

ASX Announcement

CBA and ASIC agree in-principle settlement over BBSW

Wednesday, 9 May 2018: Commonwealth Bank (CBA) announces it has reached an in-principle agreement with the Australian Securities and Investments Commission (ASIC) to settle the legal proceedings in relation to claims of manipulation of the Bank Bill Swap Rate (BBSW).

As part of the in-principle settlement, CBA will acknowledge that, in the course of trading on the BBSW market in Australia on five occasions between February and June 2012, CBA attempted to engage in unconscionable conduct in breach of the ASIC Act. CBA will also acknowledge it did not have adequate policies and systems in place to monitor the trading and communications of its staff in order to prevent that conduct from occurring.

Subject to Federal Court approval of the settlement, CBA has agreed to pay a \$5 million penalty, a payment of \$15 million to a financial consumer protection fund and a \$5 million payment towards ASIC's costs of the litigation and its investigation. The impact of this settlement will be reflected in CBA's 2018 Financial Year results.

CBA has also agreed to enter into an enforceable undertaking with ASIC, under which an independent expert will be appointed to review controls, policies, training and monitoring in relation to its BBSW business.

CBA and ASIC will make an application to the Federal Court for approval of the settlement.

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