

**Commonwealth** Bank



# Summary information about our Best Execution Policy

Commonwealth Bank of Australia  
CBA Europe Limited



## Executive Summary

This summary document sets out how the Commonwealth Bank of Australia (the bank) and CBA Europe Limited (CBAE) collectively referred to as “we/us/our<sup>1</sup>” in this summary of our Best Execution Policy take all reasonable steps to obtain the best possible result, herein referred to as best execution, when CBAE is receiving or transmitting and/or the bank is executing orders on behalf of Professional Clients (clients) in financial instruments<sup>2</sup> under the Markets in Financial Instruments Directive (MiFID). Our policy only applies to your interactions with CBAE and/or the London Branch of the bank. This summary document is for information only, part of our regulatory obligations, and is not intended to be contractually binding.

### Part One: The quality of execution

We take all reasonable steps to obtain the best possible result when CBAE is receiving or transmitting and/or the bank is executing orders on behalf of clients in financial instruments. CBAE is not an execution venue and in every circumstance receives and transmits orders on behalf of clients to the bank as its sole execution venue. As the trading venue is always the bank, the execution of your orders will be outside a regulated market or a multilateral trading facility. Our policy has been drafted considering these unique circumstances and this summary document should be read as one document covering the best execution obligations of both entities when we are

<sup>1</sup> **Note:** In our Best Execution Policy (policy), and in this summary document, CBAE are responsible for receiving and transmitting orders on behalf of Professional Clients (clients) and the bank is responsible for executing orders on behalf of clients. Where “we/us/our” are used in this summary document, these terms apply to both entities in regard to the capacity in which they act on behalf of clients.

<sup>2</sup> **Note:** MiFID Financial Instruments (financial instruments) applies in our Best Execution Policy to all MiFID Financial Instruments except when CBAE receive and transmit orders to Commonwealth Securities Limited on behalf of clients in ASX listed Instruments. Clients should refer to the separate Summary Information about CBAE’s Best Execution Policy for ASX listed Instruments.

receiving or transmitting and/or executing orders on behalf of clients. We do not provide best execution to eligible counterparties.

When we are receiving or transmitting and/or executing orders on behalf of clients we take into consideration a range of different execution factors for the financial instruments that are the subject of your<sup>3</sup> order. Execution factors include not just price, but may also include the cost of the transaction, the need for timely execution, the liquidity in the market, the size of the order and the nature of the financial transaction. We take into account the nature of the dealing service our clients require of us and any instructions which may prioritise how we are to fill their orders. We also take into account our client’s characteristics allowing for their available credit limits and documentary requirements.

Where we receive a specific instruction from you, when receiving or transmitting and/or executing an order on your behalf as a client, we consider our best execution obligations have been satisfied in respect of the part or aspect of the order to which your instruction relates. In the absence of specific instructions from you, we exercise our own discretion in determining the relative importance of the execution factors that we take into account for the purpose of providing you with best execution in accordance with our policy and which provides in our view, the best balance across a range of sometimes conflicting factors.

We do not provide you with best execution where we provide a quote in response to a request from you, or where we publish a quote, and you deal with us on the basis of such quotes.

### Part Two: Our processes for delivering best execution

After allowing for specific instructions you provide to us, we take all reasonable steps to obtain the best possible result, when CBAE is receiving or transmitting and/or the bank is executing orders on your behalf, taking into account the following execution factors:-

- Price

<sup>3</sup> **Note:** “you/your” means clients, or potential clients, of us in our policy.



- Speed
- Size
- Nature
- Likelihood of Execution
- Likelihood of Settlement
- Costs
- Other Considerations relevant to the execution of the order

After allowing for specific instructions you provide to us, CBAE prioritises the execution factors pertaining to the orders they receive or transmit, and/or the bank executes on your behalf generally in the sequence as set out above to facilitate the provision of best execution to you in accordance with our policy. In determining the appropriate sequence of priorities and relative importance to apply to the execution factors, when receiving or transmitting and/or executing, orders on your behalf as a client we take into account the characteristics of your order, the characteristics of the financial instrument and your characteristics generally. CBAE and/or the bank, when receiving, transmitting or executing orders on your behalf may, at their respective discretion, prioritise the execution factors in a different sequence where we reasonably believe that in doing so it will facilitate the provision of best execution to you in accordance with our policy.

### Part Three: Venue

In assessing the most appropriate execution venue for consideration under our policy, CBAE takes into account the factors and considerations relevant to the order in accordance with our policy and what CBAE reasonably assesses to be in your best interests when receiving or transmitting orders on your behalf for executing by the bank. In selecting the bank as the execution venue for financial instruments, CBAE takes into account the following:

- Existing commercial arrangements;
  - CBAE is a wholly owned subsidiary of the bank; and
  - CBAE currently only has an execution venue arrangement with the bank.
- The responsiveness of the bank's staff to requests from CBAE on your behalf; and
- The bank's performance in meeting its obligations to you under our policy.

Our policy, in taking all reasonable steps to provide you with the best possible result, is, so far as possible, to exercise the same standards and operate the same processes across all financial instruments for which we execute your orders. However, the diversity in these markets and the kind of orders that you may place with us mean that different execution factors have to be taken into account when we assess the nature of our execution arrangements in the context of different financial instruments. For example there may be no formalised market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority; in other markets that have low liquidity, achieving execution itself may constitute best execution.

We commit to the prompt, fair and expeditious execution of orders on behalf of clients relative to other orders and orders of the Commonwealth Bank Group of Companies (the Group). We have in place procedures to allow for the execution of orders in accordance with the time of reception by us, except where the characteristics of your order or prevailing market conditions make this impracticable. Where orders are received by different media we will treat client's orders sequentially, by time of receipt, unless it is impracticable to do so. All orders executed on behalf of clients are promptly and accurately recorded and, where necessary, allocated by us following the aggregation of a number of client orders (refer to Part Five).

We have in place appropriate measures to address any conflicts of interests that we may have.

In the case of complex products<sup>4</sup>, we provide best execution, when applicable, in regard to the product as a whole. Best execution for the product as a whole may conceivably be obtained even if best execution for each component, when considered in isolation, is not obtained.

### Part Four: Monitoring

<sup>4</sup> Note: For the purposes of our policy, complex products are those that are composed of or represent the performance of more than one financial instrument where at least one is a MiFID financial instrument.

We monitor the effectiveness of our order execution arrangements and continuing compliance with our policy in order to identify and, where appropriate, improve our service to clients. We assess, on a regular basis, the quality of execution provided by the bank, including the quality of execution offered on a principal-to-principal basis, and whether we should change our execution arrangements. Such assessment and execution venue selection is done to enable us to obtain, on a consistent basis, the best possible result when CBAE is receiving or transmitting and/or the bank is executing orders on behalf of clients in financial instruments. The bank, as principal, is the execution venue for all of your transactions. Although we take all reasonable steps to obtain the best possible result when receiving or transmitting and/or executing orders on behalf of clients, no member of the Group, including us, guarantee that we will be able to obtain the best possible result upon the execution of any specific order or transaction.

#### **Part Five: Important Information Review and updating**

We commit to review both our policy and our execution arrangements at least once a year, or more frequently in response to a change in circumstances affecting our ability to continue to provide the best possible result for you. We also reserve the right to update our policy at any time and without prior notice. Where the policy is updated we will notify you by posting a prominent notice on the Commonwealth Bank in Europe website: <http://www.commbankeurope.com/> Should there be a material change to our policy we will contact you in writing.

#### **Aggregation and Allocation**

In exceptional circumstances the bank may aggregate client orders, including orders subject to our Best Execution policy, where the bank reasonably believes that this will be advantageous to clients generally. In such cases the aggregation, which may on occasion work to your disadvantage, and subsequent allocation, will be performed in accordance

with the bank's Aggregation and Allocation Policy.

#### **Terms**

CBAE is a wholly owned but non-guaranteed subsidiary of the bank (CBA). The bank ABN 48 123 123 124 is incorporated in Australia with limited liability. CBAE is incorporated in the UK with limited liability. The bank and CBAE are both registered in England (No. BR250 and No. 05687023 respectively).

CBA is authorised and regulated by the Australian Prudential Regulation Authority. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

CBAE is Authorised and regulated by the Financial Conduct Authority Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Our commitment to provide you with best execution does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may otherwise be contracted between you and us. In terms of demonstrating compliance with our policy, we may reference internal and/or external sources, including indicative information. If you have specific best execution requirements please advise us so that we can agree an appropriate solution.

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