

# Foreign Exchange Order Execution and Order Handling Disclosure

## INSTITUTIONAL BANKING AND MARKETS (“IB&M”)

---

Date: November 2023

### 1. Introduction

---

#### 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. This Disclosure should be read 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.
- 1.1.4. This Disclosure is not to be construed as a solicitation or offer to buy any securities or financial instruments. This document 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 the bank 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 the bank to execute at the best available price. The Client may



specify parameters such as the time frame; 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. E.g. London 4pm Fix.
  - 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 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 the bank by the Client.
  - 1.2.3. **Dealing staff** – Staff members who have delegations to price, execute and risk manage transactions.

## 2. Principles

---

### 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. All orders will be executed on a ‘Best Efforts’ basis only. This seeks to achieve the best outcome for the Client on all executions.
- 2.1.3. All Client orders will be treated confidentially.
- 2.1.4. Dealers will be clear on whether prices they are providing are firm or merely indicative.
- 2.1.5. Where an order is cancelled by the Client, any amount executed up to that point in time will be passed in full to the Client.
- 2.1.6. Where an order is partially filled, the amount that has been executed will be passed in full to the Client.



- 2.1.7. CBA may decline a Client order which it reasonably believes is likely to damage market integrity.

## **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 exchange 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. 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.
- 2.2.5. Clients should note that:
  - 2.2.5.1. CBA will not buy or sell a larger amount than the Client's interest within seconds of the fixing calculation window with the intent of inflating or deflating the price against the Client
  - 2.2.5.2. CBA will not buy or sell an amount shortly before a fixing calculation window such that there is an intentionally negative impact on the market price and outcome to the Client
  - 2.2.5.3. CBA will not show large interest in the market during the fixing calculation window with the intent of manipulating the fixing price against the Client
  - 2.2.5.4. CBA will not inappropriately disclose information relating to specific Client fix orders.
  - 2.2.5.5. CBA will not act with other Market Participants to inflate or deflate a fixing rate against the interests of a Client
- 2.2.6. CBA will only transact in approved Benchmark fixes, being:
  - 2.2.6.1. WM/R London 12pm (Restricted)
  - 2.2.6.2. WM/R London 4pm
  - 2.2.6.3. WM/R Sydney 10am
  - 2.2.6.4. WM/R Tokyo 4pm (Restricted)
- 2.2.7. CBA may add a Benchmark Fix order on an exceptional basis and with prior internal approval.

## **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. Orders will be recorded in the order in which they are received.

