

CBA acknowledges ASIC proceedings against CommSec and AUSIEX

Monday, 1 March 2021 SYDNEY: Commonwealth Bank of Australia (CBA) acknowledges that today the Australian Securities and Investments Commission (ASIC) commenced civil proceedings in the Federal Court against Commonwealth Securities Limited (CommSec) and Australian Investment Exchange Limited (AUSIEX), which are subsidiaries of CBA.

The proceedings relate to errors that were reported to ASIC by CommSec and AUSIEX. CommSec and AUSIEX have engaged extensively and co-operatively with ASIC. ASIC has today also filed with the Federal Court and published on its website a Statement of Agreed Facts and Contraventions, recognising that co-operation and that CommSec and AUSIEX do not intend to defend the proceedings.

The proceedings relate to issues in respect of regulatory data requirements, trade confirmation requirements (primarily related to exchange traded options), best execution requirements and reconciliations of client monies. In addition, for CommSec only, the proceedings relate to issues in respect of brokerage payments, warrant agreement forms and automated order processing filters.

The issues arose from errors such as information technology system coding or systems issues, human error and/or data entry errors. The only issue where there was any direct financial loss to some customers was in relation to instances of brokerage overcharging.

CommSec has paid total remediation of \$6.5m (including interest) comprising refunds and other compensation payments to customers affected by the issues.

"We apologise to our customers who were impacted by our mistakes. These errors never should have happened. We acknowledge the importance of meeting our compliance obligations and we are committed to continuing to invest in strengthening our systems and procedures," Richard Burns, Managing Director of CommSec said in a statement.

CommSec and AUSIEX have agreed with ASIC to enter into a court ordered compliance program. The compliance program will include review by an independent expert, and is aimed at ensuring that all the remedial work undertaken by CommSec and AUSIEX has been adequately completed and ongoing systems and controls are effective.

If any customers have any concerns or questions regarding the above matters, we encourage them to contact CommSec on 13 15 19 or AUSIEX on 1800 252 351.

The release of this announcement was authorised by the Continuous Disclosure Committee.

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