



ASIC
Australian Securities &
Investments Commission

CEU interim compliance report by ASIC

ASIC's interim report dated **21 May 2019** on compliance with the s93AA ASIC Act court enforceable undertaking (CEU) given by **Macquarie Bank Limited** ACN 008 583 542 (**MBL**) on 19 May 2017.

Terms used in this report have the same meaning as in the CEU dated 19 May 2017.

Undertakings	Report on compliance
Engagement of Independent Expert CEU paragraphs 3.2 and 3.3	1. MBL agreed to the appointment by ASIC of Deloitte Touche Tohmatsu (Deloitte) as the Independent Expert (IE) on the terms of engagement specified in the CEU. ASIC appointed Deloitte as the IE on 5 October 2017.
FX Program CEU paragraph 3.6	2. On 5 December 2017, MBL submitted its FX Program to ASIC and the IE in accordance with the requirements and timeframe specified in the CEU
Assesment of FX Program CEU paragraphs 3.7 and 3.7.1	3. The IE conducted its assessment of the effectiveness of MBL's FX Program to prevent, detect and respond to the conduct of the type identified in the CEU, in accordance with the requirements and extended timeframe specified as agreed upon with ASIC.
Expert Report CEU paragraph 3.7.2	4. On 25 January 2018, the IE submitted an Expert Report to ASIC and MBL in accordance with the requirements and extended timeframe as agreed upon with ASIC. 5. The Expert Report set out the IE's findings from the Assessment of the FX Program under paragraph 3.7.1. In summary, the Expert Report: <ul style="list-style-type: none">a. identified deficiencies in the FX Program;andb. made recommendations for actions, that in the opinion of the IE, would be necessary for MBL to implement to rectify deficiencies identified.

Undertakings	Report on compliance
<p>Revised FX Program</p> <p>CEU paragraph 3.8</p>	<p>6. On 2 March 2018, MBL submitted its Revised FX Program to ASIC and the IE in accordance with the requirements and extended timeframe as agreed upon with ASIC.</p>
<p>Further Expert Report</p> <p>CEU paragraph 3.9</p>	<p>7. On 19 March 2018, the IE submitted its Further Expert Report to ASIC and MBL in accordance with the requirements and extended time frame as agreed upon with ASIC.</p> <p>8. The Further Expert Report set out the IE’s findings from the assessment of the Revised FX Program including the IE’s opinion on whether the MBL Revised FX Program rectified deficiencies in the FX Program that were identified in the Expert Report.</p>
<p>Terms of Final FX Program</p> <p>CEU paragraph 3.10</p>	<p>9. On 19 April 2018, ASIC and MBL agreed on the terms of the Final FX Program, taking account the IE’s Further Expert Report.</p>
<p>Implementation of Final FX Program</p> <p>CEU paragraph 3.11.4</p>	<p>10. On 8 February 2019, in accordance with the timeframe specified in the CEU, MBL notified ASIC and the IE that the Final FX Program had been fully implemented on 31 January 2019.</p>
<p>Attestation</p> <p>CEU paragraph 3.15</p>	<p>11. On 8 February 2019, the Executive Director of the Fixed Income and Currencies Division, provided attestation that he had personal knowledge of MBL’s compliance with paragraph 3.11 of the CEU and in accordance with paragraph 3.15 that he had taken reasonable steps to satisfy himself that MBL’s systems, controls, training, guidance and framework for supervision and monitoring of employees in its Spot FX and non-deliverable forwards businesses are adequate to prevent, detect and respond to:</p> <p>(a) inappropriate disclosure of confidential information to external market participants; and</p>

Undertakings	Report on compliance
	(b) inappropriate order management and trading in respect of stop loss orders.
Final Expert Report (Implementation) CEU paragraph 3.12	12. On 16 May 2019, the IE submitted its Final Expert Report in accordance with the timeframe and requirements of the CEU after conducting an assessment of MNL’s implementation of the Final FX Program.
Community Benefit Payment CEU paragraph 3.16	13. On 2 June 2017, MBL made payment to the total amount of A\$2 million to The Smith Family within the requirements and timeframe specified in the CEU. 14. The payment will support The Smith Family’s financial services program aimed at improving young people’s understanding of money management.