

MiFID II: RTS 28

Commonwealth Bank of Australia

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CommonwealthBank
of Australia



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1. Introduction

This document sets out information concerning top five execution venues and information on the quality of execution obtained that we are required to disclose to our clients by article 27(6) 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 our clients by Commonwealth Bank of Australia, London Branch (**CBA LB**) and CBA Europe Limited (**CBAE**) (together, '**we**,' '**us**,' '**our**') in accordance with the Terms of Business.

Relationship between CBAE and CBA LB

CBAE is a separately incorporated UK subsidiary of CBA, registered in the UK and authorised and regulated by the FCA. CBAE is not an execution venue and instead receives and transmits orders to CBA LB and other branches of CBA. The use of CBA as an execution venue provides specific benefits to client executions and these factors include, but are not limited to, governance, oversight and transparency of an order, consistency of order handling and front to back transaction processing.

CBA LB will typically act in a principal capacity where transactions entered into with clients and counterparties will be executed against CBA's proprietary capital. As there are no in-scope orders received directly by CBA LB, this report serves the obligation to publish top five execution venues and information on the quality of execution obtained for both CBAE and CBA LB.

Reporting Period

As per the article 27(6) of MIFID II, the investment firms are required to publish this report on an annual basis for the client orders received in the preceding year. Accordingly, for the purpose of this report, the reporting period has been set as the preceding calendar year of 2019.

Financial Instruments

During 2019, CBAE received and transmitted orders to CBA LB on Financial Instruments under following asset classes:

- Foreign exchange
- Bonds
- Interest rate derivatives
- Commodities derivatives

In order to assess the orders where Best Execution obligation applies, we have considered factors such as:

- orders received from eligible counterparties (ECPs)
- primary market issuances
- spot transactions
- lack of evidence of legitimate reliance placed on us by the client for best execution as per the four-fold test¹

Upon application of the factors such as the ones listed above, the resulting asset classes where we owed Best Execution to our clients were Bonds and Interest rate derivatives. This report provides the information on top five execution venues and information on the quality of execution for Bonds and Interest rate derivatives only.

¹ The Committee of European Securities Regulators, Best Execution under MiFID Ref: CESR/07-320, p. 22
<https://www.esma.europa.eu/sites/default/files/library/2015/11/07_320.pdf>

2. RTS 28 Report on orders excluding Securities Financing Transactions (SFTs)

2.1. Equities – Shares & Depositary Receipts

2.1.1. Tick size liquidity bands 5 and 6 (from 2000 trades per day)

Top Five Execution Venue Report

Class of Instrument	Equities – Shares & Depositary Receipts Tick size liquidity bands 5 and 6 (from 2000 trades per day)				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.1.2. Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Top Five Execution Venue Report

Class of Instrument	Equities – Shares & Depositary Receipts Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.1.3. Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

Top Five Execution Venue Report

Class of Instrument	Equities – Shares & Depositary Receipts Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.2. Debt instruments

2.2.1. Bonds

Top Five Execution Venue Report

Class of Instrument	Debt instruments Bonds				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Commonwealth Bank of Australia (CBA) MSFSBD3QN1GSN7Q6C537	100%	100%	100%	0%	0%

Quality of Execution Report

We inform our Professional Clients that orders are filled on the basis that price is the most important execution factor, unless the client advises otherwise. We made every attempt to fill the client order at the price level set by the client by filling the order from our own inventory and external market. Furthermore, CBA's order prices are comparable to market prices available on platforms accessible to the client. In addition to price and where relevant to client needs, the speed of execution has also been an important factor for order fulfilment.

All of the Bond orders came from customers classified as Professional Clients with no orders coming from Retail Clients.

As we executed the Bond orders on a principal-to-principal basis using our own proprietary capital, all the Bond trades are executed with CBA.

Since we do not run an order book with a view to match participants providing or taking away liquidity, we have considered all orders to be providing liquidity and hence, classified them as Passive Orders.

2.2.2. Money markets instruments

Top Five Execution Venue Report

Class of Instrument	Debt instruments Money markets instruments				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.3. Interest rates derivatives

2.3.1. Futures and options admitted to trading on a trading venue

Top Five Execution Venue Report

Class of Instrument	Interest rates derivatives Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.3.2. Swaps, forwards, and other interest rates derivatives

Top Five Execution Venue Report

Class of Instrument	Interest rates derivatives Swaps, forwards, and other interest rates derivatives				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Commonwealth Bank of Australia (CBA) MSFSBD3QN1GSN7Q6C537	100%	100%	100%	Nil	Nil

Quality of Execution Report

We inform our Professional Clients that orders are filled on the basis that price is the most important execution factor along with the size of the order, unless the client advises otherwise. For Interest Rate Swaps, we made every attempt to fill the client order within the price and minimum size parameters instructed by the client.

All of the Interest Rate Swap orders came from customers classified as Professional Clients with no orders coming from Retail Clients.

Since we do not run an order book with a view to match participants providing or taking away liquidity, we have considered all orders to be providing liquidity and hence, classified them as Passive Orders.

2.4. Credit derivatives

2.4.1. Futures and options admitted to trading on a trading venue

Top Five Execution Venue Report

Class of Instrument	Credit derivatives Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.4.2. Other credit derivatives

Top Five Execution Venue Report

Class of Instrument	Credit derivatives Other credit derivatives				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.5. Currency derivatives

2.5.1. Futures and options admitted to trading on a trading venue

Top Five Execution Venue Report

Class of Instrument	Currency derivatives Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.5.2. Swaps, forwards, and other currency derivatives

Top Five Execution Venue Report

Class of Instrument	Currency derivatives Swaps, forwards, and other currency derivatives				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.6. Structured finance instruments

Top Five Execution Venue Report

Class of Instrument	Structured finance instruments				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.7. Equity derivatives

2.7.1. Options and Futures admitted to trading on a trading venue

Top Five Execution Venue Report

Class of Instrument	Equity derivatives Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.7.2. Swaps and other equity derivatives

Top Five Execution Venue Report

Class of Instrument	Equity derivatives Swaps and other equity derivatives				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.8. Securitized Derivatives

2.8.1. Warrants and Certificate Derivatives

Top Five Execution Venue Report

Class of Instrument	Securitized Derivatives Warrants and Certificate Derivatives				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.8.2. Other securitized derivatives

Top Five Execution Venue Report

Class of Instrument	Securitized Derivatives Other securitized derivatives				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.9. Commodities derivatives and emission allowances Derivatives

2.9.1. Options and Futures admitted to trading on a trading venue

Top Five Execution Venue Report

Class of Instrument	Commodities derivatives and emission allowances Derivatives Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.9.2. Other commodities derivatives and emission allowances derivatives

Top Five Execution Venue Report

Class of Instrument	Commodities derivatives and emission allowances Derivatives Other commodities derivatives and emission allowances derivatives				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.10. Contracts for difference

Top Five Execution Venue Report

Class of Instrument	Contracts for difference				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.11. Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

Top Five Execution Venue Report

Class of Instrument	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

2.12. Emission allowances

Top Five Execution Venue Report

Class of Instrument	Emission allowances				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

3. RTS 28 Report on Securities Financing Transactions (SFTs)

3.1. Other instruments

Top Five Execution Venue Report

Class of Instrument	Securities Financing Transactions				
Notification if <1 average trade per business day in the previous year	N/A				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Nil	Nil	Nil	Nil	Nil	Nil

Quality of Execution Report

Does not apply

Important Note

This information is provided 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 by any other CBA group entity and/or branch. This document does not constitute marketing material nor should it be considered as a recommendation, solicitation or offer to purchase or sell a Financial Instrument. The provision of this document does not constitute us providing 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).