



ASIC
Australian Securities &
Investments Commission

EU final compliance report by ASIC

ASIC's final report dated 20 February 2019 on compliance with the s93AA ASIC Act court enforceable undertaking (EU) given by **HSBC Bank Australia Limited** (ACN 006 434 162) **dated 13 May 2016**. This report does not repeat the information provided in ASIC's interim report dated 3 February 2017.

Terms used in this report have the same meaning as in the 13 May 2016 EU.

Undertakings	Report on compliance
Ernst & Young Interim Report EU paragraph 3.5.7	On 30 January 2017, the independent expert, Ernst & Young (EY) provided the Interim Report to HSBC. The report timing was agreed to by ASIC. The Interim Report considered HSBC's implementation of its remediation plan. The Interim Report states, "The results of this phase (HSBC's remediation plan test-and-learn phase) support the integrity of the remediation plan design". EY identified two recommendations relating to HSBC's case assessment and remediation and reported to ASIC that HSBC had adopted EY's recommendations.
HSBC and EY monthly reporting EU paragraph 3.5.8	HSBC and EY provided ASIC with monthly written reports on the progress of implementation of the HSBC remediation plan as required by the EU. HSBC's monthly report provided to ASIC on 14 November 2018 reported that: <ul style="list-style-type: none">• compensation totalling \$687,350 has been offered to 104 clients;• for structured product advice of the 510 files assessed, 82 (16%) contained inappropriate advice;• for advice by high risk representatives, of the 455 files assessed, 10 (2%) contained inappropriate advice; and• for superannuation advice, of the 369 files assessed, 9 (2%) contained inappropriate advice. Note that not all inappropriate advice resulted in client losses. In some cases, HSBC offered compensation to clients where there was insufficient information on the client's file for HSBC to conclude its assessment of the advice provided.
EY Final Report EU paragraph 3.5.9	On 30 July 2018, EY provided a Final Report to ASIC. However, as HSBC's remediation work had not been completed, ASIC did not accept this as the final report under the EU. On 26 November 2018, EY resubmitted its Final Report to ASIC. The Final Report contains EY's assessment of HSBC's implementation of its remediation plan. The report states, "HSBC has materially delivered on its requirements in the EU. Natural residual activities transferred to HSBC's BAU environment have been addressed in as far as possible, and any further remediation activities that could arise will be dealt with under the principles of the Remediation Program.

Undertakings	Report on compliance
	<p>HSBC has ceased providing personal financial advice, and as such, this does not bring any ongoing financial advice risks into HSBC's current business environment. Based on the results of our work, we have no further recommendations for HSBC to address before finalisation of the Remediation Program.”</p> <p>A copy of the EY's final report summary is available on the ASIC EU Register.</p>
<p>EY Further Report EU paragraph 3.5.10</p>	<p>EY did not identify any recommendations for HSBC in their Final Report, therefore the EY Further Report is not required.</p>