

Commonwealth of Australia

Trade Practices Act 1974 — subsection 93(1)**EXCLUSIVE DEALING NOTIFICATION**

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in subsection 47(2), (3), (4), (5), (6) or (7), or paragraph 47(8)(a), (b) or (c) or 9(a), (b), (c) or (d), of that Act in which the person giving notice engages or proposes to engage.

1. (a) ***Name of person giving notice:***

Macquarie Equities Limited (ABN 41 002 574 923) trading as Advisor Broking Services ("**Advisor Broking Services**")

(b) ***Short description of business carried on by that person:***

Macquarie Equities Limited, a subsidiary of Macquarie Bank Limited (ABN 46 008 583 542), is a licensed securities dealer and a Participating Organisation of the Australian Stock Exchange Limited ("ASX"), and provides a full range of retail, institutional and corporate stockbroking services to local and offshore investors.

Advisor Broking Services provides financial services exclusively for financial intermediaries. The business facilitates direct share investments for the clients of financial advisers by providing execution-only stockbroking for direct shares and derivatives listed on ASX, research and strategic advice and portfolio review and recommendations to financial advisers.

It is proposed that in addition to these financial services, Advisor Broking Services will provide retail investment services over the Internet. This service will be called ABS Online. The online service will include execution-only stockbroking for direct shares, warrants and company options listed on ASX, real-time share quotes and market depth, daily market updates, automated CHESS portfolio holdings, access to ASX company facts and figures and stock charting features. It is proposed that ABS Online will be available to both the financial intermediary and their clients. Customers will have the option of using the online investment services directly, as well as authorising their financial adviser to do so on their behalf.

(c) *Address in Australia for service of documents on that person:*

c\ -Arabella Joseph
 Macquarie Bank Limited
 Level 16
 20 Bond Street
 SYDNEY NSW 2000

2. (a) *Description of the goods or services in relation to the supply or acquisition of which this notice relates:*

(i) Macquarie Cash Management Trust (the “Trust”)

A Cash Management Trust Account managed by Macquarie Investment Management Limited (ABN 66 002 867 003), a subsidiary of Macquarie Bank Limited and a related entity of Macquarie Equities Limited.

The Macquarie Cash Management Trust is a managed investment scheme. It is an Australian unit trust that invests in Australian dollar denominated securities. The Trust mainly invests in high quality, short-term, bank-backed securities. It also utilises 90 day bank bill futures and may from time to time invest in Australian Government securities. Investments in the Trust are A\$1.00 units.

Macquarie Investment Management Limited is the responsible entity of the Trust and Bond Street Custodians Limited, also a Macquarie Bank Group company, has been appointed custodian.

(ii) Macquarie Flexible Cash Trust (the “Cash Trust”)

The Macquarie Flexible Cash Trust is a proposed managed investment scheme and will be supplied by Macquarie Investment Management Limited, a subsidiary of Macquarie Bank and a related entity of Macquarie Equities Limited.

The Cash Trust will be an Australian unit trust that invests in a diverse range of high quality debt securities with short average maturities. The Cash Trust will invest primarily in securities issued by banks, corporations, and securitisation vehicles and may also hold government and semi-government securities. Derivatives may also be utilised over any of the investments. Investments in the Cash Trust will be A\$1.00 units.

Macquarie Investment Management Limited will be the responsible entity of the Cash Trust and Bond Street Custodians Limited, also a Macquarie Bank Group company, will be appointed custodian.

(iii) Macquarie Margin Lending

Macquarie Margin Lending is a margin lending facility provided by Macquarie Bank Limited. Macquarie Bank Limited loans money to retail customers for the purpose of purchasing securities. The loan is secured by the borrowing customer mortgaging the right, title and interest to the securities, purchased with the loan money, to Macquarie Bank Limited.

Macquarie Investment Management Limited currently offers and will continue to offer the Cash Management Trust on the same terms and conditions to customers who do not acquire, or propose to acquire services from ABS Online.

It is proposed that Macquarie Investment Management Limited will offer the Flexible Cash Trust on the same terms and conditions to customers who do not acquire, or propose to acquire services from ABS Online.

Macquarie Bank Limited currently offers and will continue to offer Macquarie Margin Lending on the same terms and conditions to customers who do not acquire, or propose to acquire services from ABS Online.

CHESS Sponsorship

Macquarie Equities Limited will also supply CHESS Sponsorship services. The CHESS Sponsorship services will enable retail investors to conduct transactions involving listed securities on the ASX. The ASX does not conduct transactions relating to CHESS approved securities unless CHESS Sponsorship is in place.

The Chess Sponsorship Agreement between Macquarie Equities Limited and the customer authorises, and governs, Macquarie Equities Limited recording the customer's share holdings in its own electronic register. This form of register is known as the CHESS subregister.

Macquarie Equities Limited currently offers and will continue to offer CHESS Sponsorship Services on the same terms and conditions to customers who do not acquire, or propose to acquire services from ABS Online.

(b) *Description of the conduct or proposed conduct:*

ABS Online will offer online stockbroking services to financial intermediaries and retail customers on the condition that the customer opens a Flexible Cash Trust Account with Macquarie Investment Management Limited and enters into a CHESS Sponsorship Agreement with Macquarie Equities Limited.

It is also proposed that if the customer has an existing Cash Management Trust Account or intends to open a Macquarie Margin Lending Account, the customer will be able to nominate their Cash Management Trust Account or Macquarie Margin Lending Account as a substitute to the Flexible Cash Trust Account, and will not be required to open a Flexible Cash Trust Account.

ABS Online will refuse to supply online stockbroking services to customers who have not acquired Cash Management Trust Account services from Macquarie Investment Management Limited, or who do not agree to acquire, Flexible Cash Trust Account services from Macquarie Investment Management Limited or Macquarie Margin Lending services from Macquarie Bank Limited and CHESS Sponsorship services from Macquarie Equities Limited.

3. (a) *Class or classes of persons to which the conduct relates:*

Retail investors.

(b) Number of those persons:

(i) At present time:

Nil. At this stage, ABS Online proposes to commence operations on 19 March 2001.

(ii) Estimated within the next year:

Substantially greater than 50.

(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:

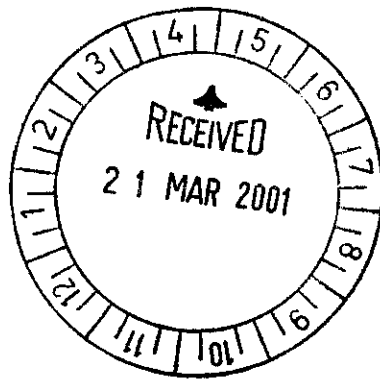
Not applicable

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

Arabella Joseph
Macquarie Bank Limited
Level 16
20 Bond Street
SYDNEY NSW 2000

Dated 20 March 2001.

Signed by the person giving this notice



Arabella Joseph
Arabella Joseph

Annexure A

The proposed conduct will be of benefit to the public because it will:

- (i) allow investors to conduct transactions involving listed securities on ASX. The ASX does not conduct transactions relating to CHES approved securities unless CHES Sponsorship is in place;
- (ii) result in efficiencies by:
 - (a) eliminating the need for ABS Online to have debiting arrangements with numerous banks and financial institutions;
 - (b) eliminating the need for ABS Online to draw settlement proceeds on behalf of investors from numerous banks and financial institutions;
 - (c) eliminating the need for ABS Online to deposit money on behalf of investors into numerous banks and financial institutions; and
 - (d) eliminating credit risk to ABS Online.

These efficiencies will reduce the operating, management and administration costs of the online stockbroking service provided by ABS Online, especially in respect of third party fees. These efficiencies will be passed onto the investors in the form of reduced fees.

The conduct will result in an online stockbroking service which provides investors with:

- (i) a single point of contact for their entire investment portfolio;
- (ii) a more complete package of financial services which is competitive and responsive to the needs of investors;
- (iii) greater flexibility in the way they arrange their investments; and
- (iv) a greater choice of investments.

The proposed conduct will not lessen competition because:

- investors can open a Cash Management Trust Account or Flexible Cash Trust Account with Macquarie Investment Management Limited or a Macquarie Margin Lending Account with Macquarie Bank Limited on the same terms and conditions, irrespective of whether they acquire services from ABS Online;
- investors can use Macquarie Equities Limited as their CHES Sponsoring Entity on the same terms and conditions, irrespective of whether they acquire services from ABS Online;
- there are many substitutes available for the services described in this Notice and none of Macquarie Investment Management Limited, Macquarie Bank Limited or Macquarie Equities Limited have a substantial degree of power in any relevant market; and
- financial services markets which involve the provision of online services are dynamic and innovative.

The proposed conduct will promote competition by introducing greater choice, convenience and flexibility for retail investors.

The benefits from the proposed conduct will outweigh any possible detriment considered to arise from the proposed conduct.