



ASIC
Australian Securities &
Investments Commission

CEU final compliance report by ASIC

ASIC's final report dated **15 December 2022** 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.
Assessment 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: (a) identified deficiencies in the FX Program; and

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	<p>(b) made recommendations for actions, that in the opinion of the IE, would be necessary for MBL to implement to rectify deficiencies identified.</p>
<p>Revised FX Program 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 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 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 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>Final Expert Report (Implementation) CEU paragraph 3.12</p>	<p>11. 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 MBL’s implementation of the Final FX Program.</p>

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<p>Internal Review Report CEU paragraph 3.13</p>	<p>12. On 10 February 2020, 8 February 2021 and 8 February 2022, MBL submitted its Internal Review Reports in accordance with the requirements and time frame of the CEU.</p> <p>13. The Internal Review Reports documented the results of MBL’s internal review of the current operation of the Final FX Program (including any material changes) and were submitted to ASIC and the IE.</p>
<p>Annual Expert Report CEU paragraph 3.14</p>	<p>14. On 7 April 2020, 9 April 2021 and 24 March 2022, the IE submitted its Annual Expert Reports, in accordance with the requirements and time frames of the CEU.</p> <p>15. The Annual Expert Reports reported on the outcome of the IE’s assessment of the Internal Review Reports as evidence of the effectiveness of the Final FX Program as then in operation including any material changes to prevent, detect and respond to the matters set out in paragraph 3.6.1 of the CEU.</p> <p>16. ASIC monitored MBL’s compliance with the obligations arising from FX CEU with the objective of requiring effective and enduring remediation of the risks and concerns the subject of the CEU. ASIC has now completed this work and acknowledges the efforts by MBL and the IE.</p>
<p>Attestation CEU paragraph 3.15</p>	<p>17. On 8 February 2019, 7 May 2020, 10 May 2021 and 14 April 2022 the Executive Director of the Fixed Income and Currencies Division, provided attestations 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>

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	<p>(a) inappropriate disclosure of confidential information to external market participants; and</p> <p>(b) inappropriate order management and trading in respect of stop loss orders.</p>
<p>Community Benefit Payment</p> <p>CEU paragraph 3.16</p>	<p>18. On 2 June 2017, MBL made payment in the total amount of A\$2 million to The Smith Family within the requirements and timeframe specified in the CEU.</p> <p>19. The payment supported The Smith Family’s financial services program aimed at improving young people’s understanding of money management.</p> <p>20. On 7 September 2022, The Smith Family submitted a final report confirming that all CBP money had been spent.</p>