

FILE No:
DOC:
MARS/PRISM:

19 September 2005

Regional Director  
Australian Competition and Consumer Commission  
GPO Box 3648  
Sydney NSW 2001


Dear Sir/Madam

Please find attached two exclusive dealing notifications in accordance with s93(1) of the Trade Practices Act 1974, on behalf of Westpac Securities Limited and Westpac Banking Corporation, together with cheques for \$1200 to cover the lodgment fees.

We request that the information contained in the boxes at pages 2 and 3 of each notification be kept confidential and not be placed on the public register.

Please contact me should you wish to discuss any aspect of this submission.

Your sincerely

  
Adam Bold  
Director, Risk & Compliance  
02 9259 3963

FILE No:
DOC:
MARS/PRISM:

29 September 2005

Regional Director  
Australian Competition and Consumer Commission  
Attention Ms Martine Simmonds  
GPO Box 3648  
Sydney NSW 2001

Dear Madam

I refer to the notifications lodged with cover letter dater 19 September 2005 and our later discussions.

I would like to clarify that the information of each notification we request be kept confidential and not be placed on the public register.

In the notification made by Westpac Securities Limited the material to be kept confidential is all material appearing in Attachment A, page 4 and falling within boxed surrounds. This material is labelled paragraphs E and F (i), (ii), (iii), (iv) and (v).

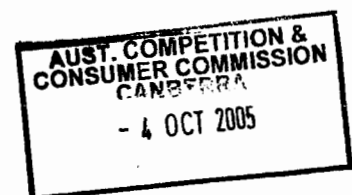
In the notification made by Westpac Banking Corporation the material to be kept confidential is all material appearing in Attachment A, pages 3 and 4 falling within boxed surrounds. This material is labelled paragraphs C and D.

Please contact me should you wish to discuss any aspect of this submission.

Yours sincerely



Adam Bold  
Director, Risk & Compliance  
02 9259 3963



**Form G**  
Commonwealth of Australia  
Trade Practices Act 1974 ---- Sub-section 93(1)  
**EXCLUSIVE DEALING**  
**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) or (7) of that Act in which the person giving notice engages or proposes to engage.

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

Westpac Securities Limited (ABN 39 087 924 221)

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

Westpac Securities Limited provides facilities for clients to trade financial products online and via the telephone. It also distributes financial products and provides general advice in relation to certain financial products.

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

C/- Annette Musolino  
Level 11  
15 London Circuit  
Canberra ACT 2601  
Email: amusolino@westpac.com.au

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

Supply of securities trading facility for trading securities via the internet.

**(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 securities trading facilities

**(b) Number of those persons:**

- (i) **At present time** – substantially in excess of 50
- (ii) **Estimated within the next year**- substantially in excess of 50

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

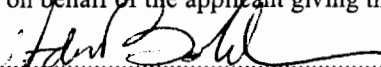
Not applicable

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

C/- Annette Musolino  
Counsel  
Westpac Banking Corporation  
Level 11  
15 London Circuit  
Canberra ACT 2601  
Email: amusolino@westpac.com.au

Dated 19 September 2005

Signed on behalf of the applicant giving this notice:



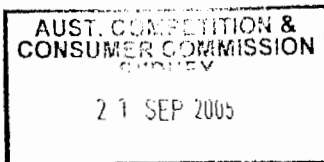
(Signature)

Adam Bold

Director

Risk & Compliance

Westpac Securities Limited



## ATTACHMENT A

### Description of Proposed Conduct for Exclusive Dealing Notification

- A. It is proposed that Westpac Securities Limited (WSL) will offer a pricing advantage to customers of WSL who use the Westpac Broking Trading facility provided by WSL (the Service) via the internet and who:
- (i) Have an existing or open a new Westpac Cash Management Account Investor Option (*CMAIO*), Westpac Max-i Direct account (*Max-i Direct*), Westpac Cash Management Account (*CMA*) or other specified deposit account, with Westpac Banking Corporation (WBC); and
  - (ii) Have an existing or execute a new Direct Debit Request Service Agreement authorising WSL to arrange for amounts that become payable to WSL under the Service to be made by deduction from their CMAIO, Max-i Direct account, CMA (or other specified WBC deposit account); and
  - (iii) Settle their securities transactions conducted under the Service by direct debit to their CMAIO, Max-i Direct account, CMA (or other specified WBC deposit account).
- B. Westpac's Cash Management Account Investor Option is an at-call account. It has a minimum opening balance of \$5,000. Interest is paid monthly on the entire balance (where the monthly balance is over \$5,000). Interest is tiered and calculated on a daily basis. A monthly account fee of \$4 applies if the balance of the account drops below \$10,000. A fee of \$0.25 applies for each withdrawal (including a direct debit).
- C. Westpac's Max-i Direct account is an at-call account. It has no minimum opening balance. Interest is calculated daily on the full balance and paid monthly. No monthly account service fees apply. A fee of \$5 per transaction applies to each direct debit.
- D. Westpac's Cash Management Account is an at-call account. It has a minimum opening balance of \$5,000. Interest is paid monthly on the entire balance (where the monthly balance is over \$5,000). Interest is tiered and calculated on a daily basis. A monthly account fee of \$4 applies if the balance of the account drops below \$10,000. A fee of \$0.25 applies for each transaction (including a direct debit) in excess of the number of free transactions permitted each month.

**EXCLUDED FROM  
PUBLIC REGISTER**

**G. Purpose of proposed conduct**

- (i) The proposed conduct is aimed at reducing the settlement risk to WSL. WSL permits its customers to place buy orders at a level set by various factors including the value of the customer's cash registered stock plus a basic trading limit. For WSL customers who qualify for the offer by meeting the conditions at A, the basic trading limit will not be available; instead the level of buy orders that the customer can place will be determined with reference to the funds held in their CMAIO, Max-i Direct account, CMA (or other specified WBC deposit account). WSL will be able to place a hold on sufficient funds to permit the trade to be processed. This reduces WSL's credit risk, in exchange for which the customer pays lower brokerage.

- (ii) The objective of the conduct is also to promote the special benefits that can be obtained from a relationship with the Westpac Group.

**H. Section 47(6) and 47(7)**

It is possible that the proposed conduct described above might involve conduct of the kind in Section 47(6) and 47(7) of the Trade Practice Act in that WSL may not offer the same pricing advantage if the customer does not have one of the specified Westpac deposit accounts.

- I. The proposed conduct will have no public detriment and will provide benefits to the public as follows:

- (i) The proposed conduct is not anti-competitive. It is intended to provide a lower brokerage where the settlement risk to WSL is reduced compared to the risk associated with settling transactions through non-WBC deposit accounts where a basic trading limit is provided and where WSL is unable to place a hold on any deposit funds.
- (ii) WSL's new and existing clients will have the choice to take up the offer but will not be obliged to do so. The Standard Fees and the Discounted Fees will be clearly disclosed to customers allowing them to make an informed choice about the offer.
- (iii) WSL customers who choose not to open one of the specified WBC deposit accounts will still be entitled to utilise WSL's standard services via the internet at the Standard Fees and by telephone at the applicable telephone rates. The Internet and telephone services will continue to allow customers to settle their trades by the following methods:
  - ❖ By direct debit from an account with any bank or other financial institution where that account allows direct debits;
  - ❖ By payment from any Bank account via online Bpay system;
  - ❖ By telephone via Bpay
  - ❖ By offsetting buy obligations with sell proceeds.

- J. The proposed conduct will not lessen competition in the markets for the relevant products and services as :

- (i) There are a number of similar arrangements between financial institutions and related entities. For example, Commonwealth Securities Limited (CSL) engages in similar conduct by supplying internet stockbroking services to customers who use a Commonwealth Direct Investment Account from the Commonwealth Bank. That conduct was notified to the

ACCC by CSL on 28 January 2000 and has been allowed to stand (N30886);

- (ii) Competition in the relevant market is vigorous and there are many competitors; and
- (iii) Consumers may acquire the relevant products and services for a range of other suppliers.



**Form G**  
 Commonwealth of Australia  
 Trade Practices Act 1974 ---- Sub-section 93(1)  
**EXCLUSIVE DEALING**  
**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) or (7) of that Act in which the person giving notice engages or proposes to engage.

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

Westpac Banking Corporation (ABN 33 007 457 141)

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

Westpac Banking Corporation is in the business of providing financial products and services including savings accounts.

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

C/- Annette Musolino  
 Level 11  
 15 London Circuit  
 Canberra ACT 2601  
 Email: amusolino@westpac.com.au

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

Supply of bank savings 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 bank savings accounts

**(b) Number of those persons:**

- (i) **At present time** – substantially in excess of 50
- (ii) **Estimated within the next year-** substantially in excess of 50

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

**addresses:**

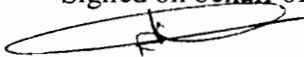
Not applicable

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

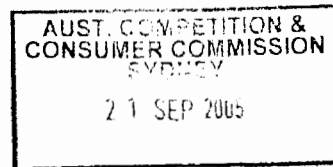
C/- Annette Musolino  
Counsel  
Westpac Banking Corporation  
Level 11  
15 London Circuit  
Canberra ACT 2601  
Email: amusolino@westpac.com.au

Dated 19 September 2005

Signed on behalf of the applicant giving this notice:



.....  
(Signature)  
Ronnie Lim  
Product Manager Investment Products



## ATTACHMENT A

### A. Description of Proposed Conduct for Exclusive Dealing Notification

It is proposed that Westpac Banking Corporation (ABN 33 007 457 141) (WBC) will offer a higher interest rate for deposits in a Westpac CMAIO account (or other specified WBC deposit account) for WBC customers who also use the Westpac Broking trading facility provided by Westpac Securities Limited (ABN 39 087 924 221) (WSL), (the Service) via the internet and who satisfy the following conditions:

- (i) Have an existing or execute a new Direct Debit Request Service Agreement authorising WSL to arrange for amounts that become payable to WSL under the Service to be made by deduction from their CMAIO (or other specified WBC deposit account); and
- (i) Settle their securities transactions conducted under the Service by direct debit to their CMAIO (or other specified WBC deposit account).

B. Westpac's Cash Management Account Investor Option is an at-call account. It has a minimum opening balance of \$5,000. Interest is paid monthly on the entire balance (where the monthly balance is over \$5,000). Interest is tiered and calculated on a daily basis. A monthly account fee of \$4 applies if the balance of the account drops below \$10,000. A fee applies for each withdrawal, including a \$0.25 transaction fee for each direct debit.

**EXCLUDED FROM  
PUBLIC REGISTER**

**EXCLUDED FROM  
PUBLIC REGISTER**

**E. Purpose of proposed conduct**

(i) The proposed conduct is aimed at promoting the special benefits that can be obtained from a relationship with the Westpac Group.

**F. Section 47(6) and 47(7)**

It is possible that the proposed conduct described above might involve conduct of the kind in Section 47(6) and 47(7) of the Trade Practice Act in that WBC may not offer the higher interest rate if the customer does not satisfy the conditions specified at paragraph A above, including having a linked WSL trading facility.

**G. The proposed conduct will have no public detriment and will provide benefits to the public as follows:**

- (i) The proposed conduct is not anti-competitive.
- (ii) WBC's new and existing clients will have the choice to take up the offer but will not be obliged to do so. The Standard credit interest rates on a CMAIO account compared with those available under the offer will be clearly disclosed to customers allowing them to make an informed choice about the offer.
- (iii) WSL customers who choose not to open a WSL trading facility will still be entitled to open a CMAIO account and earn the Standard Credit interest rates indicated at paragraph D above.
- (iv) The proposed conduct will not lessen competition in the markets for the relevant products and services as :
  - ❖ Competition in the relevant market is vigorous and there are many competitors; and
  - ❖ Consumers may acquire the relevant products and services from a range of other suppliers.