

**Allen Allen & Hemsley**ALLENS  
ARTHUR ROBINSON  
GROUP

LAWYERS

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Sydney NSW 2000  
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Tel 61 2 9230 4000  
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18 August 2000

Regional Director, New South Wales  
Australian Competition & Consumer  
Commission  
Level 5, Skygarden  
77 Castlereagh Street  
Sydney NSW 2000

D00/27719

Correspondence  
GPO Box 50  
Sydney NSW 2001  
Australia  
DX 105 Sydney[www.allens.com.au](http://www.allens.com.au)**BY HAND**

Dear Sir

**Third Line Forcing Notification**

We enclose a notice under s93(1) of the Trade Practices Act together with a cheque for \$1,000. If you require any additional information in relation to the notice please contact me on 9230 4994.

Yours faithfully

**Catherine Parr**

Partner

[catherine.parr@allens.com.au](mailto:catherine.parr@allens.com.au)

Tel (02) 9230 4994

Our Ref CPPS:202016541

**FORM G**  
Regulation 9  
**COMMONWEALTH OF AUSTRALIA**  
*Trade Practices Act 1974 - Sub-section 93(1)*  
**EXCLUSIVE DEALING:**  
**NOTIFICATION**

To the Australian Competition & Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974* of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(6) or (7), of that Act in which the person giving notice engages or proposed to engage.

- 
1. (a) **Name of person giving notice:**  
St. George Bank Limited (ABN 92 055 513 070)
  - (b) **Short description of business carried on by that person:**  
Financial Services
  - (c) **Address in Australia for service of documents on that person:**  
C/- Catherine Parr  
Allen Allen & Hemsley,  
Level 17, Chifley Tower,  
2 Chifley Square  
Sydney, NSW 2000
  2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**  
Deposit accounts.
  - (b) **Description of the conduct or proposed conduct:**  
See Attachment A.
  3. (a) **Class or classes of persons to which the conduct relates:**  
Consumers of deposit products.
  - (b) **Number of those persons:**  
Substantially greater than 50.
  - (c) **Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**  
Not applicable.

FORM G - continued


4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:

Catherine Parr  
Allen Allen & Hemsley  
Level 17, Chifley Tower  
2 Chifley Square  
SYDNEY NSW 2000

Dated: 18 August 2000

Signed on behalf of the person giving this notice:

(Signature)



CATHERINE PARR

PARTNER, ALLEN ALLEN & HEMSLEY,

solicitors for the person giving

this notice

## ATTACHMENT A

### Description of Proposed Conduct for Exclusive Dealing Notification

#### Background

St. George Bank Limited (*the Bank*) provides a range of deposit and transaction accounts to its customers, including a deposit product known as a cash management account.

Australian Stockbroking Pty Limited (*ShareTrade*) is a share broker offering brokerage services to its customers including trading in shares listed on the Australian stock market, trading in derivatives and investment in equity-based managed funds. ShareTrade has informed the Bank that it offers facilities to execute trades online via the ShareTrade website, by telephone or face to face at its offices.

#### Proposed Conduct

It is proposed that customers of ShareTrade will be offered two types of account in which they can deposit moneys which they intend to use to purchase securities through ShareTrade. After a transitional period customers of ShareTrade will need to have one of these two accounts in order to be able to execute trades on-line, although ShareTrade has informed the Bank that customers need not have one of these accounts if they are placing orders in person or over the telephone (in those cases they may provide the funds for the trade by other means including cheque or telegraphic transfer).

#### *Controlled Funds Account*

This will be an account opened in the name of ShareTrade which will hold the relevant account on trust for the customer. The customer will be able to make deposits to the account at any time. However, withdrawals from the account will only be able to be made by ShareTrade and only for the purpose of purchase of securities through ShareTrade or payment of fees or other amounts due to ShareTrade or return to the customer at the customer's request.

The Bank will pay interest on the account which will accrue for the benefit of the customer. This interest is likely to be at a rate higher than the rate individual customers could obtain on other deposit accounts offered by the Bank.

The account may be closed and the balance paid to the customer at the request of ShareTrade.

For many customers this form of account will be an interim measure until they are able to meet all the requirements to open a cash management account (see below) in their own name direct with the Bank (for example undertaking the one hundred point identification required for the purposes of the Financial Transaction Reports Act). However it is possible that some customers will not need to or want to open a cash management account and for those customers this form of account may be a longer term option.

### ***Cash Management Account (CMA)***

This account will be opened in the name of the customer of ShareTrade and will be held directly with the Bank. The account will be very similar in nature to other cash management accounts offered by the Bank and will be a fully functional transaction account able to be operated by the customer via cheque, Visa debit card, phone banking, internet banking, BPay, ATM, EFTPOS, bank branches and any other method of access made available by the Bank from time to time.

Withdrawals will be able to be made on the account for purposes other than making payments to ShareTrade.

The customer will authorise ShareTrade to operate the account for the purpose of making payments due to ShareTrade for the purchase of securities or the payment of fees or other amounts due to ShareTrade. ShareTrade will have the capacity, once a customer has placed an order to purchase securities, to "reserve" an amount equal to the relevant purchase price to ensure that amount is not withdrawn from the account by the customer by other means before the date on which the relevant purchase of securities is required to take place.

The CMA will carry a right to interest. It will also be subject to fees. It is likely that the rate of interest received by the customer on the account will be higher than the rate of interest offered by the Bank on its cash management accounts generally and that the fee structure for the account will be more advantageous to the account holder than the fee structure imposed on cash management accounts made available by the Bank generally.

### ***Pricing***

The Bank is able to offer the advantageous pricing on these accounts because the arrangements it has reached with ShareTrade are likely to mean a large number of new accounts and because ShareTrade will be undertaking some of the administrative functions associated with opening, operating, managing and closing the account. For example, ShareTrade will receive and process account applications.

All promotion of the CMA will be done by ShareTrade and it is likely that the account will be branded or co-branded with a ShareTrade business name or a name similar to the business name under which ShareTrade is operating at the relevant time. However, any advertising and marketing material which makes reference to the CMA or to the Bank must be forwarded to the Bank for review prior to release.

### **Section 47(6) and (7)**

It is possible that the proposed conduct described above might involve conduct of the kind in Sections 47(6) or (7) of the Trade Practices Act in that the Bank may not offer the same level of benefits on an equivalent deposit account to a customer who is not also a customer of ShareTrade.

However the Bank does offer reduced transaction fees and/or higher deposit rates under other offers and to customers with particular profiles from time to time, so it

is not the case that these or similar benefits can only ever be obtained if the customer is also a customer of ShareTrade.

**Public Benefit**

The proposed conduct is not anti-competitive. Offering the package is intended to stimulate demand for ShareTrade's services and for deposit accounts with the Bank. Some of the Bank's competitors have similar arrangements with other share brokers.

Cash management accounts are available independently of the proposed arrangements. Customers are free to choose, on the normal commercial basis of quality and price, whether to open a "standard" cash management account with the Bank or to trade with ShareTrade and obtain the benefit of one of the accounts with the Bank referred to above. Customers are also free to choose, if they do trade with ShareTrade, whether they trade by telephone or in person or whether they trade on line and accept the requirement to have one of the two types of account with the Bank.

The proposal does not lead to any loss of transparency in the pricing of individual products or services. Customers are able to make an informed decision on the offer.

The proposal is of benefit to customers who have a need for a deposit account and who want to trade through ShareTrade as it offers a genuine interest rate advantage and a genuine cost saving on what most customers could obtain if they open an equivalent account with the Bank separately. The proposal will result in higher deposit interest rates and lower transaction costs for the relevant customers and serve to increase competition.

Given that each of the Bank and ShareTrade has numerous competitors offering numerous competing products there is no prospect the proposed conduct will lessen or substantially lessen competition.