# Foreign Exchange (FX) Order Execution and Handling Standard Client Summary for Order Service

**Institutional Banking and Markets – Global Markets**

June 2018

CommonwealthBank of Australia

# 1. Introduction

Commonwealth Bank of Australia (**CBA**) (together, '**we**,' '**us**,' '**our**', '**the Bank**') has established and implemented a Foreign Exchange ("FX") Order Execution and Order Handling Standard (**the Standard**) for our FX Order Service. The Standard is for use by the Global Markets business which is part of the Bank's Institutional Banking and Markets division. The Standard provides guidance to our staff on handling and executing client orders placed with our Order Service to ensure that orders are managed in a professional and appropriate manner. The Order Service is offered via the Bank's FX dealers and approved chat conduits (such as Bloomberg messaging and Reuters messaging) for a minimum order size of AUD100,000 or its foreign currency equivalent. For the avoidance of doubt, this excludes trades executed via the CommBiz Markets platform.

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

# 2. Order Execution and Handling for Order Service

2.1. CBA acts as a Principal in all FX transactions with you. That is, CBA will enter into transactions with you and take the other side of your transaction whereby CBA takes on risk associated with the transaction including market, credit and settlement risk.

2.2. All FX orders placed with CBA are executed on a 'Best Efforts' basis. That is, we will take all sufficient steps to obtain the best possible result for you regarding execution of your orders.

2.3. All orders are treated confidentially.

2.4. Orders are defined as any instruction communicated by you to the Bank, using the Order Service, including, but not limited to, the below:

- 2.4.1. At Best Orders - an order where the Client has given discretion to the Bank to execute at the best available price. The Client may specify parameters such as the time frame, ranges or market profile.
- 2.4.2. Resting Orders - a contingent order which triggers a buy or sell for a specified notional amount when a reference price has reached or passed a pre-defined trigger level. Also known as Take Profit Order.
- 2.4.3. Stop Loss Order - a contingent order which triggers a buy or sell for a specified notional amount when a reference price has reached or passed a pre-defined trigger level.
- 2.4.4. Benchmark Fix Order - an order to buy or sell a specified notional amount at an officially recognised Benchmark Fixing rate.
- 2.4.5. All or Nothing Order – any of the above order types where the Client has additionally requested to only receive a complete fill of their notional amount. Where liquidity prevents this the Client receives no fill.

2.5. Orders will be executed when the Trader agrees to be bound by the terms of the order as communicated by you to the Bank. Execution will be determined by prevailing market liquidity and conditions.

2.6. We will notify you of an order fill, either wholly or partially (assuming the order is not an All or Nothing Order as these cannot be partially filled) as soon as reasonably practical after execution.

2.7. Should your order be partially filled for any reason (assuming the order is not an All or Nothing Order as these cannot be partially filled), the amount of your order that has been executed will be passed onto you.

2.8. CBA may execute your order in the market or by taking all or some of the position onto CBA's own book. This will not impact the fill that you receive.

2.9. Where CBA executes your order in the market, it may aggregate your order with those of other clients or CBA's own orders where there is no disadvantage to any individual Client order. Where your order is aggregated with a CBA order, and the aggregated order is only partially executed, your order will be filled in priority to CBA's order.

2.10. Where relevant, we will inform you if the prices we are providing are firm or merely indicative.

2.11. When you cancel an order, any amount of your order executed up to that point in time will be passed onto you.

2.12. CBA will not enter into FX transactions with the intention of triggering Stop Loss orders. CBA may execute other client orders or CBA's own orders close to your Stop Loss order levels. This may have the effect of impacting the market price and result in your Stop Loss order being triggered.

2.13. Stop Loss Orders placed with CBA are executed on the rate going bid, offered or touching once as appropriate based on your instructions. Should you require a different method of execution, please discuss this with your CBA FX Dealer.

2.14. Orders are generally recorded and executed in the order in which they are received.

2.15. Orders may be executed in the market either by electronic or manual means at the sole discretion of CBA.

2.16. CBA may exercise discretion in executing your orders where you have agreed to this, and with the objective of obtaining a better fill.

2.17. CBA will not pre-hedge any part of your order without your prior approval.

2.18. CBA has internal policies and procedures to identify and manage any conflict of interest, whether perceived, actual, or potential in line with relevant best practice.

2.19. CBA will not accept any order which it reasonably believes is likely to damage market integrity.

2.20. Any order placed with CBA will be subject to Cost of Service, you should consult the Foreign Exchange Cost of Service Client Summary for more information.

2.21. If you are a Client to whom the MiFID II[i] legislation is also applicable, this summary should be read in conjunction with the MiFID II Order Execution Summary Policy.

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



[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.