

# MiFID II Costs and Charges

**Commonwealth Bank of Australia**

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**Commonwealth**Bank  
of Australia



# MiFID II: Costs and Charges

## 1. Introduction

This document sets out information concerning costs and charges that we are required to disclose to you by article 24(4) of the Markets in Financial Instruments Directive 2014/65/EU (**MIFID II**). The obligation to disclose this information relates to services or activities provided to you by Commonwealth Bank of Australia, London Branch (**CBA LB**) and/or CBA Europe Limited (**CBAE**) (together, '**we**,' '**us**,' '**our**') in accordance with the Terms of Business we currently have in place with you. It applies to transactions we may enter into with you in the following Financial Instruments (as defined in MiFID II):

- Bonds
- Foreign exchange derivatives
- Commodity derivatives
- Interest rate derivatives
- Credit derivatives

Where we provide any specific information on costs and charges prior to entering into a transaction with you (for example by means of a term sheet or other oral or written disclosure) that information will take precedence over the information set out in this document.

## 2. Application of costs and charges

You may incur costs and charges when entering into transactions for the acquisition or disposal of a Financial Instrument with us ("**Transaction Costs**"). Transaction Costs are included in the all-in price that we quote to you and are equal to the difference between the all-in price and the fair market value of the instrument.

The fair market value will either be the prevailing mid-market price or the price at which we would expect to trade with interbank counterparties. In general, Transaction Costs will be calculated with reference to the mid-market except for commodity derivatives. However this can vary depending on availability of suitable reference pricing.

Transaction Costs include amounts to compensate the bank for items such as, but not limited to, the risk associated with providing trade execution in the market, liquidity of the instrument you are trading, size and/or complexity of your transaction, ongoing services provided to you, balance sheet and capital usage, risk limit usage, credit costs, and our operational costs including processing and settlement costs of the transaction.

Transaction Costs may also be incurred during the lifecycle of a transaction where this involves a pricing or other related event, for example, in the event of exit or termination of the transaction.

In order to determine the Transaction Cost, we will determine the fair market value in our sole and absolute discretion, and will do so by reference to prevailing executable bid-offer prices, observable transaction prices, observable market inputs or reasonable estimates depending on the availability of such data.

### *Third party payments received by the investment firm*

We do not receive third party payments when executing transactions in Financial Instruments with you. Should we receive any third party payments then these will be disclosed in accordance with our regulatory obligations.

### *Cumulative effect of costs and charges on returns*

Your Transaction Costs in respect of a transaction will be based on the all-in price we quote to you. The overall return on investment that you could expect to receive over the life of the transaction will be reduced by the aggregate amount of these Transaction Costs. While the amount of your Transaction Costs will be determined upfront, when you incur these costs will depend on the terms and conditions and the payment structure of the transaction.

## Important Note

This information is provided to you by us for illustrative purposes and in order to satisfy our legal obligations and regulatory disclosure requirements and does not relate to any services or activities provided to you by any other CBA group entity and/or branch. This document does not constitute marketing material nor should it be considered by you as a recommendation, solicitation or offer to purchase or sell a Financial Instrument. The provision of this document to you does not constitute us providing you with any investment advice. If you enter into a transaction with us, our relationship will be governed by our Terms of Business and the terms of the transaction will be agreed between us and set out in the relevant Product Agreement (as defined in our Terms of Business) .