



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 **National Australia Bank Limited (NAB)** dated 21 December 2016.

Terms used in this report have the same meaning as in the CEU dated 21 December 2016 and the CEU Variation dated 28 June 2018.

Undertakings	Report on compliance
Independent Expert CEU paragraphs 3.2 and 3.3	1. NAB agreed to the appointment of Promontory Australasia as the Independent Expert (IE) on the terms of engagement specified in the CEU. ASIC appointed Promontory as the IE on 4 October 2017.
FX Program CEU paragraphs 3.5 and 3.6	2. On 28 November 2017, NAB submitted its FX Program to ASIC and the IE in accordance with the requirements and extended timeframe as agreed upon with ASIC.
Assessment of FX Program CEU paragraphs 3.7 3.7.1	3. The IE conducted an assessment of the effectiveness of NAB's FX program to prevent, detect and respond to the matters set out in the CEU, in accordance with the requirements and timeframe specified in the CEU.
Expert Report CEU paragraph 3.7.2	4. On 29 March 2018, the IE submitted its Expert Report to NAB and ASIC in accordance with the requirements and the extended timeframe as agreed upon with ASIC. 5. The Expert Report set out the IE's findings from the Assessment of the FX Program. In summary, the IE : <ul style="list-style-type: none">a. identified deficiencies in the FX Program; andb. concluded that it was unable to complete the assessment of the program's effectiveness required by the CEU because NAB had made incomplete progress in designing items to be included in the program.

Undertakings	Report on compliance
<p>CEU Variation</p> <p>28 June 2018</p>	<p>6. Consequently, NAB and ASIC agreed to CEU Variation. The CEU Variation was executed on 28 June 2018. The CEU Variation imposes an additional undertaking on NAB to prepare an updated program that adequately addresses all required components. This updated program will then be subjected to further assessment by the IE. After these new undertakings are satisfied, NAB will be able to progress with the undertakings in the original CEU.</p>
<p>Updated FX Program</p> <p>CEU paragraphs 3.5 – 3.6</p> <p>CEU Variation paragraph 3.7A</p>	<p>7. On 10 August 2018, NAB submitted its Updated FX Program to ASIC and the IE in accordance with the requirements and timeframe specified in the CEU Variation.</p>
<p>Assessment of Updated FX Program</p> <p>CEU Variation paragraph 3.7B.1</p>	<p>8. The IE conducted an assessment of the effectiveness of NAB’s Updated FX Program to prevent, detect and respond to the matters set out in paragraph 3.5.1(i)–(v) of the CEU, in accordance with the requirements and timeframe specified in the CEU Variation.</p>
<p>Addendum to the Expert Report</p> <p>CEU Variation paragraph 3.7B.2</p>	<p>9. On 5 October 2018 , the IE submitted its Addendum to the Expert Report to NAB and ASIC in accordance with the requirements and time frame specified in the CEU Variation.</p> <p>10. The Addendum to the Expert Report set out the IE’s findings from the assessment of the Updated FX Program under paragraph 3.7B.1 of the CEU Variation. In summary, the IE:</p> <ul style="list-style-type: none"> a. identified deficiencies in the Updated FX Program; and b. made recommendations, that in the opinion of the IE, would be necessary to rectify deficiencies identified in the Addendum to the Expert Report.

Undertakings	Report on compliance
<p data-bbox="215 264 427 297">Final FX Program</p> <p data-bbox="215 331 450 365">CEU paragraph 3.8</p>	<p data-bbox="545 275 1329 409">11. On 22 November 2018, NAB submitted its Final FX Program to ASIC and the IE in accordance with the requirements and timeframe specified in the CEU.</p>
<p data-bbox="215 544 400 611">Further Expert Report</p> <p data-bbox="215 645 450 678">CEU paragraph 3.9</p>	<p data-bbox="545 555 1337 689">12. On 6 December 2018, the IE submitted its Further Expert Report to ASIC and NAB in accordance with the requirements and timeframe specified in the CEU.</p> <p data-bbox="545 712 1310 947">13. The Further Expert Report set out the IE’s findings from the assessment of the Final FX Program including the IE’s opinion on whether the Final FX Program rectified deficiencies in the Updated FX Program that were identified in the Addendum to the Expert Report.</p>
<p data-bbox="215 999 472 1066">Community Benefit Payment</p> <p data-bbox="215 1099 405 1167">CEU paragraph 3.17</p>	<p data-bbox="545 1010 1318 1200">14. On 23 January 2017, NAB made a community benefit payment of A\$2.5 million in total to Financial Literacy Australia within the requirements and timeframe specified in the EU.</p> <p data-bbox="545 1223 1329 1357">15. The payment will go towards advancing financial literacy education related to the aged care sector and the promotion of ethical behaviour in Australian financial markets.</p>