

Group Governance & Legal
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31 October 2018

Simon Sherwood
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By hand and by email (letter only): FSRCsolicitor@royalcommission.gov.au

Dear Simon

ROYAL COMMISSION INTO MISCONDUCT IN THE BANKING, SUPERANNUATION AND FINANCIAL SERVICES INDUSTRY

We refer to the Commission's request of 12 October 2018 that NAB provide a consolidated response to the Commission's request dated 2 February 2018 for each instance of misconduct or possible misconduct identified by NAB since 1 January 2013 (**the Request**), and to our related correspondence since.

We enclose with this letter a copy of NAB's response to the Request.

We confirm that for the purposes of this response, we have considered and included, where appropriate, the conduct of NAB, its presently controlled entities (**the Group**) and the conduct of entities in respect of which the Group is required to report.¹

The approach we have adopted in preparing this response is set out in our letter of 23 October 2018.

Our response is divided into three sections, which set out instances of misconduct² or possible misconduct, derived from the following sources of information:

- (a) **Section 1** sets out any events which have been reported to ASIC or APRA between 2013 and 2017, based on the reports provided to the Commission in response to NTP-003 - paragraph (f), and other information in respect of events reported to ASIC or APRA that NAB has been able to collate in the time available;
- (b) **Section 2** sets out conduct recorded in Financial Ombudsman Service Determinations and Recommendations, and Credit and Investments Ombudsman Determinations and Recommendations, between 2013 and 2017; and
- (c) To the extent not already addressed in sections one and two above, **Section 3** sets out further information on any of the 38 entries in Section 3 of NAB's 29 January 2018 letter addressed in:
 - i. NAB's significant litigation reports;

¹ Further NAB notes that in the 2017 financial year, NAB divested 80% of its shareholding in the MLC Limited (MLCL) life insurance business. Accordingly, MLCL ceased to form part of the Group. Ahead of the sale, on 1 July 2016, superannuation members from the Registrable Superannuation Entities (RSEs) governed previously by MLC Nominees Pty Limited (MLCN) and PFS Nominees Pty Limited (PFS) (the Former RSEs) were transferred into a new RSE governed by NULIS Nominees (Australia) Limited (NULIS) by successor fund transfer. At this time, MLCN and PFS ceased to provide financial services, MLCL and Plum Financial Services Limited (PFSL) ceased their roles as administrators of the Former RSEs and National Wealth Management Services Limited commenced as the superannuation business service provider for NULIS. Notwithstanding these changes, NULIS has been undertaking the remediation activity in respect of breaches relating to the Former RSEs which occurred prior to 1 July 2016 by MLCL (in its capacity as superannuation administrator prior to MLCL ceasing to form part of NAB), MLCN, PFS and / or PFSL. With the exception of matters relating to the life insurance business (given the divestment outlined above), the conduct of the Former RSEs is included in this response.

² As defined in the Commission's Terms of Reference.

- ii. records of serious compliance concerns; and
- iii. relevant correspondence with regulators and third parties,

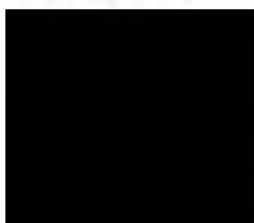
that were collated by NAB to prepare the 29 January 2018 response.

Where appropriate, our response includes revisions to information previously provided to the Commission on 21 February 2018 and 7 September 2018, in response to earlier requests for information by the Commission. The basis of those revisions are set out in our enclosed response. Further, this response includes updated information regarding compensation paid to customers, where remediation has been ongoing since our 21 February 2018 and 7 September 2018 responses were provided.

Having regard to the approach set out above, NAB has made every effort to ensure the accuracy and comprehensiveness of the information contained in this response. Given the compressed timeframe however, it is possible that all relevant information may not have been captured. Further, as you would appreciate, the response presents a great deal of often complex factual information in a necessarily summary form. If the Commission would benefit from the provision of further detail or supplementary material in respect of any particular events, please let us know and we will endeavour to respond as soon as possible.

Should the Commission have any queries regarding this correspondence or NAB's response to the Request, please contact me on [REDACTED] or [REDACTED]

Yours faithfully



John Sharpe
General Counsel, Dispute Resolution & Regulatory Investigations