



# Foreign Exchange Order Execution and Order Handling Disclosure

Institutional Banking And Markets ("IB&M")

## 1. Introduction

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### 1.1. Context and Purpose

- 1.1.1. This Disclosure outlines how Client orders are handled and executed in the IB&M Global Markets FX Business of the **Commonwealth Bank of Australia** ("CBA").
- 1.1.2. This Disclosure applies to any type of order received from a Client for any FX product.
- 1.1.3. Wholesale clients should read this Disclosure in conjunction with the Global Markets and Commodities, Trade & Carbon Sales and Trading Practices for Wholesale Markets disclosure for further information on the general management of client orders. Retail clients should read this Disclosure together with the FX Product Disclosure Statement (PDS) and relevant Target Market Determination.
- 1.1.4. This Disclosure is not to be construed as a solicitation or offer to buy any securities or financial instruments. This Disclosure has been prepared without taking account of the objectives, financial situation (including the capacity to bear loss), knowledge, experience or needs of any specific person who may receive this article. All recipients should, before acting on the information in this document, consider the appropriateness and suitability of the information, having regard to their own objectives, financial situation and needs, and, if necessary, seek the appropriate professional or financial advice regarding the content of this document. The information does not purport to be a complete statement or summary of a transaction.

### 1.2 Definitions

- 1.2.1. **Orders** - Any instruction communicated to CBA by a Client, including, but not limited to, the below.
  - 1.2.1.1. **At Best Order** - an order where the Client has given discretion to CBA to execute at the best available price. The Client may specify parameters such as the time frame for execution, ranges or market profile.
  - 1.2.1.2. **Resting Order/Take Profit Order** - a contingent order to buy or sell a specified notional amount when a reference price has reached or passed a pre-defined trigger level.
  - 1.2.1.3. **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.

- 1.2.1.4. **Benchmark Fix Order** – an order to buy or sell a specified notional amount at an officially recognised Benchmark Fixing rate that has been internally approved by the Bank.
- 1.2.1.5. **All or Nothing Order** – any type of the above orders where the Client has additionally requested to only receive a complete fill of their notional. Where liquidity prevents this the Client receives no fill and any fill becomes part of the CBA trader's position.
- 1.2.2. **Execution** – orders will be executed when the Dealer agrees to be bound by the terms of the order as communicated to CBA by the Client.
- 1.2.3. **Dealing staff** – Staff members who have delegations to price, execute and risk manage transactions.

## 2. Principles

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### 2.1. General Principles

- 2.1.1. CBA acts as a principal in all FX transactions with clients. That is, CBA will enter into transactions with clients and take the other side of transactions whereby CBA takes on risk associated with the transaction including market, credit and settlement risk.
- 2.1.2. A Client may request quotes, indicative prices and place orders with CBA by contacting their CBA Sales Representative or via an electronic trading platform.
- 2.1.3. All Client orders will be treated confidentially and in accordance with CBA's policies, procedures, systems and controls that are designed to protect confidential information
- 2.1.4. Dealing staff will be clear on whether prices they are providing are firm or merely indicative and will provide all relevant disclosure and information to a Client before negotiating a Client order. In accepting an order or by indicating that we will work a Client's order, CBA is indicating its willingness to attempt to enter into a transaction with the Client within the parameters requested. Regardless of the parameters requested, in all cases CBA will attempt, but is not committed to execute a transaction at or near the price and/or quantity requested by the Client.
- 2.1.5. Unless otherwise expressly agreed, CBA will exercise its discretion in deciding whether to execute all or part of an order, when it would be willing to execute and how it will execute all or part of an order. CBA will base any decision to execute on a range of factors including the current state of the market and CBA's risk and trading appetite.
- 2.1.6. An order may be cancelled by either the Client or CBA before the execution of such order is concluded. As such, no transaction results from an order until CBA confirms that it has filled or executed against some or all of the order. Once an order or part of an order has been executed or filled, the Client will assume the risks associated with that executed order (or part thereof).
- 2.1.7. CBA may refuse to accept any Client order which it reasonably believes to be inappropriate or which, in CBA's reasonable opinion, carries excessive risk or is otherwise intended or has the ability to damage market integrity and/or disrupt the market.

## 2.2. Benchmark Fix Principles

- 2.2.1. CBA Dealing Staff are required to understand the risks and be aware of the appropriate procedures when handling and executing Benchmark Fix orders.
- 2.2.2. CBA will not, whether by collusion or otherwise, inappropriately share information or attempt to influence the benchmark fixing rate.
- 2.2.3. CBA will not intentionally influence the benchmark fixing rate to benefit from the fixing, whether directly or in respect of any Client-related flows at the underlying fixing.
- 2.2.4. Orders for execution against a benchmark are aggregated for execution by CBA.
- 2.2.5. When CBA executes a Client order against a benchmark, CBA will enter into the transaction as principal and commits to executing the request at the relevant rate of a yet unknown price prior to the actual fixing of the relevant rate, which is determined after the completion of the fixing window. The price a Client receives back from CBA will be an all-in price or rate that includes the relevant benchmark rate plus a mark-up.
- 2.2.6. CBA's activity as a submitter or contributor to a Benchmark Fix, our pre-hedging and hedging activity in respect of transactions ahead of, during or post the fixing time and the basis on which we execute against a benchmark may potentially impact the level of the benchmark fixing price. Our hedging activity is only for risk mitigation purposes and never to influence or manipulate the benchmark fixing price.
- 2.2.7. CBA has internal guidelines and procedures for collecting and executing Fixing Orders to ensure market integrity is maintained in the course of order handling and execution. CBA manages any conflicts arising through its policies, procedures and training programs. Subject to the above, Clients should note that:
  - 2.2.7.1. CBA will not buy or sell on its own behalf a larger amount than the Client's interest within seconds of the fixing window with the intent of inflating or deflating the price against the Client;
  - 2.2.7.2. CBA will not buy or sell on its own behalf an amount shortly before a fixing window with the intent of impacting the market price against the interests of a Client;
  - 2.2.7.3. CBA will not show large interest in the market during the fixing window with the intent of manipulating the fixing price;
  - 2.2.7.4. CBA will not inappropriately disclose information relating to specific Client fix orders;
  - 2.2.7.5. CBA will not act with other Market Participants to inflate or deflate a fixing rate against the interests of a Client.

## 2.3. Order taking process

- 2.3.1. All orders received from Clients will be recorded in a manner that maintains Client confidentiality and in accordance with any information barriers.
- 2.3.2. The sequence in which orders will be recorded will be on a first come first served basis.

