBSW Program has the meaning set out in paragraph 3.10 of this enforceable undertaking.

Further Expert Report has the meaning set out in paragraph 3.11 of this enforceable undertaking.

Group Chief Risk Officer means the Chief Compliance Officer for CBA.

Implementation Expert Report has the meaning set out in paragraph 3.15 of this enforceable undertaking.

Independent Expert has the meaning set out in paragraph 3.2 of this enforceable undertaking.

Internal Review Report has the meaning set out in paragraph 3.17(a) of this enforceable undertaking.

Investigation means the investigation or investigations commenced by ASIC pursuant to section 13 of the ASIC Act in relation to CBA and its current and/or its former employees or representatives' participation in the BBSW rate set process and the trading of Prime Bank Bills.

LOPS means the business unit of CBA's Treasury identified as Liquidity Operations.

Markets means the CBA division Institutional Banking and Markets.

Prime Bank Bills means bank accepted bills and negotiable certificates of deposit issued by banks that were designated as AFMA Prime Banks during the Relevant Period.

Prime Bank Bill Trader means a person who deals, or makes decisions regarding dealing, in Prime Bank Bills on behalf of CBA.

Proceeding means the Federal Court proceeding commenced by ASIC on 30 January 2018 (VID 65/2018).

Relevant Employees has the meaning set out in paragraph 3.21 of this enforceable undertaking.

Relevant Period means the period 31 January 2012 to 31 October 2012.

Representative means any employee, director or any other person acting on behalf of CBA as a licensee.

STIRT means the business unit of CBA's Markets division identified as Short Term Interest Rate Trading.

Swaps means the business unit of CBA's Markets division identified as Interest Rate Swaps.

Trading Activities means the following:

- (a) dispose of, issue or acquire Prime Bank Bills on behalf of CBA;
- (b) make decisions as to whether to dispose of, issue or acquire Prime Bank Bills on behalf of CBA; or
- (c) procure or advise any other Representative of CBA to dispose of, issue or acquire Prime Bank Bills on behalf of CBA.

Treasury means CBA's division Group Treasury.

VWAP Methodology means the calculation method to determine the BBSW to be introduced under the ASX BBSW Trade and Trade Reporting Guidelines.

Except so far as the contrary intention appears in this enforceable undertaking, the interpretation provisions in Part 1.2 of the Corporations Act and Part 2 Division 4 of the ASIC Act apply for the purposes of this enforceable undertaking as if those provisions were provisions of this enforceable undertaking.

2. Background

- 2.1 Under s 1 of the ASIC Act, ASIC is charged with a statutory responsibility to perform its functions and to exercise its powers so as to promote the confident and informed participation of investors and consumers in the financial system.
- 2.2 CBA is and was, at all material times the holder of an Australian Financial Services Licence numbered 234945 (AFS licence) and the holder of an authority to carry on banking business under s 9 of the *Banking Act 1959* (Cth).

Bank Bills, Prime Bank Bills and the operation of the Bank Bill Market

- 2.3 Prime Bank Bills were traded through:
 - (a) interdealer brokers acting as intermediaries by quoting prices at which their respective clients were willing to buy and sell Prime Bank Bills as counterparties from and to other participants in the Bank Bill Market (Bank Bill Market); or
 - (b) in direct and unintermediated trades between issuers and other holders of Prime Bank Bills.
- 2.4 ICAP Brokers Pty Ltd ACN 002 103 068 and Tullett Prebon (Australia) Pty Ltd ACN 077 757 549 were the two interdealer brokers who operated in the Bank Bill Market.
- 2.5 The majority of trading in Prime Bank Bills in the Bank Bill Market during the Relevant Period occurred between approximately 9:55am and 10:05am.

- 2.6 In the Relevant Period, the Bank Bill Swap Reference Rate (**BBSW**) was:
- (a) the trimmed; average mid-rate of the observed best bid/best offer for Prime Bank Bills for certain tenors on each Sydney business day published by AFMA;
 - (b) set on the basis of views submitted by BBSW Panellists (including CBA) as to the yield at which Prime Bank Bills in each tenor were trading or said to be trading at around or shortly after 10:00am on each trading day; and
 - (c) was the benchmark (or reference) interest rate in respect of certain financial products in Australia, including BBSW Referenced Products.

CBA's trading in Bank Bills during the Relevant Period

- 2.7 During the Relevant Period, CBA was a Prime Bank, an issuer of Prime Bank Bills and a BBSW Panellist.
- 2.8 In addition to issuing NCDs and selling Prime Bank Bills for the purposes of managing CBA's short term wholesale funding and prudential liquidity requirements, LOPS made decisions, each business day, whether to issue NCDs for sale, and entered into BBSW Referenced Products that had reset or rollover dates on which an obligation to pay or receive monies was determined by reference to where BBSW set on a particular day.
- 2.9 Swaps and STIRT traded in and held books of financial products, including BBSW Referenced Products, in particular interest rate swaps, cross currency swaps and FRAs that would reset or rollover on the basis of where BBSW set that day.
- 2.10 Employees and officers of Swaps were able to and did ascertain the BBSW Rate Set Exposure that Swaps had to where the BBSW set on a particular day, but were not systematically provided with the exposures of other business units within CBA. Employees and officers of Swaps were from time to time aware of the BBSW Rate Set Exposure of another CBA business unit through communications with employees and officers of that other business unit.
- 2.11 Employees and officers of Treasury were able to and did ascertain the BBSW Rate Set Exposure that Treasury had to where the BBSW set on a particular day, Employees and officers of Treasury were also able to and did ascertain the BBSW Rate Set Exposure of another CBA business unit through communications with employees and officers of that other business unit.

ASIC's Concerns

- 2.12 On 30 January 2018, ASIC commenced the Proceeding.
- 2.13 In the Proceeding, ASIC alleged that on certain days, CBA traded in Prime Bank Bills with the intention of affecting the level at which the BBSW was set so as to benefit itself.
- 2.14 In the Proceeding, ASIC and CBA have agreed facts which are contained in a Statement of Agreed Facts.

3. Undertakings

- 3.1 Under s93AA of the ASIC Act, CBA has offered, and ASIC has agreed to accept as part of the resolution of the Proceeding and Investigation the following undertakings.

Changes to CBA's BBSW Controls

Engagement of Independent Experts

- 3.2 CBA undertakes to request ASIC to approve, within 15 business days of the Acceptance Date or within such longer period as may be agreed by ASIC and CBA:
- (a) the appointment of an Independent Expert (**Independent Expert**) that meets the criteria in paragraph 3.4 below, and
 - (b) draft terms of engagement for that expert that meet the requirements of this enforceable undertaking.
- 3.3 If ASIC approves the draft terms of engagement and the Independent Expert following a request by CBA under paragraph 3.2, CBA undertakes to appoint the approved Independent Expert on the terms approved by ASIC, within 10 business days of receiving ASIC's approval, or within such longer period as may be agreed by ASIC and CBA.
- 3.4 CBA undertakes to nominate, under paragraph 3.2, above, an independent expert who, in CBA's opinion:
- (a) has the necessary expertise, experience and operational capacity to perform the role contemplated by this enforceable undertaking; and
 - (b) is independent of CBA, its related bodies corporate and its officers at the time of the appointment, and who will at all material times be capable of exercising objective and impartial judgement.
- 3.5 CBA undertakes to ensure the terms of the Independent Expert's engagement provided to ASIC for approval under paragraph 3.2 will include:
- (a) a statement to the effect that the work of the Independent Expert is being carried out for CBA and ASIC, and acknowledging that ASIC is relying on the work of the Independent Expert;
 - (b) a statement that upon request by ASIC, ASIC is to be copied into all or some communications between CBA and the Independent Expert;
 - (c) a requirement that the Independent Expert to notify ASIC where a conflict of interest arises during the engagement or when the Independent Expert becomes aware of information that adversely affects its ability to exercise objective and impartial judgement;

- (d) a requirement that the Independent Expert perform the work, and provide the written reports to ASIC and CBA, as set out in paragraphs 3.10(b), 3.12, 3.16 and 3.18 below;
- (e) an acknowledgement that in relation to the written reports to be provided to ASIC and CBA as described in paragraphs 3.10(b), 3.12, 3.16 and 3.18 below ASIC may publicly refer to the content of the report, and may make a summary of the content of the reports or a statement that refers to the content of the reports public; and
- (f) a requirement that the written reports of the Independent Expert:
 - (i) set out separately each of the factual findings or assumptions on which the Independent Expert's opinion is based;
 - (ii) set out separately from the factual findings or assumptions, each of the Independent Expert's opinions;
 - (iii) set out the reasons for each of the Independent Expert's opinions; and
 - (iv) where the Independent Expert believes that its written report may be incomplete or inaccurate without some qualification.

Undertakings to ensure access for an expert

3.6 CBA undertakes to:

- (a) permit the Independent Expert, to the extent that it is reasonable having regard to the requirements of this enforceable undertaking, to have access to its books and to interview current employees;
- (b) give the Independent Expert any information or explanation reasonably requested by the Independent Expert of any matter in any way connected with the report required to be prepared by the Independent Expert under this enforceable undertaking;
- (c) otherwise reasonably assist the Independent Expert in carrying out the terms of its engagement and producing the reports required to be prepared by the Independent Expert under this enforceable undertaking; and
- (d) to seek approval under paragraph 3.2 for the appointment of a new independent expert, within 15 business days of becoming aware the appointed Independent Expert is unable to continue the appointment.

3.7 For the avoidance of doubt, CBA is not required to provide the Independent Expert with any document or information that is reasonably the subject of a claim by CBA of legal professional privilege.

Proposed BBSW Program

- 3.8 CBA will, within three months of the date of the appointment of the Independent Expert (or such later date as agreed between ASIC and CBA), provide to ASIC and the Independent Expert a program (**BBSW Program**):
- (a) of changes it has made (and it will make) to its policies, procedures, systems, controls, training, guidance and framework for the monitoring and supervision of employees and trading (**BBSW Controls**) in its Prime Bank Bill and CBA BBSW Product businesses to prevent, detect and respond to attempts to affect where BBSW set, including through trading in Prime Bank Bills, in order to ensure compliance with CBA's obligations under the Corporations Legislation and the ASX BBSW Trade and Trade Reporting Guidelines; and
 - (b) which specifies the date by which each proposed action under the program will be taken.
- 3.9 CBA undertakes that the BBSW Program will include (but not be limited to) the following:

Compliance with guidelines from the BBSW Administrator

- (a) the establishment of BBSW Controls to ensure compliance with the ASX BBSW Trade and Trade Reporting Guidelines (as amended or replaced by the BBSW Administrator from time to time and insofar as compliance is reasonably practicable at any given time having regard to the state of implementation of the VWAP Methodology);

Separation of CBA's Prime Bank Bill and BBSW Referenced Product trading

- (b) the physical, technological and structural segregation of employees involved in the issuance or trading of Prime Bank Bills from information about CBA's aggregate BBSW rate set exposure, except to the extent that a Representative of CBA who is responsible for bank funding:
 - (i) issues or disposes of Prime Bank Bills on behalf of CBA;
 - (ii) make decisions as to whether to issue or dispose of Prime Bank Bills on behalf of CBA; or
 - (iii) procures or advises any other Representative of CBA to issue or dispose of Prime Bank Bills on behalf of CBA,

in circumstances where CBA has in place compliance systems and processes to manage any conflicts of interest including:

- (iv) procedures to record the basis on which the relevant Representatives determined that Prime Bank Bills are relevantly disposed of or issued for the purpose of funding CBA;
- (v) ensure compliance monitoring of the activities described in paragraphs 3.9(b)(i) to 3.9(b)(iii); and
- (vi) ensure that the remuneration of Representatives involved in the activities described in paragraphs 3.9(b)(i) to 3.9(b)(iii) is not determined by reference to revenue derived by CBA (or business units of CBA) through BBSW Referenced Products;

Guidance and training

- (c) revisions to the written policies, procedures and guidelines provided to CBA's Traders covering:
 - (i) the need to safeguard the interests of customers and counterparties;
 - (ii) ethics and conflicts of interest; and
 - (iii) maintenance of the integrity of a benchmark;
- (d) a mandatory face-to-face training program by an appropriately qualified external independent training provider (endorsed by an external industry expert), which includes a compulsory test, for all current CBA Traders and current CBA Supervisors covering:
 - (i) compliance with the Corporations Legislation in respect of trading on markets for fixed income products;
 - (ii) the need to safeguard the interests of customers and counterparties;
 - (iii) ethics and conflicts of interest; and
 - (iv) maintenance of the integrity of a benchmark;
- (e) a requirement that the requirements of paragraph 3.9(d) above shall also apply to all new CBA Traders and shall be performed prior to their commencing in that role;

Monitoring and period audits

- (f) an appropriate monitoring system of CBA Traders' communications (including on electronic trading platforms and dedicated electronic communications) and their trading in Prime Bank Bills that includes, if and as appropriate;

- (i) real-time or close to real-time monitoring of communications and trading activities, including the setting of system monitoring parameters (alerts) designed to detect potential misconduct;
 - (ii) event-driven reviews of communications and trading activities (such as for above-average rate set exposures or where there are large movements in the BBSW rate set relative to the previous day);
 - (iii) regular, periodic review of the adequacy of the system monitoring parameters; and
 - (iv) historic trading pattern review;
- (g) periodic audits of a reasonable and random sample of material captured by its communications and trading, with the aim of identifying any attempt to influence benchmark rates;
 - (h) measures to prevent access by employees to alternative means of communication which are not recorded by CBA;

Appropriate limits

- (i) the setting of appropriate limits (including reducing limits in appropriate circumstances) for the trading of Prime Bank Bills, which are approved by a relevant supervisor and which are monitored in real time and periodically reviewed;

Record retention

- (j) the recording and retention in an easily accessible format for a period of 7 years from the Acceptance Date of communications (whether electronic or audio) relating to trading in Prime Bank Bills and BBSW Referenced Products;
- (k) the recording and retention in an easily accessible format for a period of 7 years from the Acceptance Date of transactions records and position and risk reports relating to:
 - (i) trading in Prime Bank Bills including, but not limited to, the name of the employee responsible for the transaction, tenor, maturity date, price, volume, date and time of execution, and date and time of booking; and
 - (ii) any trading by CBA Traders;

Complaints and reporting

- (l) the handling of complaints concerning attempts to influence benchmark rates, and the reporting of complaints to ASIC; and

- (m) a system for ensuring the prompt reporting to ASIC of any attempts to influence benchmark rates.

Assessment by Independent Expert

3.10 The Independent Expert will be required to, within three months of receipt of the BBSW Program under paragraph 3.8 (or such later date as agreed between ASIC and CBA):

- (a) conduct an assessment of the effectiveness of the BBSW Program to prevent, detect and respond to the matters set out at paragraph 3.8(a); and
- (b) provide a written report (**Expert Report**) to CBA and ASIC on the assessment referred to in paragraph 3.10(a), including:
 - (i) identification of any deficiencies in the BBSW Program; and
 - (ii) recommendations for actions that, in the opinion of the Independent Expert, would be necessary for CBA to implement to rectify deficiencies identified in the Expert Report.

Provision of Final BBSW Program

3.11 CBA undertakes to, within three months of receipt of the Expert Report (or such later date as agreed between ASIC and CBA), provide to ASIC and the Independent Expert a revised BBSW Program (**Final BBSW Program**) which:

- (a) incorporates the actions CBA proposes to take to implement recommendations identified in the Expert Report;
- (b) in respect of any recommendation identified in the Expert Report which CBA will not implement, provides reasons and an alternative action (if any) that CBA proposes to take to address the cause of the recommendation in the Expert Report;
- (c) specifies the date by which each action will be taken; and
- (d) provides for all proposed changes to be implemented in a reasonable timeframe.

3.12 The Independent Expert will be required to, within 10 days of receipt of the Final BBSW Program (or such later date as agreed between ASIC and CBA), provide a written report (**Further Expert Report**), with reasons, to ASIC and CBA reporting on whether, in the opinion of the Independent Expert, and having regard to any reasons and proposed alternative actions provided by CBA under paragraph 3.11(b) the Final BBSW Program addresses the bases for the recommendations in the Expert Report.

3.13 CBA undertakes to seek to agree with ASIC the terms of the Final BBSW Program, each acting reasonably. If CBA and ASIC are unable to reach agreement on any of the terms of the Final BBSW Program, then the provisions of paragraph 3.14(c) apply to the implementation of such terms as are agreed.

Implementation of Final BBSW Program

3.14 CBA undertakes to:

- (a) ensure that sufficiently qualified and skilled staff are employed to discharge the Final BBSW Program; and
- (b) implement the Final BBSW Program in full, and within the timeframes specified in the Final BBSW Program, or such varied timeframes as are agreed by ASIC; or
- (c) alternatively to paragraph 3.14(b), in the event that not all terms of the Final BBSW Program are agreed by CBA and ASIC, implement those terms of the Final BBSW Program which are agreed, within the timeframes specified in the Final BBSW Program, or such varied timeframes as are agreed by ASIC.

3.15 CBA undertakes to, within 20 days of full implementation of the Final BBSW Program, provide written confirmation to ASIC and the Independent Expert that:

- (a) the Final BBSW Program has been fully implemented; and
- (b) it believes the Final BBSW Program is effective, to the extent reasonably possible, to address the matters set out at paragraph 3.8,

signed by CBA's Group Treasurer, the Group Executive Institutional Banking and Markets or, in the event of those positions being discontinued, by three members of senior management of CBA as agreed with ASIC.

Assessment of BBSW Program implementation by the Independent Expert

3.16 The Independent Expert will be required to, within 3 months after the receipt of CBA's notification under paragraph 3.15 (or such later date as agreed between ASIC and CBA), conduct an assessment of the effectiveness of CBA's implementation of the Final BBSW Program and to provide a written report (**Implementation Expert Report**) on the outcome of such assessment to CBA and ASIC as soon as practicable after that assessment.

3.17 CBA undertakes that, every year for a period of 3 years from the provision of the confirmation referred to at paragraph 3.15 of this enforceable undertaking, it will:

- (a) conduct an internal review of the current operation of the Final BBSW Program (including any material changes) and document the results of that review (**Internal Review Report**);
- (b) provide a copy of the Internal Review Report to the Group Executive Institutional Banking and Markets and the Group Chief Risk Officer; and
- (c) provide a copy of the Internal Review Report to ASIC and the Independent Expert.

3.18 The Independent Expert is to, within 2 months of receipt of each of the Internal Review

Reports (or such later date as agreed between ASIC and CBA), conduct an assessment of the effectiveness of the Final BBSW Program, as then in operation (and including any material changes), to prevent, detect and respond to matters set out at paragraph 3.8(a), and to provide a written report (**Annual Expert Report**) on the outcome of such assessment to CBA and ASIC.

CBA to pay the costs of the Independent Expert

3.19 CBA undertakes to pay the costs of the Independent Expert appointed by ASIC.

Annual attestation

3.20 CBA undertakes that each year for a period of 3 years from the full implementation of the Final BBSW Program, the Group Chief Risk Officer (or, in the event of that position being discontinued, CBA's Chief Executive Officer) will attest that:

- (a) he or she has taken reasonable steps to satisfy himself or herself that the systems and controls in place to ensure the effectiveness of the Final BBSW Program (including any material changes) are appropriate and adequate to effectively prevent, detect and respond to the matters set out at paragraph 3.8(a); and
- (b) nothing has come to his or her attention during the previous 12 months to suggest that the Final BBSW Program (including any material changes) is not appropriate, to the extent reasonably possible, to address the matters set out at paragraph 3.8(a); or
- (c) identifies any matters that have come to his or her attention during the preceding 12 months that would indicate that the Final BBSW Program (including any material changes) is not appropriate, to the extent reasonably possible, to address the matters set out at paragraph 3.8(a) and the steps CBA has taken to address those matters.

Compulsory compliance training for current and former Relevant Employees

3.21 CBA undertakes to, within 7 days of the Acceptance Date, suspend any person who remains its current employee and who was a member of Swaps, STIRT, LOPS or head of Swaps, STIRT or LOPS during the Relevant Period (**Relevant Employees**) from Trading Activities unless or until ASIC is satisfied that the requirements in paragraphs 3.21(b), (c) and (d)(ii), (iii) and (iv) below have been met and the Group Chief Risk Officer is satisfied and has informed ASIC that the requirements in paragraphs 3.21(a) and (d)(i) below have been met:

- (a) The Relevant Employee has actively and in good faith participated in a program of compliance training conducted by an appropriately qualified training provider (endorsed by an external industry expert) focused on compliance with the Corporations Legislation in respect of trading on markets for fixed income products and the trading of Prime Bank Bills;
- (b) CBA has undertaken a review of the Relevant Employee's remuneration arrangements including the appropriateness of their base salary and bonus settings

(including as to deferral of bonus payments) and CBA's entitlement to clawback and withhold bonuses in the event of misconduct;

- (c) CBA has considered, taking into account the Relevant Employee's historical work performance and conduct and the Employee's training results in paragraph 3.21(a), the Relevant Employee's suitability for their existing role, including whether it might be appropriate to redeploy them to different roles; and
- (d) CBA has designed and implemented a specific program to monitor the activities of the Relevant Employee including:
 - (i) ongoing spot auditing, at least fortnightly in frequency, by the compliance team of the Relevant Employee to identify any inappropriate behaviour in respect of the trading of Prime Bank Bills;
 - (ii) regular reporting to ASIC of the monitoring and spot auditing of the Relevant Employee;
 - (iii) clear consequences (including consequences to remuneration), for any inappropriate behaviour in respect of the issuance or trading of Prime Bank Bills; and
 - (iv) the deferral of bonuses in respect of periods commencing after 1 July 2018 until a period of 12 months has elapsed during which the ongoing spot audits in paragraph 3.21(d)(i) do not identify any inappropriate trading activity.

Community Benefit Payment

3.22 CBA undertakes to pay the amount of \$15 million to a Financial Consumer Protection or similar Fund or Funds (**Fund**) by 30 June 2018 or such later date as ASIC may agree. The Fund will finance any one or more of the following purposes:

- (a) promoting the confident and informed participation of investors and consumers in the financial system;
- (b) promoting understanding of the protection afforded to corporate whistleblowers and providing advice and other support to them;
- (c) promoting such other purposes agreed by ASIC that are consistent with ASIC's functions under subsections 12A (2) and (3) of the ASIC Act.

The Fund will be invested, distributed and otherwise administered by a board or other entity/entities independent of ASIC. The fees and expenses of the administrator in this role may be paid from the Fund. The Fund will not be used to fund ASIC employees or ASIC's operations.

Other undertakings

- 3.23 CBA undertakes to pay the costs of its compliance with this enforceable undertaking.
- 3.24 CBA undertakes to provide all documents and information requested by ASIC from time to time for the purpose of assessing CBA's compliance with the terms of this enforceable undertaking (except for material over which there is reasonably a claim by CBA of legal professional privilege).
- 3.25 CBA undertakes to notify ASIC as soon as reasonably practicable and in any event within five business days of becoming aware of any failure by CBA to comply with a term of this enforceable undertaking.

4. Acknowledgements

- 4.1 CBA acknowledges that ASIC:
- (a) may issue a media release on execution of this undertaking referring to its terms and to the concerns of ASIC which led to its execution;
 - (b) may from time to time publicly refer to this undertaking;
 - (c) will, subject to paragraph 4.4 from time to time publicly report about compliance with this undertaking; and
 - (d) will make this undertaking available for public inspection.
- 4.2 In relation to the written reports to be provided to ASIC under paragraphs 3.10(b), 3.12, 3.16 and 3.18, CBA acknowledges that ASIC:
- (a) may issue a media release referring to the content of the written reports;
 - (b) may, subject to paragraph 4.4, from time to time publicly refer to the content of the written reports; and
 - (c) will make available for public inspection a summary of the content of the written reports, or a statement that refers to the content of those reports.
- 4.3 CBA acknowledges that ASIC may, subject to paragraph 4.4 from time to time publicly refer to the terms of the Final BBSW Program.
- 4.4 ASIC acknowledges that it will delete, remove or not refer to any specific information from a written report or the Final BBSW Program that:
- (a) consists of personal information of an identified natural person whose acts or omissions are not the subject of, or a concern mentioned in, the enforceable undertaking;
 - (b) ASIC is satisfied would be unreasonable to release because the release of the information would unreasonably affect the business, commercial or financial affairs

of CBA or a third party otherwise than in a way that arises from the execution, implementation and reporting of the outcomes of the enforceable undertaking;

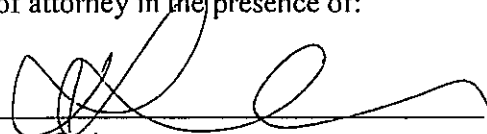
- (c) ASIC is satisfied should not be released because it would be against the public interest to do so; or
- (d) CBA has asked not to be released if ASIC is satisfied that the information:
 - (i) would be unreasonable to release because the release of the information would unreasonably affect the business, commercial or financial affairs of CBA otherwise than in a way that arises from the execution, implementation and reporting of the outcomes of the enforceable undertaking; or
 - (ii) should not be released because it would be against the public interest to do so.

4.5 Further CBA acknowledges that:


- (a) ASIC's acceptance of this undertaking does not affect ASIC's power to investigate or conduct surveillance or institute proceedings against CBA or any present or former employee of CBA, in respect of:
 - (i) the criminal consequences of any conduct the subject of or arising out of the Proceeding;
 - (ii) any conduct the subject of or arising out of the Proceeding that may occur after 27 September 2013;
 - (iii) any evidence relating to the matters the subject of the Proceeding which was not in ASIC's possession at the time of entering into this enforceable undertaking; and
 - (iv) any other matter other than the matters the subject of the Proceeding; 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 or arising from future conduct.

4.6 CBA acknowledges that this undertaking has no operative force until accepted by ASIC, and CBA and ASIC acknowledge that the date of the enforceable undertaking is the date on which it is accepted by ASIC.

Executed by Commonwealth Bank of Australia ACN 123 123 124 by its duly constituted attorney under power of attorney dated 24 June 2013 registered BK 4651 NO 555 who has no notice of revocation of such power of attorney in the presence of:


Signature of witness

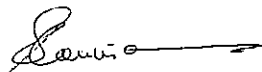
KIARA FILARDI
Name of witness (print)


Signature of attorney

Matthew Conyn
Name of attorney (print)

Chief Executive
Title of attorney (print)

Accepted by the Australian Securities and Investments Commission under s93AA of the ASIC Act by its duly authorised delegate:


Delegate of Australian Securities and Investments Commission

Sharon Concisom 09/07/18
Name
(BLOCK LETTERS)