

**CONFIDENTIALITY
GRANTED**

Mr Tim Grimwade
General Manager
Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

| |
|-------------|
| FILE No: |
| DOC: |
| MARS/PRISM: |

Dear Tim,

The 1992 authorisation of the SEATS dealing rules was reaffirmed under A90623 and N30749 in 1998.

http://www.accc.gov.au/pubreg/s89_95/docs/a90623-n30749.pdf

In 1992 and 1998 the ASXO lodged notification N30749 in relation to exclusive dealing restrictions contained in the SEATS Access Agreement and Derivatives Access Agreement namely:

A. The supply of 'General Information' by ASXO to a customer on the condition that the customer will not re-supply that information to person who have not entered into a material agreement with the customer; and

B. The supply of 'Restricted Information' by ASXO to a customer on the condition that the customer will not re-supply that information to persons other than trading Recipients (i.e. member organisations) who have entered into Material Agreement with the customer.

Since 1998 the market has changed significantly. In 1998 the first true online broker Sanford Securities had not even begun trading.

Now over 60% of retail investors buy and sell through the internet and because they are not trading recipients they have access to 'General Information' but do not have access to 'Restricted Information'. Even if they buy the data through an information vendor the vendor is not allowed to provide the Restricted information.

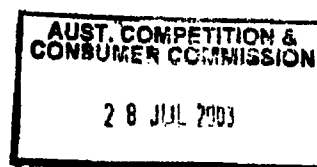
It is my belief that ASXO has tried to "pull the wool" over the ACCC's eyes. There are two types of Restricted Information. 1 Broker Numbers and 2 Broker order details.

Broker Numbers can be supplied to all without providing Broker order details. This is done in the United States and Canada and should be done here. It would greatly improve transparency. You could never provide Broker Order Details as that would truly affect the integrity of the market. I feel that the ASXO should inform the Commission that Broker Numbers can be provided to the market without damaging the market.

In addition to this many financial advisers are not in member organisations but use third party groups such as Sanford's, Commonwealth Securities, Aot online and E-trade to handle the settlement and transaction in an outsource arrangement. These Financial Advisers do not have access to the Broker Numbers either.

It is wrong that retail investors and non member organisations have these numbers withheld.

At point 7.16 The commission states



The commission considers it important that restricted information is only available to particular member organisations or member organisations generally provided that the classification of information as restricted is reasonable and necessary in terms of protecting the security and integrity of the market. The commission would be concerned if the classification of restricted information was too wide or used in an anti-competitive way to limit the access of non-trading recipients, including information vendors, to dealing information.

The classification is too wide!

At point 7.17 The commission states

“The Commission notes that should ASXO unnecessarily restrict information, it would expect information vendors, who have access to such information via SEATS and the DTF for their commercial operations (But are prevented from re-supplying it except to Member Organisations who have a Material Agreement), to raise their concerns with ASXO and/or the Commission. The Commission considers that this is likely to act as a safeguard against ASXO unnecessarily or anti-competitively classifying information as restricted”

It is clear that this has not happened. Why?

Firstly there are few independent groups of information vendors. The three major players are Bridge DFS – who provide information to 90% of Member Organisations and whose major share holder is the ASX, Hartley Poynton JDV – a member organisation themselves and Bourse Data – A small frail company that does not have the ability to tackle the only supplier for there sole retail product.

The other group is the retail investor who has never seen broker numbers and does not know what they are missing out on.

The public benefit of allowing information vendors to pass on broker numbers is in valuable.

Many retail clients/ mums and dads were burnt in the dot com boom. It is my belief that had they seen the broker numbers they would have seen the amount of selling from the very firm that was recommending the stock.

I ask that the ACCC tighten the classification of restricted information and bring the Australian Market into line with other major markets like the US and Canada.

Could you please list me as an interested party.

**CONFIDENTIALITY
GRANTED**