



Global Markets and Commodities, Trade & Carbon Sales and Trading Practices for Wholesale Markets Disclosure

Last updated: 02 April 2025

General

CBA's Financial Markets Business

The Commonwealth Bank of Australia's ('CBA') operates globally through a number of CBA branches and subsidiaries to engage in price quoting, order taking, transaction, execution and other market making and risk management activities across the wholesale fixed income, currency and commodity ('FICC') markets.

The purpose of this document is to clarify several key aspects of our Financial Markets businesses and is to be read in addition to any specific regulatory or legal requirements or other formal documentation regarding your relationship with CBA.

Relationship

Unless otherwise agreed in writing, CBA operates strictly in a principal capacity, on an arm's length basis and for our own account. CBA does not act as agent, fiduciary, financial advisor or other similar capacity. Any statement or views expressed by any CBA and any staff you may interact with must not therefore be regarded as advice.

Conflicts of Interest

Risk Management

There are a number of inherent risks in transacting in FICC markets that cannot be completely eliminated. The role of CBA as both a market participant and market-maker means that at any time, we may be transacting with a variety of counterparties with divergent interests.

CBA manages risk on a portfolio basis, within set risk and capital limits. CBA front office staff may therefore hedge transactions on a portfolio basis such that it is proportionate with any assumed risk, position, trading strategy, prevailing liquidity and market positions.

CBA mitigates conflicts of interest, through disclosing, avoiding or controlling matters where conflicts may arise. To assist our front office staff in managing any conflicts of interests that may arise during the life of a transaction, CBA has implemented various policies, procedures and training programs for staff. For further information on how we handle conflicts of interest, refer to our [Summary of Conflicts of Interest Policy](#).

Market Maker

CBA acts as a “market maker” in certain FICC markets. This means we offer prices in various currencies, rates or assets on a regular basis to provide liquidity in and to facilitate the execution of transactions. As a market maker, CBA will manage a portfolio of counterparty interests as well as its own interests and CBA may trade for its own account.

In certain circumstances CBA may receive consideration or other payment from the market operator for its market making activities.

In carrying out CBA’s market making activities, CBA may trade prior to or alongside your or another counterparty’s transaction and may change and/or terminate positions for its own account to facilitate trading with other counterparties to manage risk or to source liquidity. CBA may also trade in the same or related transactions, products, rates or currencies or establish hedging positions for its own account that are the same, similar or opposite to the positions of its counterparty. CBA’s own transactions may or may not be related to your or another counterparty’s order and may be entered into for its own risk management purposes.

This market making and risk management activity could potentially influence the price(s) we are able to offer you or other counterparties as well as the availability of liquidity at the levels or prices required to fill and execute your orders and other counterparty’s orders. These market making and risk management activities could also impact the levels at which a benchmark or reference price is set, which may prevent or trigger the execution of certain transactions such as stop-loss or other limit orders, take profit orders, barriers, knock-outs, knock-ins and other similar orders. CBA strives to avoid undue market impact while carrying out its trading and market-making activities.

These activities may adversely affect prices and/or liquidity and the impact of this may conflict with the interests of our counterparties. Given this, CBA has policies and procedures in place that are reasonably designed to manage these conflicts of interest and receipt of information and ensure its market making and risk management activities are conducted in a manner that would not disadvantage its counterparties.

Orders

Order handling

Placing an order with CBA does not create or imply an understanding between CBA and the client or counterparty to enter a transaction. Unless otherwise expressly agreed, CBA will exercise its discretion in determining whether to accept and execute all or part of an order. CBA will base this decision on a range of factors including the current state of the market and CBA’s risk and trading appetite. CBA retains the right to decline an order if it carries unacceptable risk or has the reasonable potential to disrupt market integrity.

Unless a contrary agreement has been established, CBA will also retain discretion as to the necessary approach that should be adopted to satisfy any order requests including the aggregation, fill and priority of the transaction and may use any or all execution methods and liquidity sources currently available.

CBA will apply its discretion with respect to any industry or regulatory expectations in order to maintain reasonable and fair outcomes for our clients.

Larger orders

When managing large orders CBA will look to trade in order to prevent any adverse outcomes to either the market or our clients. CBA has staff policies and procedures to ensure protection of client confidential information, including the prevention of inappropriate disclosure of larger trade details within CBA and to other market participants.

For more information regarding CBA's management of larger orders, please contact your CBA Sales Representative.

Pre-hedging

Pre-hedging

Pre-hedging activity may be undertaken by CBA prior to the execution of an anticipated order we receive from you with the aim of (1) providing you with the best overall outcome in executing your order, (2) minimising any potential market impact that may result from the execution of your order and (3) to assist CBA in managing the market risk it expects to face following the execution of the order. In determining whether to pre-hedge an actual or anticipated client order, CBA will consider a number of factors, including but not limited to prevailing market conditions (such as liquidity) and the size and nature of the actual or anticipated client order.

CBA may enter into pre-hedging or hedging transactions with third parties before (including but not limited to, within seconds or minutes before), during or after the pricing or execution of transactions between CBA and a client. Even though CBA may enter into pre-hedging transactions for the purposes above, there is no guarantee that pre-hedging will achieve the intended outcomes. Additionally pre-hedging activity by CBA, particularly during times of low liquidity in the relevant market, may adversely impact the economics and other terms of actual or anticipated client transactions with CBA, including the price that clients receive from CBA for a transaction.

Pre-hedging may be undertaken into benchmark fixes in a manner that aligns with industry codes of practice including the 'Global FX Code of Conduct' and 'AFMA Swaps Reference Price Transaction Guidelines' where transacting a client order over time before, during or after a fixing calculation window is acceptable. While undertaking any pre-hedging activity, CBA may continue to conduct on-going business, including but not limited to market making, execution of client orders, trading for itself and entering into risk management transactions.

CBA has policies and procedures in place that set out our internal requirements relating to any pre-hedging related disclosure to clients, when client consent to pre-hedging needs to be obtained and how execution and client outcomes are monitored. Our policies and procedures relating to conflicts of interest and information handling are also relevant.

Clients may, upon request, specify that pre-hedging is not to be undertaken by CBA on individual orders.

For further information regarding our pre-hedging principles or practices, please contact your CBA Sales Representative.

Wholesale FX clients should also read this disclosure together with [CBA's Foreign Exchange \(FX\) Order Execution and Order Handling Standard Client Disclosure for Order Service](#).

Reference Price Transactions

Trading Reference Price Orders

Reference price transactions are transactions that involve agreeing all terms of a transaction except the price, which is set later based on observation of the reference price (which may be, for example, an auction price, benchmark or other specified price).

If CBA agrees to enter into a reference price transaction with you, our activity as a submitter or contributor to the relevant reference price or any pre-hedging and/or hedging activity in respect of transactions ahead of or around the fixing time of that reference price may adversely impact the level of the reference price. While entering into a reference price transaction may allow you to remove uncertainty over the difference between the reference price and the execution price of a transaction, there is risk that market activity following entry into the reference price transaction

(which may include any hedging activity prior to, during and after the reference time) could result in an adverse price movement from your perspective before the reference time.

Given this, the use of reference prices creates inherent conflicts of interest between CBA and our counterparties.

CBA manages these conflicts through various policies, procedures and training programs.

Our hedging activity is only for risk mitigation purposes and never to influence or manipulate the reference price.

In executing reference price transactions with counterparties CBA observes the core principles in the Standard on Reference Price Transactions published by the FICC Markets Standards Board (FMSB), available [here](#).

Pricing

Pricing and Mark Up

CBA intends to provide competitive pricing to all clients in all wholesale markets that we operate. In order to provide fair and reasonable pricing, CBA may rely on a range of factors including internal validity, price checks, third party pricing and CBA's assessment of market liquidity and volatility factors. If and when CBA is able to fill an order at a particular price, it does not mean that CBA held, acquired or would acquire inventory to complete the transaction at the order price level or that tradeable market exists at that level.

Any firm or indicative pricing provided by CBA is quoted as an 'all-in' price which is inclusive of any mark-ups. A mark-up is a spread or charge that can be included in the final price of a transaction in order to compensate CBA for any risks taken, costs incurred (for example, relating to execution and/or settlement) and services rendered for its clients and will apply unless expressly agreed otherwise.

Electronic Trading

Electronic Trading

CBA provides indicative pricing in various products in the FICC markets using internal and external sources.

Electronic Trading includes any activity that allows the placement of orders or execution on an Electronic Trading platform. CBA utilises a number of third-party Electronic Trading platforms. These platforms are independently operated and are responsible for the service they provide to CBA and you.

With respect to our FX business, CBA may provide you with access to an electronic trading platform that allows for the placement or self-execution of orders. In such instances, you should be aware that the price displayed or quoted to you consists of a core price which is an aggregated price from CBA and other external sources, combined with a mark-up applied by CBA (see 'pricing and mark-up').

Prices quoted or displayed may include rounding of decimal points.

When electing to use an electronic trading platform when transacting with CBA, you should be aware that:

- Short term discrepancies may exist between externally sourced prices utilised by the Electronic Trading platform due to factors such as market infrastructure, communication and processing latencies and delays in the distribution of price updates;
- Subject to the Electronic Trading platforms trade parameters factors such as pricing, speed and likelihood of order execution may vary.

CBA's electronic trading activities incorporate a number of controls and functionality relating to order and price management, including "Last Look" as set out below. CBA also has implemented internal requirements relating to daily monitoring of pre-trade controls, annual self-assessment and stress testing or its related procedures and controls.

For further information regarding the Electronic Trading platforms that CBA may utilise when transacting with you, please contact your CBA Sales Representative.

Algorithmic trading

For certain transactions only, you may be able to instruct CBA to execute an order via an execution algorithm. Before you use an electronic execution algorithm, you should independently assess the suitability of the algorithm and ensure you understand any associated parameters that apply. The pricing, speed and likelihood of executing any order using an algorithm can vary depending on the parameters or controls that are defined. These parameters or controls can include factors such as the, limit price, duration, volume and order type.

CBA may choose to execute these orders either via third party algorithm platforms or using their own algorithm platform. Where CBA is using its own algorithm, it may be set up to execute against CBA liquidity and/or external liquidity sources and CBA may change the available liquidity sources at its discretion (taking into account factors that include prevailing market conditions and the available liquidity in the market).

Counterparties should refer to the current version of other relevant disclosure and any terms (including any third party terms) that relate to use of an algorithm. Please refer to "Pricing" for information relating to our pricing and mark-up and note that for transactions executed using an algorithm, CBA's mark-up will include a fee (calculated by reference to the notional of the transaction) relating to execution. This fee will be agreed with each counterparty before placement of any order. For further information regarding Algorithmic trading, please contact your CBA Sales Representative.

Last look

When a trade request is submitted in response to CBA's indicative pricing CBA may accept or reject the request at its sole discretion based on a number of automated pre-trade controls. These pre-trade controls are known as "Last Look".

Last Look is a standardised verification and protection mechanism for CBA's electronic pricing to identify whether trade requests are made at current prices within CBA's tolerance for execution. This process can include credit, market volatility, liquidity and malformed order checks, as well as latency checks. Latency checks protect both the client and CBA against executing a trade in circumstances where the market price at the time of execution has moved outside pre-defined tolerances relative to the indicative price quoted by CBA at the time of the trade request by the client, and therefore trading at the indicative quoted price under such circumstances could lead to an undesirable outcome to either party. An updated price is compared to the order price and if the price has not moved in either direction by more than the defined price tolerance, CBA will accept the order. If the updated price differs from the order price by more than the defined price tolerance then CBA will reject the order. CBA will apply these checks upon receipt of an order but the check may be delayed due to latency, technology or operational constraints or due to factors linked to the execution platform that is used.

When using Last Look, CBA does not pre-hedge and/or use any information gained in the Last Look window when market making and applies Last Look symmetrically. This means that trades will be rejected if the market price, when checked, has moved materially in either direction and both CBA and the counterparty are protected from trading on non-current pricing to the same degree. Materiality is determined by reference to factors relevant to the particular trade request, including but not limited to volatility, liquidity and the client's trading history with CBA.

Information

Information handling

Protecting the confidentiality and security of client information is an important part of the way CBA does business.

CBA may make use of information provided by you, including but not limited to information relating to pre-trade activity, information contained in orders; and information regarding executed transactions to effect and risk manage the transactions themselves, as well as for portfolio and inventory risk management purposes.

CBA analyses and may share information internally on an individual and aggregate basis and may use the information for a variety of purposes, including for transactions, business strategy, sales coverage, and counterparty risk and relationship management.

CBA is subject to regulatory and other obligations that may require the disclosure of your information. With the exception of these obligations CBA will not disclose your information externally without your consent.

Aggregated and anonymised information regarding executed transactions and other relevant market information may be disclosed internally and externally as market colour.

CBA has policies, procedures, systems and controls that are designed to protect confidential information.

Please note that this Information Handling Disclosure does not extend to the management of personal information. For more information on how we handle personal information, please see our [Privacy Policy](#).

Market Commentary

Full Disclaimer

Information prepared and distributed by the Commonwealth Bank of Australia and its subsidiaries including Commonwealth Australia Securities LLC, CBA Europe Ltd and Commonwealth Bank of Australia (Europe) N.V. is confidential and may not be copied, reproduced or disseminated without the prior express written consent of CBA.

For further information please see our [Market Commentary Disclaimer](#).

Complaints and Disputes

Complaints procedure

If you have experienced any issues or are otherwise dissatisfied with CBA's service, you can contact us via your CBA Sales Representative.

For further information please see our [Complaint Handling Principles](#).

