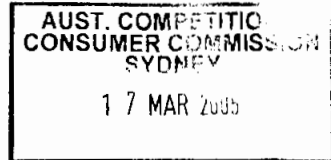


MALLESONS STEPHEN JAQUES



Mr Scott Gregson
General Manager
Adjudication Branch
Australian Competition & Consumer Commission
470 Northbourne Avenue
DICKSON ACT 2602

17 March 2005

c/o: Sydney office
Level 7, Angel Place
123 Pitt Street,
Sydney NSW 2000

FILE No:
DOC:
MARS/PRISM:

Dear Mr Gregson

BT Securities Limited - Exclusive dealing notification

In this matter, we act for BT Securities Limited.

We enclose for your attention:

- a copy of an exclusive dealing notification for lodgment; and
- the applicable lodgment fee of \$1,000.

We would be grateful for your confirmation of receipt. If you have any questions in relation to this matter, please do not hesitate to contact myself or Trish Henry on (02) 9296 2181.

Yours sincerely



Jacqueline Cremer
Solicitor
Direct line +61 2 9296 2789
Email jacki.cremer@malleasons.com



Trish Henry
Partner
Direct line +61 2 9296 2181
Direct fax +61 2 9296 3999

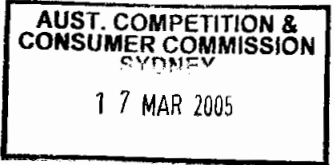
FORM G

Regulation 9

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 - sub-section 93(1)

EXCLUSIVE DEALING: NOTIFICATION



N. 31367

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 proposed conduct of a kind referred to in sub-section 47(6) or (7) of that Act in which the person giving notice engaged or proposes to engage.

1. (a) Name of person giving notice:

BT Securities Limited ("BTS") (ABN 84 000 720 114).

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

BTS is in the business of providing margin loans, which are loans secured on share and managed fund investments.

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

c/- Patricia Anne Henry
Partner
Mallesons Stephen Jaques
Level 60, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

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

Products and services supplied by BTS being margin lending services.

BTS's margin loan customers who use their margin loans to deal in listed shares on-market require the services of a stockbroker in order to acquire or dispose of the shares.

BTS and Westpac Securities Limited (trading as Westpac Broking) ("**Westpac Broking**"), which is a related body corporate, have established a "straight through processing" ("**STP**") arrangement. STP is a connection of computer and software systems between the margin loan lender (BTS) and the broker (Westpac Broking), and enables trades to be executed by the broker (Westpac Broking) and funded by the margin loan lender (BTS) with minimal manual intervention, reducing processing times and cost.

(b) Description of the conduct or proposed conduct:

BTS proposes to offer its existing margin lending customers a discounted interest rate (currently 8.20% per annum although, as a variable rate, this will change from time to time) on their margin lending online loan if those customers open an account with Westpac Broking. The discount is a 0.20% reduction from the standard BT Margin Loan interest rate.

BTS also proposes that those margin lending customers who open an account with Westpac Broking and:

- (a) whose loan balance is between \$20,000 and \$250,000 will receive 5 free transactions per month on their BT Margin Lending account (a transaction fee of \$5 per trade would otherwise apply);
- (b) whose loan balance is below \$250,000 and who open a Westpac Broking account before 25 April 2005 will not pay any BTS transaction fees on their BT Margin Lending Account until 1 May 2005 (a transaction fee of \$5 per trade would otherwise apply);
- (c) whose loan balance is over \$250,000 will not pay transaction fees on their BTS Margin Lending account.

Net public benefit arising from proposed conduct

The proposed conduct will result in a net public benefit because:

- (i) it will assist BTS as a result of using STP processes to achieve greater business and cost efficiencies and thereby reduce costs to BTS customers where it is possible to do so;
- (ii) it will provide customers with greater convenience in dealing with BTS and Westpac Broking;
- (iii) it will allow BT Margin Lending customers to access efficient technology and techniques, which in turn may reduce the cost of delivering services to customers; and
- (iv) it will stimulate competition in retail investment markets as other competitors strive to match or better BTS's offering.

Further, the proposed conduct will not result in any detriment to the public because:

- (i) there is no element of compulsion, in that no existing BTS margin loan customer borrower is compelled to open an account with Westpac Broking, or to change their existing arrangements. Borrowers remain free to use the broker of their choice;
- (ii) retail financial services markets, and in particular retail margin lending markets, are intensely competitive. They are characterised by many margin lenders, and high rates of technological innovation and new product development. It is understood that other margin lenders have adopted similar practices to those proposed by BTS;

- (iii) BTS will continue to offer margin loans to retail customers who do not wish to acquire services from Westpac Broking;
- (iv) the proposed conduct will not place any barriers in the paths of BTS's competitors. BTS's competitors will be free to make arrangements with other financial service providers to offer discounts in competition with that offered by BTS. They will also be free to enter into a similar arrangement with Westpac Broking, if they so desire; and
- (v) the proposal does not lessen competition either from other margin lenders or amongst stockbrokers, since any other lender or broker is free to offer similar (or further discounted) terms to its clients.

On the other hand, the conduct will, or is likely to promote competition by introducing greater convenience, choice and flexibility to retail customers, which will give rise to net public benefit to the public.

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

BTS margin loan customers and potential customers

(b) Number of those persons:

(i) At present time: Substantially greater than 50.

(ii) Estimated within the next year: Substantially greater than 50.

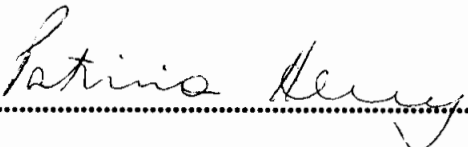
(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses: Not applicable

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

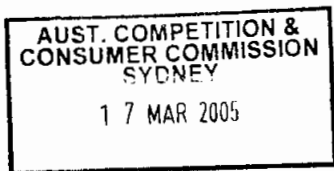
c/- Patricia Anne Henry
Partner
Mallesons Stephen Jaques
Level 60, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Dated **17 March 2005**

Signed on behalf of the person giving this notice


.....

Patricia Anne Henry, Partner



DIRECTIONS

- 1 If there is insufficient space on this form for the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the person giving the notice.
- 2 If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1(a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
- 3 In item 1(b), describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.
- 4 If particulars of a condition or of a reason of the type referred to in sub-section 47(2), (3), (4), (5), (6), (7), (8) or (9) of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be furnished with the notice.
- 5 In item 3(a), describe the nature of the business carried on by the persons referred to in that item.
- 6 In item 3(b)(ii), state an estimate of the highest number of persons with whom the person giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

NOTICE

If this notification is in respect of conduct of a kind referred to in sub-section 47(6) or (7) or paragraph 47(8)(c) or (9)(d) of the *Trade Practice Act 1974* ("the Act"), it comes into force at the end of the period prescribed for the purposes of subsection 93(7A) of the Act ("the prescribed period") unless the Commission gives a notice under sub-section 93A(2) of the Act within the prescribed period, or this notification is withdrawn.

The prescribed period is 21 days (if this notification is given on or before 30 June 1996) or 14 days (if this notification is given after 30 June 1996), starting on the day when this notification is given.

If the Commission gives a notice under sub-section 93A(2) of the Act within the prescribed period, this notification will not come into force unless the Commission, after completing the procedures in section 93A of the Act, decides not to give a notice under subsection 93(3A) of the Act. The notification comes into force when that decision is made.

If this notification is in respect of conduct of a kind referred to in subsection 47(2), (3), (4) or (5), or paragraph 47(8)(a) or (b) or (9)(a), (b) or (c), of the Act, it comes into force when it is given.