



ASIC
Australian Securities &
Investments Commission

CEU interim compliance report by ASIC

ASIC's interim report dated **17 May 2019** on compliance with the s93AA ASIC Act court enforceable undertaking given by the **Australia and New Zealand Banking Group Limited** ACN 005 357 522 (**ANZ**) dated 20 November 2017.

Terms used in this report have the same meaning as in the 20 November 2017 court enforceable undertaking (**CEU**).

Undertakings	Report on compliance
Engagement of Independent Expert CEU paragraphs 3.2 and 3.3	1. ANZ agreed to the appointment by ASIC of PricewaterhouseCoopers (PwC) as the Independent Expert (IE) in accordance with the requirements specified in the CEU. ASIC appointed PwC as the IE on 9 May 2018.
BBSW Program CEU paragraphs 3.6 and 3.7	2. On 8 August 2018, ANZ submitted its BBSW Program to ASIC and the IE in accordance with the requirements and timeframe specified in the CEU.
Assessment of the BBSW Program CEU paragraphs 3.8 and 3.8(a)	3. The IE conducted its assessment of the effectiveness of the BBSW Program to prevent, detect and respond to matters set out in the CEU, in accordance with the requirements and timeframe specified in the CEU.
Expert Report CEU paragraph 3.8(b)	4. On 9 November 2018, the IE submitted its Expert Report to ASIC and ANZ in accordance with the requirements specified in the CEU. 5. The Expert Report set out the IE's findings from the Assessment of the BBSW Program under paragraph 3.8(a). In summary, the Expert Report: <ul style="list-style-type: none">a. identified deficiencies in the BBSW Program; andb. made recommendations for actions, that in the opinion of the IE, would be necessary for ANZ to

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	<p>implement to rectify the deficiencies identified in the Expert Report.</p>
<p>Final BBSW Program CEU paragraph 3.9</p>	<p>6. On 11 March 2019, ANZ submitted its Final BBSW Program to ASIC and the IE in accordance with the requirements and extended timeframe specified in the CEU.</p>
<p>Further Expert Report CEU paragraph 3.10</p>	<p>7. On 25 March 2019, the IE submitted its Further Expert Report to ASIC and ANZ in accordance with the requirements and extended timeframe specified in the CEU.</p> <p>8. The Further Expert Report set out the IE’s findings from the assessment of the Final BBSW Program including the IE’s opinion on whether the ANZ Final BBSW Program rectified deficiencies in the program that were identified in the Expert Report.</p>
<p>Compulsory compliance training for current and former Relevant Employees CEU paragraph 3.20*</p>	<p>9. In accordance with the requirements and timeframe specified in the CEU, ANZ has provided confirmation to ASIC it has:</p> <ul style="list-style-type: none"> (a) arranged for each Relevant Employee to participate in a program of compliance training conducted by an appropriately qualified training provider focused on compliance with the Corporations Legislation in respect of trading on markets for fixed income products and the issuance and trading of Prime Bank Bills; (b) undertook a review of the remuneration arrangements of each Relevant Employee, including the appropriateness of their base salary bonus settings and ANZ’s entitlement to clawback and withhold bonuses in the event of misconduct; (c) considered, taking into account the Relevant Employees’ historical work performance, conduct and training results in paragraph 3.20(a), the suitability of each Relevant Employee for their existing role including whether it might be appropriate to redeploy them to a different role; and

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	<p>(d) designed and implemented a specific program to monitor the activities of the Relevant Employees including:</p> <ul style="list-style-type: none"> (i) ongoing spot auditing, at least fortnightly in frequency, by the compliance team of each Relevant Employees to identify any inappropriate behaviour in respect of the issuance and trading of Prime Bank Bills; and (ii) regular reporting to ASIC of the monitoring and spot auditing of the Relevant Employees; and (iii) clear consequences for any inappropriate behaviour in respect of the issuance or trading of Prime Bank Bills including consequences to remuneration, without limitation, the deferral of bonuses for a period of 12 months during which the ongoing spot audits in paragraph 3.20(d)(i) do not identify any inappropriate trading activity.
<p>Community Benefit Payment</p> <p>CEU paragraph 3.21</p>	<p>10. On 21 May 2018, ANZ made payment to the total amount of A\$20 million to Ecstra Foundation Limited (ACN 625 525 162) to support initiatives that advance financial literacy and capabilities among Australian consumers of financial products and services. The payment was made in accordance with the requirements specified in the CEU and within the timeframe agreed upon by ASIC.</p>

*Ongoing compliance is required in respect of 3.20(d)