



Friday, 27 October 2017

ASX ANNOUNCEMENT

NAB SETTLES BBSW COURT ACTION

National Australia Bank (NAB) announced today it has agreed a settlement with the Australian Securities and Investments Commission (ASIC) of the Bank Bill Swap Rate (BBSW) legal action. The settlement is subject to Federal Court approval.

The Federal Court action commenced following an industry-wide review by ASIC into participants in the BBSW market.

The settlement involves NAB admitting that on 12 occasions in 2010 and 2011, NAB employees in the course of trading in the BBSW market attempted to engage in unconscionable conduct in breach of the ASIC Act. NAB will also acknowledge breaches of its licence obligations under s912A of the Corporations Act and agree to an Enforceable Undertaking (EU) with ASIC.

As part of the settlement NAB has agreed to a \$10 million penalty, which remains subject to Court approval, and to pay ASIC's costs of \$20 million. NAB will also make a donation of \$20 million to a financial consumer protection fund nominated by ASIC. The impact of this settlement will be reflected in NAB's 2017 Financial Year results.

NAB Group Chief Executive Officer Andrew Thorburn said:

"This legal action related to trading in the bank bill market in the period from June 2010 to December 2012. We accept that we did not meet the high standards of professional conduct that ASIC, the community and NAB expects of itself, in that market during that period."

"How BBSW is calculated has changed since that time. The ASX is now responsible for the administration of BBSW and NAB fully supports the reforms that are being introduced by the ASX to enhance trust and transparency in the BBSW market."

NAB Chief Legal and Commercial Counsel, Sharon Cook said: "We are pleased to reach this settlement. It brings to a conclusion a complex issue and expensive and protracted litigation, and provides certainty to our shareholders, customers and our employees."

As part of the EU, NAB will agree to make enhancements to its policies, procedures, systems and framework for monitoring employees in relation to its BBSW businesses. This process will be overseen by an independent expert to be appointed by ASIC.

NAB and ASIC will make an application to the Federal Court for approval of the settlement, which may take a number of weeks to finalise.

For further information:

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