

Foreign Exchange (FX) Cost of Service Standard Client Summary

**Institutional Banking and Markets – Global
Markets**

June 2018



1. Introduction

The Commonwealth Bank of Australia (**CBA**) (together, '**we**,' '**us**,' '**our**,' '**the Bank**') has established and implemented a Foreign Exchange ("FX") Cost of Service Standard (**the Standard**) for our Global Markets business which is part of the Bank's Institutional Banking and Markets division. The Standard provides guidance to our staff to determine what is a fair and reasonable Cost of Service to apply to FX transactions.

Below is a summary of the Standard as it impacts you as our client.

2. Cost of Service

- 2.1. Cost of Service refers to the difference between the all-in price that we quote to you and the mid-price of a FX product.
- 2.2. Mid-price refers to the middle value between CBA's best available buying and selling price in the relevant FX product.
- 2.3. "Cost of Service" includes both Execution Factors and Service Factors, each as defined below.
- 2.4. "Execution Factors" include amounts to compensate the Bank for the risk management and trade execution and are determined with regard to items such as, but not limited to, anticipated market liquidity and size and nature of the transaction.
- 2.5. "Service Factors" include amounts to compensate the Bank for items such as, but not limited to, ongoing services provided to you by CBA, balance sheet and capital usage, complexity of your transaction, processing and settlement costs, compliance and oversight costs required to support a regulated, professionally operated FX business and the costs associated with maintaining required infrastructure.
- 2.6. The price you receive from us is inclusive of Cost of Service.
- 2.7. Where you place an FX order with us, the specific levels of your order may be adjusted to account for Cost of Service.
- 2.8. The Cost of Service applied to your FX transactions at a particular point in time may vary for the same or similar transactions based on variations in the Execution Factors and Service Factors as determined by us at the relevant time.
- 2.9. The Service Factors we apply to individual transactions may also vary between different clients for the same or similar transactions.
- 2.10. CBA may agree a set charge in respect of the Service Factors with you for specific items, such as orders, solely at our discretion. Any agreed charge in respect of the Service Factors may vary from time to time and we will notify you where this occurs.
- 2.11. If you are a client to whom the MiFID IIⁱ legislation is also applicable, additional pre and post trade disclosure requirements will apply in line with relevant MiFID II legislation. You should also refer to our [MiFID II Costs and Charges](#).

If you require further information, please contact your FX Dealer or our Central FX Team on 1300 222 693.

Important information: As this information has been prepared without considering your objectives, financial situation or needs, you should before acting on the information, consider its appropriateness to your circumstances. If you have a complaint, the Bank's dispute resolution process can be accessed on 1800 805 605 from Australia, or +61 2 9687 0756 from overseas.

ⁱ MiFID II – the revised European Markets in Financial Instruments Directive and accompanying Markets in Financial Instruments Regulation (MiFIR) which came into effect on 3rd January 2018.