

FORM G

Commonwealth of Australia
Trade Practices Act 1974 – Sub-section 93(1)

THIRD LINE FORCING NOTIFICATION

To the Australian Competition and 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) and (7) of that Act in which the person giving notices engages or proposes to engage.

1. (a) **Name of person giving Notice**

This notification is given by:

- (i) Zurich Financial Services Australia Limited ACN 008 423 372, of Zurich House, 5 Blue Street, North Sydney;
- (iv) Zurich Investment Management Limited ACN 063 278 400 of Zurich House, 5 Blue Street, North Sydney;
- (v) Zurich Australian Superannuation Pty Limited of Zurich House, 5 Blue Street, North Sydney; and
- (vi) Wrap Account Limited ACN 073 795 178 of Level 21, 500 Collins Street, Melbourne VIC 3000.

(individually and collectively referred to in this notification as “Zurich” or “Zurich entity”).

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

Zurich provides financial services, including insurance, superannuation, investment services, financial planning and investment advice.

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

Mr Aaron Evans
Zurich Financial Services Australia Limited
“Zurich House”
5 Blue Street, North Sydney NSW 2060

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

This notification relates to the supply of the following goods and services by Zurich (“Zurich Group Products”):

- (i) unit trusts, property trusts, cash management trusts and management of investment funds provided by Zurich Investment Management Limited;
- (ii) Investor Directed Portfolio services provided by Zurich Investment Management Limited;
- (iii) superannuation funds, pooled superannuation trusts and other superannuation products provided by Zurich Australian Superannuation Pty Limited;
- (iv) electronic transaction and portfolio administration services provided by Wrap Account Limited.

This notification also relates to the provision of investment products supplied by Macquarie Investment Management Limited (ACN 002 867 009), including but not limited to the Macquarie Cash Management Trust (ARSN 086 886 606). Macquarie Investment Management Limited supplies investment products similar to those offered by Zurich Investment Management Limited described at 2(a)(i) and 2(a)(ii) above (“Macquarie Investment Products”).

2. (b) Description of conduct or proposed conduct

Macquarie Investment Management Limited (“Macquarie”) pays Zurich a fee, which varies depending on the total of all Zurich Affiliates’ funds under management in the Macquarie Cash Management Trust (“the CMT”). Zurich may at some time in the future, receive a fee from Macquarie relating to the total of all Zurich Affiliates’ funds under management in other Macquarie Investment Products. A Zurich Affiliate is a dealer group, organisation or person who has an affiliation alliance with Zurich.

Zurich proposes to return a portion of the fees it receives from Macquarie to Zurich Affiliates. In the event that a Zurich Affiliate has invested in one or more Zurich Group Product, Zurich proposes to pay that Zurich Affiliate (in certain circumstances) a fee calculated on the basis of:

- (a) the total of the Zurich Affiliate’s funds under management in the CMT and/or other Macquarie Investment Products; and
- (b) the Zurich Affiliate’s balance in one or more Zurich Group Product.

Zurich lodged a previous notification with the Commission (N90919) relating to discounts offered to Zurich customers who purchase a combination of Zurich Group Products from one or more Zurich entities.

Zurich considers the market for the provision of financial services and in particular investment products, to be very competitive. A significant number of alternative suppliers of financial services are available to potential investors who would prefer to deal with suppliers other than Zurich or Macquarie. Although Zurich proposes to pay a fee to Zurich Affiliates who invest in Macquarie Investment Products and Zurich Group Products in certain circumstances, it will not attempt to impose a condition compelling Zurich Affiliates to invest in those products.

The effect of the conduct described in this notification is that Zurich Affiliates will benefit from the volume discounts that Zurich achieves by virtue of its position in the market. The result is that Zurich Affiliates (and presumably their customers where applicable) will pay lower prices for the relevant investment products.

Zurich will provide each Zurich Affiliate with an itemised statement of its clients' funds under management in the relevant products. The itemised statement will include sufficient detail to enable Zurich Affiliates to pass on all or part of the incentive fee received from Zurich to its clients.

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

Customers of Zurich or potential Zurich customers.

3. (b) Number of those persons

(i) **At present time:** Offers have been made to the public generally and further offers will be made to the public.

(ii) **Estimated within the next year:** Offers will be made to the public generally.

3. (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 the notice to provide additional information in relation to the notice.

Mr Aaron Evans
Zurich Financial Services Australia Pty Limited
Level 8, Zurich House
5 Blue Street
NORTH SYDNEY NSW 2060

Dated 27th March 2002



Aaron Evans
Legal Counsel
Zurich Financial Services Australia Limited