



**ASIC**  
 Australian Securities &  
 Investments Commission

## CEU interim compliance report by ASIC

ASIC’s interim report dated **21 November 2019** on compliance with the s93AA ASIC Act court enforceable undertaking (CEU) given by the **Commonwealth Bank of Australia**, ACN 123 123 124 (CBA).

Terms used in this report have the same meaning as in the CEU dated **3 July 2018**. Matters described in ASIC’s interim report dated 20 May 2019 have not been repeated in this report.

Undertakings	Report on compliance
<p><b>Independent Expert Review and Report</b></p> <p>CEU paragraphs 3.12.5-3.12.7</p>	<ol style="list-style-type: none"> <li>1. On 4 June 2019 Deloitte Touche Tohmatsu (Deloitte) provided ASIC with its Compliance Report in relation to its review of CBA’s compliance with paragraphs 3.2-3.6 of the CEU which was within the time frame required under paragraph 3.12.7 of the CEU.</li> <li>2. Following enquiries by ASIC, Deloitte provided an updated version of its Compliance Report to ASIC on 18 July 2019.</li> <li>3. The Compliance Report indicates that Deloitte did not identify any exceptions in relation to CBA’s compliance with paragraphs 3.2-3.6 of the CEU. An extract of the Compliance Report summarising Deloitte’s findings has been included below.</li> </ol>

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## 1.3 Summary of findings

Our report is based on measures put in place by CBA to comply with the EU up to 31 May 2019. Our assessment has noted the following with regards to the EU obligations.

**Table 1**

EU undertaking	CBA actions	Deloitte assessment and findings
<p>3.2 CBA undertakes that it will not recommend Essential Super or any other Superannuation Product to any customer immediately before, during, or immediately after, or in conjunction with, or in a manner that might be perceived by a reasonable person to be in conjunction with:</p> <ul style="list-style-type: none"> <li>• A Financial Health Check conducted with that customer; or</li> <li>• Any other Needs-Based Discussion conducted with that customer.</li> </ul>	<p>To ensure compliance with the Enforceable Undertakings 3.2 to 3.6, CBA suspended offering Essential Super to customers through Bank Channels with effect from 17 July 2018. From this date, CBA has maintained its practice of not offering Essential Super or any other superannuation products in conjunction with a Financial Health Check or Needs – Based Discussion. Offers and recommendations of Essential Super remained suspended during the period covered by this report.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Interviewed the GM Retail Wealth, EM Retail Wealth Risk Governance and Head of Regulatory Engagements RBS Compliance to confirm suspension of Essential Super and any other superannuation products;</li> <li>• Reviewed RBS Retail Sales Risk Committee meeting minutes for dated 21 August 2018 to confirm discussion of suspension date;</li> <li>• Reviewed bulletins and email communications to staff to confirm communication of suspension of Essential Super in branches;</li> <li>• Interviewed selected branch staff and managers;</li> <li>• Analysed all originations made between 17 July 2018 and 31 May 2019 to check if any offers had been originated through the Bank Channels. No exceptions identified.</li> </ul>
<p>3.3 CBA undertakes to ensure that any CBA staff member or representative who is to offer Essential Super or any other Superannuation Product to a customer will not be permitted to access any information obtained from the customer during the Financial Health Check or Needs-Based Discussion before providing any Financial product Advice to the customer in relation to the offer.</p>	<p>Following CBA’s suspension of offering Essential Super to customers through Bank Channels with effect from 17 July 2018, no staff member has been able to offer Essential Super or any other superannuation product through the Bank Channels. However, an Essential Super account can be created in line with the exception scenarios as outlined in Appendix 4. Offers and recommendations of Essential Super remained</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Obtained all originations made between 17 July 2018 and 31 May 2019, selected a sample of 149 originations to determine if any Essential Super or any other superannuation product had been offered or recommended.</li> <li>• Obtained phone recordings for the period 17 July 2018 and 31 May 2019 to determine if any discussions of superannuation included offers or</li> </ul>

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EU undertaking	CBA actions	Deloitte assessment and findings
	suspended during the period covered by this report.	<p>recommendation of Essential Super or any other superannuation product and whether the offer was provided following an FHC.</p> <ul style="list-style-type: none"> <li>• Interviewed branch staff, Managers and Financial Planners to determine if any offers or recommendation of superannuation products are made following an FHC or NBD.</li> </ul> <p>No exceptions identified</p>
<p>3.4 CBA undertakes to ensure that, where CBA staff member or representative offers Essential Super or any other Superannuation Product to a customer and they know that the customer has previously completed a Financial Health Check or any other Needs-Based Discussion, the staff member or representative will inform the customer that they will not have regards to the information provided to CBA by the customer in any Financial Health Check or Needs-Based Discussion.</p>	<p>CBA suspended offering Essential Super to customers through Bank Channels with effect from 17 July 2018. No Information obtained by staff members during a Financial Health Check or Needs – Based Discussion has been used to offer or recommend an Essential Super account or any other superannuation product. Offers and recommendations of Essential Super remained suspended during the period covered by this report.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Obtained all originations made between 17 July 2018 and 31 May 2019, selected a sample of 149 originations to determine if any superannuation product had been offered or recommended.</li> <li>• Obtained phone recordings for the period 17 July 2018 and 31 May 2019 to determine if any discussions of superannuation included offers or recommendation of Essential Super or any other superannuation product and whether this was provided following an FHC.</li> <li>• Interviewed branch staff, Managers and Financial Planners to determine if any offers or recommendation of superannuation products are made following an FHC or NBD and whether customers were informed that the information will not be used for that purpose.</li> <li>• Conducted mystery shopping to check compliance with the EU</li> </ul> <p>No exceptions identified.</p>

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<p>3.5 CBA undertakes to, upon the Acceptance Date, take immediate steps to ensure that within 14 days of the Acceptance Date CBA Staff and representatives will comply with the steps outlined in sections 3.2 to 3.4 above.</p>	<p>CBA suspended offering Essential Super to customers through Bank Channels with effect from 17 July 2018. Essential Super remained suspended during the period covered by this report.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Interviewed the GM Retail Wealth, EM Retail Wealth Risk Governance and Head of Regulatory Engagements RBS Compliance to confirm suspension of Essential Super and any other superannuation products;</li> <li>• Reviewed RBS Retail Sales Risk Committee meeting minutes for dated 21 August 2018 to confirm discussion of suspension date;</li> <li>• Reviewed bulletins and email communications to staff to confirm communication of suspension of offers and recommendations of superannuation products in Bank Channels on or before 17 July 2019;</li> </ul> <p>No exceptions identified</p>
<p>3.6 CBA undertakes that if CBA offers Essential Super or any other Superannuation Product to a customer by telephone, that call will be recorded.</p>	<p>Following receipt of the EU on 3 July 2018, CBA suspended offering Essential Super to customers through Bank Channels with effect from 17 July 2018. Essential Super remained suspended during the period covered by this report.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Obtained phone recordings for the period 17 July 2018 and 31 May 2019 to determine if any discussions of superannuation included offers or recommendation of any superannuation product. Out of a sample of 13 calls selected, none of them involved the offering or originating of a superannuation products;</li> <li>• Obtained all originations made between 17 July 2018 and 31 May 2019, selected a sample of 149 originations to determine if any superannuation product had been offered or recommended. In order to determine if these were initiated via the phone. None noted</li> </ul> <p>No exceptions identified</p>

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3.12.6 Identifies any deficiencies in CBA's compliance with the EU Undertakings and recommendations for control improvements to remedy those deficiencies	CBA suspended offering Essential Super to customers through Bank Channels with effect from 17 July 2018. Essential Super remained suspended during the period covered by this report.	No exceptions identified.

Refer to section 3.1 table 3 of this report for the detailed work undertaken and summarised above.