

Commonwealth Bank Group

Commonwealth Bank of Australia

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16 May 2014

Dr Kathleen Dermody
Committee Secretary
Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

BY EMAIL: economics.sen@aph.gov.au

Dear Dr Dermody,

RE: Information provided to ASIC Inquiry by Commonwealth Bank of Australia Group

The Commonwealth Bank of Australia Group (**Group**) refers to its written submission to the Inquiry into the performance of ASIC (**Inquiry**) dated 11 November 2013 (**Submission**), the transcript of its appearance before the Inquiry on 10 April 2014 (**Transcript**) and its Answers to Questions on Notice dated 24 April 2014 (**Answers**). The Group wishes to clarify the following four points in these materials.

1. Review of customer files

The Group stated¹ that over 7,000 manual file reviews were carried out. Similar statements appear in the Transcript and the Answers including discussions of customers. We would like to ensure clarity and consistency of terminology and include cases where no compensation was assessed as payable as part of a review. The number of customers reviewed was 7,960 which represents 6,659 cases across Commonwealth Financial Planning Limited (**CFP**) and Financial Wisdom Limited (**FWL**). We asked 3,886 customers to provide supplementary information, and 1,265 customers responded with supplementary information.

By way of explanation, some cases involve multiple customers (such as where a husband and wife seek advice together and have multiple investments housed in different legal entities).

2. Compensation payments to customers

Total compensation payments specified in the Submission² were in respect of customers of CFP and FWL. Similarly, where we discussed our remediation process in the Answers³, this applied to both CFP and FWL customers.

¹ See section 3.3(f) on page 9 of the Submission, pages 28, 29 and 37 of the Transcript and page 8 of the Answers.

² In respect of section 3.3(g) of the Submission.

³ See page 8 of the Answers

3. Remediation process

The remediation process described in the Submission⁴ was not applied consistently. The primary differences were:

- (a) not all CFP and FWL customers were offered \$5000 to pay for an independent review of their assessment by a qualified accountant, solicitor, or licensed financial adviser of the customer's choice;
- (b) not all CFP and FWL customers received all the written communications described; and
- (c) in respect of FWL customers only, an independent accountancy expert did not endorse and oversee the remediation process, as FWL was not subject to the CFP enforceable undertaking.

4. Maurice Blackburn submission

In the Group's response to the submission to the Inquiry by law firm Maurice Blackburn⁵, the statement that CFP remained committed to ensuring that customers were offered financial support to obtain independent advice related only to customers of Mr Nguyen, as Maurice Blackburn only represented customers of Mr Nguyen.

Additionally, in response to a question from Senator Williams regarding the reviews of files of eight banned planners⁶, I incorrectly stated that the file reviews related to seven planners. The reviews related to all planners who were subject to the remediation process. The number of customers of the eight banned planners was 3,802.

Yours sincerely,

David Cohen
Group General Counsel
Commonwealth Bank of Australia

⁴ Detailed in sections 2.1(e)(v), 3.2(h) and Appendix C of the Submission.

⁵ In sections 3.3(k) to (p) of the Submission.

⁶ See page 37 of the Transcript.